

# KENSINGTON POLICE PROTECTION AND COMMUNITY SERVICES DISTRICT

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## AGENDA

A Special Meeting (Closed Session) of the Board of Directors of the Kensington Police Protection and Community Services District will be held **Thursday, March 9, 2017, 6:30 P.M.**, at the Kensington Community Center, 59 Arlington Avenue, Kensington, California. The Board will commence one of its two Regular Monthly Meetings in open session **Thursday, March 9, 2017, at 7:30 P.M.**, at the Community Center, 59 Arlington Avenue, Kensington, California. If further Closed Session is required, the Board will return to Closed Session following the end of the Regular Meeting.

**Note:** All proceedings of the Open Session will be videotaped.

### **1. Call to Order/Roll Call 6:30 P.M.**

### **2. Closed Session – Public Comment**

a. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION: The Board will be briefed on matters involving significant exposure to litigation pursuant to CA Government Code Section 54956.9(e). Two items.

b. PUBLIC EMPLOYEE EMPLOYMENT, DISCIPLINE OR DISMISSAL: The Board will be briefed on personnel matters pursuant to CA Government Code Section 54957(b)(1). Three items.

### **3. Regular Meeting: Open Session – Call to Order/Roll Call 7:30 P.M.**

The Board will return to Open Session at approximately 7:30 P.M. and will report out on the Closed Session if reportable action is taken.

**4. Public Comments:** Members of the public may address the Board on any matter listed on the agenda at the time the Board is considering the agenda item. Each speaker is allowed a maximum of five (5) minutes, pursuant to section 5030.41 of the District Policy and Procedures Manual.

### **5. Board/Staff Comments**

## **6. Consent Calendar**

- a. Minutes of Regular Meeting, January 12, 2017. Pg. 4
- b. Minutes of Special Meeting, January 24, 2017. Pg. 17
- c. Minutes of Special Meeting, January 26, 2017. Pg. 20
- d. Minutes of Regular Meeting, February 9, 2017. Pg. 28
- e. Board Reports – None
- f. Unaudited Profit & Loss Budget Performance Report February 2017. Pg. 40
- g. Correspondence. Pg. 45
- h. KPD Monthly report. Pg. 70
- i. General Manager's Report
- j. KPD Statistics Report – None
- k. KCC Report – None
- l. Technology Committee Minutes. Pg. 71
- m. Recreation Revenue and Expense Report, February 2017. Pg. 74

## **7. Old Business**

a. The Board will receive an update from the Interim GM/COP regarding the status of negotiations for the provision of dispatch, RMS and records management services to the District. Informational Only.

Fiscal impact: None at this time.

b. The Board will review and consider approval of Resolution 2017-06 to Amend Appendix A of Policy #2000 of the District Policy and Procedure Manual to create job descriptions for i) District Chief of Police and ii) District General Manager and will direct staff to conform implementing policies (Policy#2000.25) to reflect these two separate job descriptions.

Fiscal impact: Staff time required (approximately two hours) to make the alterations to the Policy and Procedures manual, add wording and documentation to the website.

## **8. New Business**

a. The Board will review and consider acceptance of the Actuarial Valuation of Post Employment Medical Benefits and the GASB 45 Valuation concerning Retiree Medical and OPEB Plans prepared by Nicolay Consulting. This document was reviewed and approval recommended by the Finance Committee on February 22, 2017, by a vote of 5-0. Action Item. Pg. 78



Fiscal impact: None at this time. The Finance Committee will be making a recommendation of possible increases to the OPEB contribution rate to the Board in conjunction with the General Manager's presentation of the proposed preliminary 2017-18 annual budget at its June regular meeting.

b. The Board will discuss meeting minutes from the Technology Committee meeting March 3, 2017, and discuss development of a Wi-Fi Policy.

Fiscal impact: Possible data transmission charges for public use.

## ADJOURNMENT

### General Information

### Accessible Public Meetings

NOTE: UPON REQUEST THE KENSINGTON POLICE PROTECTION AND COMMUNITY SERVICES DISTRICT WILL PROVIDE WRITTEN AGENDA MATERIALS IN APPROPRIATE ALTERNATIVE FORMATS, OR DISABILITY-RELATED MODIFICATION OR DISABILITIES TO PARTICIPATE IN PUBLIC MEETINGS. PLEASE SEND A WRITTEN REQUEST, INCLUDING YOUR NAME, MAILING ADDRESS, PHONE NUMBER AND A BRIEF DESCRIPTION OF THE REQUESTED MATERIALS AND PREFERRED ALTERNATIVE FORMAT OR AUXILIARY AID OR SERVICE AT LEAST 2 DAYS BEFORE THE MEETING. REQUESTS SHOULD BE SENT TO:

District Administrator Lynn Wolter, Kensington Police Protection & Community Services District, 217 Arlington Ave, Kensington, CA 94707

POSTED: Public Safety Building-Colusa Food-Library-Arlington Kiosk- and at [www.kensingtoncalifornia.org](http://www.kensingtoncalifornia.org)

Complete agenda packets are available at the Public Safety Building and the Library.

All public records that relate to an open session item of a meeting of the Kensington Police Protection & Community Services District that are distributed to a majority of the Board less than 72 hours before the meeting, excluding records that are exempt from disclosure pursuant to the California Public Records Act, will be available for inspection at the District offices, 217 Arlington Ave, Kensington, CA 94707 at the same time that those records are distributed or made available to a majority of the Board.

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### **Meeting Minutes for 1/12/17**

A Special Meeting (Closed Session) of the Board of Directors of the Kensington Police Protection and Community Services District was held Wednesday, January 12, 2017, at 6:30 P.M., at the Community Center, 59 Arlington Ave., Kensington, California. A Regular Meeting (Open Session) followed.

#### **ATTENDEES**

<u>Elected Members</u>	<u>Speakers/Presenters</u>
Rachelle Sherris-Watt, President	Amara Morrison, Wendel Rosen
Eileen Nottoli, Vice President	Karl Kruger
Vanessa Cordova, Director	Pat Gillette
Sylvia Hacaj, Director	David Spath
	Kevin Fitzsimmons
	Jim Watt
	A. Stevens Delk
<u>Staff Members</u>	Celia Concus
Rickey Hull, IGM/COP	Dr. Lossy
Lynn Wolter, District Administrator	Mabry Benson
	Kevin Padian
<u>Press</u>	Barbara Steinburg
	Skye Dent
	Leslie Reckler

President Sherris-Watt called the meeting to order at 6:29 P.M. President Sherris-Watt, Vice President Nottoli, Director Hacaj, IGM/COP Hull, and District Administrator Wolter were present. Director Cordova participated by phone from Italy. Director Welsh was absent.

#### **CLOSED SESSION PUBLIC COMMENTS**

None.

The Board entered into Closed Session at 6:30 P.M.

- a. Public Employee Employment, Discipline, or Dismissal: The Board was briefed on personnel matters pursuant to CA Government Code Section 54957(b)(2). Two items.

The Board returned to Open Session at 7:52 P.M.

President Sherris-Watt took roll call. President Sherris-Watt, Vice President Nottoli, and Director Hacaj were present. President Sherris-Watt reported that Director Cordova had participated by phone in the Closed Session but would be unable to participate in the Open Session because she would be traveling. Director Welsh was absent.

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President Sherris-Watt reported that, during the Closed Session, the Board voted 4 – 0 to release the wage analysis of the IGM/COP, which had been prepared by Adam Benson. She said this would be made public the next day.

President Sherris-Watt said that, while she appreciated public comments, members of the Board would not engage in dialog and that future items of interest would gladly be placed on an agenda.

### **PUBLIC COMMENTS**

Barbara Steinburg, said that she'd been a resident for over 60 years and that she wanted to address the topic of contracting out for police services. She said she'd had excellent service from the Kensington Police Department throughout the years and mainly in the past five years. She said she'd found that the officers respond very quickly, respond well to stress, take an interest in what's going on, are very competent, and are very community based – they know you when they see you on the street, and it's important to have this. She said she'd heard from some people that contracting out police services might be a possibility for financial reasons. She said she'd spoken to people who knew more about finances than she did, who had studied this and had pointed to the example of the fire department: The price for the first five years may seem very good but then, once that period is over, the El Cerrito Police Department could command whatever price it wanted. She said that, by then, the community would be in a fix because it would have lost its police department. She concluded by saying that she wanted the Board to know the community had very good service and that she hoped the Board would do its best so the community could keep its police department.

Skye Dent said that she had a complaint against IGM/COP Hull, that she'd been told an external investigator was being brought in, and that she didn't think this was being done very professionally. She said a woman had called her over the weekend, who had identified herself as Linda Ellis, wanting to ask Ms. Dent some questions. Ms. Dent said she'd confirmed this was the woman hired to handle the complaint but said Ms. Ellis didn't have a copy of the complaint, IGM/COP Hull's response, or a copy of the incident report, which she thought was inappropriate. Ms. Dent said she'd looked up the investigator and had found that she didn't have a background in doing this kind of investigation and that, although Ms. Ellis was part of a firm, she appeared to be doing this as a "side gig." Ms. Dent said that, under California law, every police department was required to have a process for selecting investigators and the process steps for investigation. Ms. Dent said that Ms. Ellis didn't know this and that the Board, therefore, in an effort to be proper and professional, should hire a different investigator. She recommend going to Oakland or Richmond or to the Cato Institute. She said that, under California law, the Board was required to reveal the process it used in investigations and that the Board had failed to do this. She also said that the Board was obligated to provide the investigator with the two complaints she'd filed. She concluded by saying that, if the Board wasn't interested in investigating this, it should just say so, rather than "pulling this ruse."

Leslie Reckler said she'd been a resident since 2000. She congratulated and welcomed the new Directors, thanked President Sherris-Watt for assuming the presidency, and thanked those who had run and who served. She also thanked the community for passing Measure T, a school funding measure. She said that a presentation from Glass Associates was on the agenda and that she wanted to relay a recent experience she'd had about renting the Community Center. She said she'd tried to rent the building, it took too long for the initial rental to be acknowledged, many emails had been exchanged, and a contract had never been sent. She said that she had gone to the Community Center on December 3<sup>rd</sup> and it had been dark. So, she had needed to contact Kari Tindol to get someone to open the Building E for the Girl Scout craft fair and potluck she had planned. She said she would have willingly paid the rental fee. She said that, going forward with what happens to the Community Center, the Board would need to remember how the building was used. She said that she like to help, noting she had a degree in hotel management and administration and was familiar with booking systems.

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Pat Gillette said she was a longtime resident. She reminded the Board that Forms 700 were due and asked what was going on with the Community Center: it had been on the December agenda, but she didn't see it on this evening's agenda.

Mabry Benson said she wanted to comment on communications between the Board and the community. She said that, at the prior Board meeting, President Sherris-Watt had said that the Board was not going to respond, at all, to questions posed during public comments. Ms. Benson said that the public deserved some sort of response to its questions and concerns and that the community was more likely to accept propositions it didn't like if it had better explanations. She said that she would have preferred not to have appointed anyone as GM when Mr. Hull had been proposed but that, when she had been told the District had to have someone in the position, to do things such as sign checks, she understood the rationale. She noted there wasn't a good venue for dialog; Board meetings, with an impending vote, wasn't a good place. She suggested public forums, where real dialog could occur, and said that such forums had worked well for the Ad Hoc Committee. And, she also suggested brainstorming sessions, which could provide an opportunity for public input and suggestions, prior to final Board decisions. Returning to her remarks about public comments, Ms. Benson said her recollection was that Randy Riddle had said that simple "yes" or "no" answers from the Board were permitted during public comments and that this was a time when Directors could expand on issues and give explanations. She said that Randy Riddle also had said that, when agenda items came up, the Directors were to make their comments first so the public had a chance to ask questions or comment, based on the Directors' comments.

Karl Kruger said that he lived on the north side of town and that some of his neighbors lived in El Cerrito – among them an elderly woman with health problems who lived across the street. He said that his wife and this woman had a system that enabled his wife to know, each day, whether this woman was all right. He said that, about a week earlier, this system had indicated that the neighbor wasn't okay, so he went to provide assistance. After a while, she said she wasn't feeling well, so he suggested that she call the El Cerrito Police Department. When she'd called at noontime, she'd been told that the officer was with a prisoner and would follow up. The actual response time was 2 hours and 40 minutes. He said he didn't know what the national standard was, but this seemed like a long time. He said this was a message for those who thought El Cerrito was the answer: El Cerrito was not the answer.

Karl Kruger said he wanted to comment on the Director who was calling into the Board meetings. He said it was his understanding that the place from which a Director called in must meet Brown Act requirements: It has to be a public place, it must be posted 72 hours ahead of time, and it needs to be handicapped accessible. Amara Morrison, the District's legal counsel, responded that Mr. Kruger was roughly correct: those Directors participating by phone must post an agenda in a public location, and they had to make their location available to and accessible to the public. Thus, she said, they were subject to the same posting requirements as Board: 24 hours for a Special Meeting and 72 hours for a Regular Meeting. Mr. Kruger asked if these requirements were being met. Ms. Morrison responded in the affirmative.

A. Stevens Delk said that, last year, an article had been posted on the District website that had ranked Kensington as the seventh safest community in the Bay Area and the 13<sup>th</sup> safest in the state. She said another article had ranked Kensington as the fifth safest in California. She said both studies had used data that had been submitted to the FBI. She said that, for the year analyzed – 2014, two violent crimes had been entered into the database for Kensington. However, she said the Kensington Police Department had reported ten violent crimes for that year. She noted that both studies had placed more weight on violent crimes than on property crimes. She added that one article had explained that, for a small place like Kensington, the violent crime numbers could really skew the rankings. She said the apparent five-fold underreporting of violent crime might have been the reason Kensington had been ranked fifth safest place in California. She said that, perhaps with former GM/COP Harman leaving and former IGM/COP Hart arriving, the report had been neglected. She said that she had sent a copy of her analysis to IGM/COP Hull, that she had asked him to get to it when he had time, and that she was submitting a copy for the record. A copy of this appears in the February 9, 2017 Board Packet, under correspondence.



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Kevin Padian said he wanted to address two issues: The District's reserve policy and its Emergency Response Committee. He said he hoped President Sherris-Watt would name a committee chair that night. He said the reserve policy and this committee were linked because the Finance Committee had discussed how much to set aside for an emergency. He said the approaches that had been used didn't seem relevant because they didn't seem appropriate for one-of-a-kind Kensington. He said that, if Kensington were a non-profit organization, it would make sense to have a reserve to pay salaries and bills for a certain number of months. But, he said this didn't apply to Kensington because it was a special district. He suggested designing a policy for what Kensington would actually need in the event of a disaster and said the District did need to save money for certain projects, such as renovating the Community Center and the Public Safety Building. He noted that reserves needed to be oriented toward responding to a crisis, the two biggest of which were fire and earthquake. He said that an earthquake on the Hayward fault could cause damage and fires and that Tilden Park was a tinderbox. He said that, in practice, the Fire District would do what it could to contain fires but that Kensington couldn't count on other agencies to help during a fire – those agencies would have their own problems. He noted that, conflagration from the east and conflagration from the west would need to be dealt with differently. He said the District needed to begin working with the Fire District and the K-groups to organize ways to respond, such as signs for windows and exit routes that avoided pre-assigned routes for emergency vehicles. He also suggested changing the way residents park on streets. He also suggested engaging with private agencies to assist with search and rescue efforts because police and fire professionals would be busy. He said the community needed to ensure that the Public Safety Building would be okay and that staff would be safe. He said reserves and contracts needed to be in place to ensure responses. He concluded by saying that prior Boards had been lucky, that he hoped this Board would be lucky, and that it was better to be prepared.

Frank Lossy said the Open Session was supposed to have commenced at 7:30 P.M. He noted that he understood that sometimes it was difficult to keep Closed Sessions within bounds, but that the agenda stated that, if further Closed Session was required, the Board would return to it following the Open Session. He said that he didn't like the Open Session being delayed because the Board had continued its Closed Session beyond 7:30 P.M. and that the Board should have had more respect for the community.

Dr. Lossy said he had concerns about the sound system. He said that, for the evening's meeting, he had been given a device that didn't appear to be working and that staff had not been given adequate training on how to use the devices. He said the community had not been given instructions on how to use the microphones. He urged training, for both staff and the community, so they could take full advantage of the new system.

#### **BOARD COMMENTS**

None.

#### **STAFF COMMENTS**

None.

#### **CONSENT CALENDAR**

President Sherris-Watt asked if anyone wanted to pull items from the Consent Calendar.

Jim Watt asked for Items a, d, and i.

Karl Kruger asked for Item a.

A. Stevens Delk asked for Item j.



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Jim Watt said there were no footnotes about variances with the Unaudited Profit and Loss Statement, as there had been with previous statements. District Administrator Wolter responded she had been unable to prepare the report because she'd been sick with the flu the prior week. Mr. Watt responded that he knew there must be some reason, that the report was very helpful, and that, if he'd had it, it might have eliminated some of the questions he'd had. He asked why the year-to-date amount of Account 521T, the medical trust fund, was \$96,000, which was greater than the \$64,000 that had been agreed upon. District Administrator Wolter responded that the District had been in the midst of a transition in May, 2015: One GM was leaving, another GM was beginning, and she shattered her elbow – all at the same time. She explained that it was at that time of year that the former GM/COP had usually issued a memo to her, instructing her to issue a check to be sent for the OPEB (Other Post-Employment Benefit) trust. She explained that, to compensate for the oversight, the prior year's amount, of about \$31,000 had been added to the amount budgeted for the current year: Approximately \$14,000 for the ARC amount plus \$50,000 for the additional amount that had been recommended.

Mr. Watt said that about four or five months earlier, the District had authorized Nicolay to prepare an OPEB report. He said this report was important because some were suspicious that the prior OPEB study had not adequately called out the amount of money the District needed to set aside in its trust fund. He said he hoped to see that report soon. District Administrator Wolter responded that there was one final calculation that needed to be performed and that that Nicolay was working with the District's CPA, Deborah Russell, on this. She added that, once that calculation was completed, the report should be ready for the Finance Committee.

Mr. Watt asked about Account 972 showed a monthly budgeted amount of \$25,000. He said it had been agreed to that \$100,000 would be set aside for improvements to the Community Center, which was correctly shown in the right hand column. He said he thought the monthly amount should have been \$8,333. District Administrator Wolter responded that Deborah Russell determined annual budgeted amounts that appeared in each current month's budget; they're timed so that, at the end of the fiscal year the budgeted totals are equal. She noted that, if the Board wanted Ms. Russell to allocate those sums differently, it could make that suggestion.

Karl Kruger noted that this had been the second month there had not been a variance report and that the notes saved questions from needing to be asked. Mr. Kruger said he objected to Account 898. He said \$17,000 was too large an amount for a miscellaneous account. District Administrator Wolter responded that the budget detail, which had been provided to the Finance Committee, showed the breakdown for this account and said she would be happy to provide this to him the following day.

Jim Watt said that, with respect to Item d – monthly statistics for December, he had questions about the footnotes. He said people had been watching to see what would happen with three officers who had been out of service for about five months: two officers on disability and one on administrative leave. He said this created a short-handed situation, which would affect other things to be discussed during the evening. He asked IGM/COP Hull when he thought these officers might return to active duty. IGM/COP Hull responded that two of the officers were off due to medical injuries and that it would be up to those officers' doctors to determine their returns. He added that the program under which they were off duty would run for only one year. He said that, for the third party on administrative leave, this would be determined at the current hearing being held and that he couldn't say where it was in that process. He said he wasn't involved in it: The authorities of the agency handling it would be the ones to determine the conclusion.

Regarding Item i, the General Manager's Report, Mr. Watt read that IGM/COP Hull had written that Advanced Systems Group was waiting for a policy from the District to turn on Wi-Fi for the Community Center. Mr. Watt noted that the total cost for the system had been over \$30,000. Mr. Watt said he didn't remember any discussion about Wi-Fi or the set-aside of \$30,000. He asked for an explanation. IGM/COP Hull responded that the \$30,000 was for the complete audio-video system now in place. David Bergen added that the system also included Wi-Fi and this was already in place. IGM/COP Hull continued by saying it was a matter of setting a policy and setting parameters to make

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the Wi-Fi accessible. Mr. Watt said his recollection was that the system was supposed to have cost \$28,000.

A. Stevens Delk asked about Item j, the resolution to add a second regular meeting on the fourth Thursday. She said she was surprised this was on the Consent Calendar because the Consent Calendar was usually for items that didn't require much discussion. She said she must have missed the first reading, which must have happened in December. She said she thought a second meeting each month was a good idea but that the second meetings that would occur in November and December would fall on Thanksgiving and at Christmas time. Therefore, she suggested not scheduling a second meeting for those months amending the resolution to make an exception for these two months.

**MOTION: Vice President Nottoli moved, and Director Hacaj seconded, to adopt the Consent Calendar.**  
**Motion passed: 3 – 0.**

**AYES: Sherris-Watt, Nottoli, Hacaj      NOES:      ABSENT: Welsh, Cordova**

**OLD BUSINESS**

7a. The Board received an update on the Board's Strategic Planning Session from Director Hacaj. Information only.

Director Hacaj said that, at the December Board meeting, there had been discussion about scheduling a strategic planning session for the Board. She reported that she'd spoken to a couple of firms that specialize in providing those services to special districts. She recommended postponing this discussion until after an interim GM was on board. She said she hoped this session would occur in April or May and noted the Board would need about a month's notice to engage one of the firms.

**NEW BUSINESS**

8a. The Board discussed and considered adopting Resolutions authorizing the Interim General Manager/Chief of Police to negotiate with the Contra Costa County Sheriff's Office and/or the City of Albany to provide CAD/RMS services to the District. The report was to be provided by the Interim General Manager/Chief of Police.

Vice President Nottoli reported that Richmond had been providing dispatch services to the KPPCSD but that the contract would expire on June 30<sup>th</sup>. She reported that Richmond would be willing to continue contract with a slight increase in price, but it would no longer be willing to provide some of the other needed services it was currently providing. She clarified that Richmond would still answer 911 calls but that it wouldn't continue to provide a records department. She said that she, IGM/COP Hull, and President Sherris-Watt had been talking to the Sheriff and the cities of Albany and El Cerrito about providing some of these services but that, for the District to begin getting contract prices, it would need resolutions. She said that there were two resolutions in the Board Packet: one for the city of El Cerrito and one for the city of Albany and that, with respect to the Albany resolution, she had a proposed amendment. She said the new first paragraph would read:

*"The Board of Directors hereby authorizes the Interim General Manager and Chief of Police and his designee to enter into negotiations with the City of Albany for the provision of public safety dispatching, records management services, and records services."*

President Sherris-Watt clarified that the second resolution referred to the Office of the Contra Costa Sheriff's Department, not to the City of El Cerrito. She noted that the City of El Cerrito also contracts with the Sheriff's Department.

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Director Hacaj said that the purpose of the resolutions was to provide assurances to these agencies that the KPPCSD was serious about these negotiations and that the designee has the Board's blessing.

President Sherris-Watt said that IGM/COP Hull had met with Albany and the Sheriff's Department and that those agencies wanted to know KPPCSD was serious about these negotiations. She said there was a time issue associated with this, and the Board wanted to be prudent.

Pat Gillette said that the absence of two Directors was problematic, when something so important was being discussed. She asked what the timeline was and said she understood it was July. She said she wanted to know why these two agencies had been selected and asked if it was a veiled attempt to make it easier to contract out with El Cerrito. If so, she said she wanted to echo comments made earlier about not going in that direction without checking with the community about its sentiments. President Sherris-Watt responded that the earlier remark about not answering questions applied to the public comments part of the meeting. She noted that, since she began serving on the Board, attorneys had been trying to get Directors to stop the practice of having dialogs with people during public comments. However, she said that, when members of the public asked questions during an item on the agenda, Directors would be happy to illuminate their positions. Vice President Nottoli said that the District had a choice of creating its own dispatch, which would be very costly, or contracting for the needed services – something the District had been doing all along. She clarified that contracting for these services didn't mean the District would be contracting for police services. Ms. Gillette reiterated her question of why the Board had selected these two agencies. She asked if the Board had made an independent decision about the agencies the District would consider for contracting. IGM/COP Hull responded that one of the considerations was officer safety and the ability to get coverage by other departments. He said this meant the options were Albany and El Cerrito. He said the District could choose other agencies but, from a coverage standpoint, it would be easier if the department was on the same radio channel as a contiguous city. He said that there had been discussions with Albany, El Cerrito, and the Sheriff's Department and that El Cerrito would likely contract with the Sheriff's Department for dispatch services. IGM/COP Hull clarified that "CAD" stood for computer assisted dispatching and "RMS" stood for records management services. He explained that RMS was part of a dispatch function: when a call comes into dispatch, the dispatchers enter the information into a computer which then is transferred to another system called RMS. He said that records services referred to a brick-and-mortar building where there was a clerk who could take data and enter it into the state system. He said the District could join a new consortium that was being started with San Pablo, Hercules, and Pinole or stay with Richmond. He explained that the drawbacks to these two options, which would differ from the current system in which all fire and police calls go into Richmond. He said it would be preferable to be on the same radio channel as an adjacent city. President Sherris-Watt responded that the timeline was that the contract ends July 1<sup>st</sup> – this was the date by which everything needed to be in place. She said that the Board had been assured by one of the municipalities that it could just "flip a switch" and get Kensington on within hours but that this would be crisis management governing. She added that, depending on which agency was chosen, there could be records that would need to be transferred from one system to another, training would be needed for the officers, and the District might need a high-speed line to the Public Safety Building. Therefore, she said she that wanted the decision to be made 90 days ahead of the deadline, which would be April. She said the number one priority was officer safety. She said the Board would then take the financial and ease of use aspects into consideration. She explained that the question was whether the District could get all the needed services from one agency and said this was a complex process.

David Spath said the Albany resolution referred to dispatch and records management services but the County resolution referred to dispatch only. Vice President Nottoli responded that the Sheriff's department would only offer dispatch services. He asked if, under these circumstances, it would make sense to enter into negotiations with this agency. Vice President Nottoli responded that this was why there had been a meeting with El Cerrito earlier that day – among other things, she and IGM/COP Hull wanted to find out what El Cerrito planned to do. She also reported that El Cerrito would be able to provide records management services. Dr. Spath asked if a separate resolution would be needed to approach El Cerrito. Vice President Nottoli responded in the affirmative.

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Kevin Fitzsimmons asked why Berkeley hadn't been considered. President Sherris-Watt responded that Berkeley wasn't interested. IGM/COP Hull noted that the KPPCSD had had this relationship with Albany in the past.

Pat Gillette asked for clarification about what services El Cerrito and the Sheriff's Department would provide. Vice President Nottoli responded that the Sheriff's Department would put Kensington and El Cerrito on the same radio frequency. IGM/COP Hull added that the server would be housed in El Cerrito but dispatching would come from the Sheriff's Department. He said this is why the District might need to consider having multiple contracts with multiple agencies, as opposed to having everything housed in one place.

**MOTION: Vice President Nottoli moved, and Director Hacaj seconded, that the Board adopt Resolution 2017-02 and Resolution 2017-01, with the modification Vice President Nottoli had made to 2017-01.**

**Motion passed: 3 – 0.**

**AYES: Sherris-Watt, Nottoli, Hacaj**

**NOES:**

**ABSENT: Welsh, Cordova**

- 8b. The Board discussed the process for development of amendments to Appendix "A" of Policy #2000 to create two distinct job descriptions, one for District General Manager and the other for District Chief of Police.

President Sherris-Watt said that she would provide a timeline but that the Board wouldn't do anything else with the agenda item this evening. She said that the Board had an interest in examining the separation of the GM and COP and that, in order to do that, the Board needed to have accurate job descriptions. She explained that, in the next week-and-a-half, the Board would be having a Closed Session and would be meeting with an experienced General Manager, as an advisor from the Public Management Group, who would help the Board develop a job description for the District's GM. She said the Board would also modify the COP job description to reflect the change in the two positions. She noted that these would appear in an agenda for public discussion.

Karl Kruger asked if this would go to the Finance Committee prior to the Board making a decision. President Sherris-Watt responded in the affirmative because this would have bearing on the budget.

- 8c. The Board reviewed and considered approval of an Employment Agreement between the District and Rickey Hull, setting the compensation, terms, and conditions of his temporary employment as Interim General Manager/Chief of Police pursuant to Government Code Section 21221(h).

President Sherris-Watt apologized: this appeared in the Board Packet but had caused undue stress and concern and had led to understandings that weren't absolutely correct. She explained that, in the interest of moving things along, there had been phone conversations and those had been translated into documents prepared by Adam Benson, of Public Law Group. She said the terms sheet was not an accurate reflection of what would be in the contract for the Interim GM/COP. She said she wanted to explain a few items: The Board had just approved the release of the analysis that had been prepared by Adam Benson, but she didn't have copies to hand out.

President Sherris-Watt said that the GM/COP position always had been and would continue to be an at-will one and that the contract the Board was proposing was from December 17, 2016 to May 17, 2017. She said that, if the parties wanted to continue employment after that date, a new contract would be presented. She said that Board was not comparing IGM/COP Hull with former candidates or employees – other than being aware of their salaries or skillsets. She said that, as GM/COP, Chief Hull was not a member of the bargaining unit, and he would not be negotiating a contract with the KPOA. She reported that the salary the Board was offering was based on the salary that IGM/COP Hull had received



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as Master Sergeant, as of March 1, 2017. In addition, he would receive longevity pay, a 7.5% of salary POST premium pay, plus a 15% increase over the Master Sergeant salary. Combined, these increases would bring the salary to \$129,031. She said the Board would also propose a 10% increase for the GM portion of his role. She said this would echo the argument the Board had made in its appeal to CalPERS and would allow the Board to illustrate a consistent policy with regard to the roles. She said he would be provided the same medical plan that had been created for former IGM/COP Kevin Hart. She said there would be increased overtime costs for the sworn officers because the Board was promoting from within. But, she said that there would be a cost savings in some ways because the District would be hiring a new officer and because the Board currently had no plans to replace IGM/COP Hull as Master Sergeant. She said that IGM/COP Hull would contribute the same as the POA to his pension and that there would be an increase in the "persable" salary amount. But, she explained it would not be a straight 18%. She said that the District was part of a risk pool, which meant it was in a group with many other people. Thus, she said that, if there were a force where every officer were well and able and decided to retire all at the same time, it could bankrupt a district. She said that, to prevent this, an agency entered a risk pool, therefore, she said the District wouldn't feel the full impact of the 18% increase.

Amara Morrison clarified that an agreement would not be entered into at this evening's meeting; it would be discussed at a future meeting.

President Sherris-Watt said the Board needed to give IGM/COP Hull and his attorney time to look at the agreement, which was not in the packet.

Pat Gillette said that none of the Board members had responded to the questions she had posed in emails about the appointment of IGM/COP Hull and that her questions were pertinent to the decision the Board was considering. She said she wanted to remind the public of the process the Board had gone through the last time it had looked for a GM/COP. She and President Sherris-Watt had been responsible for posting the job, going through the resumes to select those who should be considered, and scheduling a public hearing where candidates were questioned by the Board and the public about their qualifications and skills. She said that only after this did the Board select someone. She said she understood that former IGM/COP Kevin Kyle's sudden departure in November had left the Board in a difficult position, but she didn't understand the decision this Board had made not to bring back former IGM/COP Kevin Hart to fill in the position until the Board could find a suitable replacement. She said she was concerned about the Board's failure to do anything other than to default to fill the position with IGM/COP Hull – not for a short period of time, but for six months without any vetting of his qualifications for either the GM or the COP position and without utilizing any of the resources available, including PLG's pool of interim GMs and COPs, which she had verified personally with John Holtzman of PLG. She said the District was now two months past Kevin Kyle's departure, the Board was proposing to put IGM/COP Hull into this position for a period of six months without any formal process, any vetting with the community, or any explanation of his qualifications for the many duties required of the GM/COP. She said the only explanation offered had been President Sherris-Watt's which had been given at the Board's December meeting: IGM/COP Hull had been on the force for twenty years and had filled in for short periods of time as a GM/COP. She said it was irrelevant that IGM/COP Hull had filled in for a short period of time because this was not a short-term appointment. She noted that this was not minding the store, with someone looking over his shoulder: He was doing the job at a time that was critical for the District. Ms. Gillette reiterated that the Board was considering putting this man into the position of IGM/COP for six months, without any public information about his qualifications and that this was irresponsible and a dereliction of duty. She said the public had the right to know and said the Board should know the following:

- The Policy Manual requires a GM/COP to have a Bachelor's degree and preferably a Master's degree, at least five to seven years of progressive supervisory command experience, and demonstrated managerial and community involvement. She asked if IGM/COP Hull met these requirements.
- The responsibilities of the GM are significant, especially at this time when there is much to be done. Therefore, she said IGM/COP Hull must have experience and must be qualified to develop a budget and present and justify it, monitor expenses, have a sufficient understanding



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of the payroll system to ensure its accuracy, deal with RFPs related to the Community Center and garbage contract, work on the Public Safety Building, respond to Public Records Requests, exercise proper judgment to know when to call in outside counsel, manage and oversee the park and recreation facilities, and ensure that contracts for use of the Community Center are entered into properly. She asked the Board what qualifications IGM/COP Hull has for each of the listed tasks and asked who would perform those tasks if he didn't have the needed qualifications.

- IGM/COP Hull would need to manage overtime, arrange schedules, process crime scenes, coordinate emergency responses, impose discipline, conduct internal investigations and internal audits, book evidence, stay up-to-date on all regulations, ensure a weapons policy is adhered to and the officers' training is current, and obtain needed training he should have for the COP position. She asked the Board to tell the public if IGM/COP Hull has the experience and qualifications to perform these tasks and, if not, who would do them.
- What is the exact compensation IGM/COP Hull would be receiving. She said there had been public outcry over the compensation paid to former IGM/COP Hart and former GM/COP Harman. She said she didn't understand the explanation President Sherris-Watt had offered earlier in the evening about what IGM/COP Hull's compensation would be. She said that, based on what she thought she'd heard, it would be about \$141,000.

Ms. Gillette said that she didn't have any objection to IGM/COP Hull, and he was a fine person who had served the community well during the many years he'd been here but that she was appalled by the lack of transparency and forethought this Board has shown in making this very important decision. She said that, if the Board could show IGM/COP Hull had the qualifications and experience required by the Policy Manual, she urged the Board to consider its alternatives seriously. She reiterated that John Holtzman had indicated that his group had a pool of qualified interim GM/COPs who could step in and do the job and said that no one on the Board had contacted Mr. Holtzman to ask him about this. She said that she was glad the Board wasn't adopting a contract that night and that, when the Board did adopt a contract, it should be a full contract and not a terms sheet.

President Sherris-Watt responded that she had had conversations with John Holtzman and that he was aware, understanding, and supportive of the Board's decision to promote from within. She said she was sorry that former Board members had never been able to see the skillset, the character, and the leadership she had seen illustrated by IGM/COP Hull – not only in the two years she had served on the Board but most extraordinarily in the two months that he had filled in with the sudden departure of IGM/COP Kevin Kyle. She said that she had interviewed Kevin Kyle four times, over a yearlong process and that he was wonderful but lasted less than two weeks. She said that there was something to be said for the man or woman who shows up every day and does the job and that she said she would never hire someone just because they were the warm body in the room. She said that what the community deserved was outstanding leadership and a police officer who would put the public's safety first and that she wouldn't show up if she didn't believe that was what she'd given the community.

Jim Watt said his concerns were different from Ms. Gillette's – they were of a financial nature. He said that, if one were to take the numbers heard that evening, IGM/COP Hull's total salary – which would include a 25% increase in salary, incentive pay, and longevity pay – would total \$138,000. He noted that this salary increase of at least \$15,000 would result in the District having to pay the required contribution to CalPERS for the pensionable income, which he said would be about \$0.55 for every dollar, or about \$8,000. He said that this amount, added to the \$138,000 would total about \$146,000. He said the community had been told this amount was not to be compared to previous GM/COP's pay, but he reminded everyone that the Board had entered into an agreement with former IGM/COP Kyle at a sum total, annualized of about \$145,000. Therefore, he said IGM/COP Hull was slightly above this amount. He said this was not the number that concerned him: He said that of additional concern was that, if IGM/COP Hull were to retire a year from now, his pensionable income would be increased, based on the \$15,000 additional salary. He noted that, if IGM/COP Hull were to receive about 75% of his income in retirement, the community's taxpayers could anticipate that, as a result of this contract, IGM/COP Hull's lifetime pension would increase by another \$10,000 per year. Mr. Watt added that, assuming Mr. Hull were to live another 25 years, the total increase in his pension would equal about

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\$250,000. Mr. Watt noted that IGM/COP Hull had been in public service for quite some time and might be retiring soon. Mr. Watt said that, in his contract, Mr. Kyle was not to receive any pension or medical benefits. Mr. Watt reiterated that his concern was what IGM/COP Hull would receive in retirement and said that, instead of an increase in IGM/COP Hull's salary, perhaps the Board could pay him a bonus. Mr. Watt noted that the current MOU had provided a one-time \$1,000 bonus, which had been determined not to be pensionable and added that he'd like to see the legal justification of why this couldn't be done.

President Sherris-Watt responded to Mr. Watt's proposal to pay IGM/COP Hull a bonus for his added responsibilities. She said that she had discussed this with John Holtzman and that, in all probability, CalPERS would calculate this to be "acting out of class" and would require the District to pay. Mr. Watt said that the Board Packet contained a letter that had been sent to CalPERS by Public Law Group (PLG), in which PLG, on behalf of the District, had stated that the salaries of former GM/COP Harman and former IGM/COP Hart were fully pensionable, even though they had served in a GM capacity, which did not carry a pension. Therefore, he said PLG had already gone on record as stating that the KPPCSD believes that payments made to a GM/COP were fully pensionable. Mr. Watt asked if the District was setting itself up for a direct conflict with CalPERS because the Board was offering IGM/COP Hull \$15,000 of pensionable income and \$10,000 of non-pensionable income. President Sherris-Watt said the Board had made a distinction between the stipends for GM and the COP and that PLG had given its full support of it. She said that the CalPERS letter that had been written applied to past behavior and that CalPERS was desirous of the District making a distinction between the GM and COP roles. She said that the Board was happy to do this going forward and that it was beginning to separate the two positions.

Karl Kruger said he assumed that IGM/COP Hull would not be a salaried employee. President Sherris-Watt responded that IGM/COP Hull would be salaried and would not be paid overtime.

An identified speaker said that the salary should be higher for this position and that this might help the District keep people longer.

Mabry Benson said she agreed with Mr. Watt: Increasing IGM/COP Hull's final year salary would leave the District open to increased pension costs in the future.

Celia Concus said she wanted to confirm that she understood what President Sherris-Watt had said; that the GM part of the salary would not be pensionable. President Sherris-Watt confirmed that this 10% part of the salary would not be pensionable and noted that the salary for someone performing only the GM role would not be pensionable. Ms. Concus asked if the salary for someone filling both the GM and COP roles would be pensionable. President Sherris-Watt responded that the 10% stipend for the GM role would not be pensionable. Ms. Concus said she wasn't clear about how this could be done if it hadn't been done for previous GM/COPs. President Sherris-Watt responded that this was a nuanced discussion: CalPERS had stated that the GM portion of the past was not pensionable, and the Board had disagreed with CalPERS' perspective. But, she said that, going forward, the job duties would need to be separated and that CalPERS was aware of the Board's consideration. District Administrator Wolter, as the one who processes payroll, asked if these distinctions could be clearly delineated to ensure that pension contribution payments to CalPERS would be correct. President Sherris-Watt responded in the affirmative. Ms. Concus said she was pleased to know there would not be a vote on an agreement at this evening's meeting. Ms. Concus asked if there would be a second reading of the agreement. Amara Morrison responded that first and second readings applied only to resolutions but that the Board would be considering the agreement at its next regular meeting, at which time it would take action. Ms. Concus said that she considered this interim position to be a new type of position and that it was the stated goal of the Board to separate the two positions. Ms. Concus said that, anytime an officer was hired, that officer worked a minimum of five years to become vested. She said she hoped there would be a way for IGM/COP Hull to be compensated in a way that it wouldn't count toward his retirement. She said this seemed fair because IGM/COP Hull would not hold the new position for a minimum of five years: It would be a short-term interim job. She said she didn't think short-term interim positions came with retirement benefits. She noted the District had serious need to trim its expenses because its

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cash reserves had been dwindling, and there were huge unfunded liabilities and retirement benefits. She said the District could not afford any further measure that would increase the District's pension liability and asked the Board to find a way for this payment not to be pensionable.

David Spath said he thought he'd heard President Sherris-Watt say that, going forward, the GM portion of the salary would not be pensionable, and he asked if IGM/COP Hull would be accounting for his time. President Sherris-Watt responded that IGM/COP Hull would not be doing so; he would be receiving an additional 10% for the GM part of the job. Dr. Spath asked what percentage of the work would be GM work. President Sherris-Watt responded that the Board was declaring that it would be 10% and that 90% of IGM/COP Hull's duty would be under COP. She said that she realized there was a nuanced discussion and there were lots of numbers but that the Board had informed CalPERS that 90% of IGM/COP Hull's time would be under COP. Dr. Spath said that, regardless, the 10% stipend was different from the amount of time that would be spent as a GM. Dr. Spath noted that, if one went back to the Brown Taylor Report, it said that 35% of the position was GM, and 65% was COP, and he asked if the salary should be equated in the same way. President Sherris-Watt responded that, going forward – for pension purposes, 90% would be for COP duties and 10% would be for GM duties. Dr. Spath said that it would be useful for the community to understand this and that the Board was accepting CalPERS' argument. President Sherris-Watt said there was a distinction between what had been done in the past and what would be done going forward.

Vice President Nottoli noted that the District only had a PERS account for public safety personnel – it didn't have one for miscellaneous employees. Dr. Spath responded that, in the past, the District had argued that the positions had been interconnected and, therefore, the salary had been 100% pensionable.

Frank Lossy said he thought he'd heard two conflicting opinions from President Sherris-Watt: One estimation was that the COP part of the position would add to the District's pension costs and the other was that the GM part would not add to retirement costs. President Sherris-Watt explained that there were two categories – one would be "persable" and the other wouldn't. She said the "persable" category would be the COP position, and the non-"persable" position would be the GM part of the position. However, she said the 10% pay increase would not correlate to what the District would pay because it was part of a risk management pool and said she would present this in greater detail when she presented the actual agreement. Dr. Lossy asked if it wouldn't be possible to minimize the pension expense by separating the two positions at this point and hiring a GM, other than IGM/COP Hull, for this period of time. He noted that a person in this position might work more hours than the 10% under discussion. Sylvia Hacaj said there seemed to be some confusion over the issue of 10%: This was not 10% of time – the Board was just saying that the stipend offered to IGM/COP Hull, if the agreement were to be executed as the Board was envisioning, would be 10% on his new salary as COP. She clarified that the 10% did not relate to time and would not be "persable."

Kevin Padian thanked the Board for the explanation about the salary and the time and said this would help the community to understand the distinction. He noted that there were lots of demands on staff time, that the Board was compassionate about that, and that members of the community would be willing to help.

8d. Board President Sherris-Watt appointed District Committee chairs for 2017.

President Sherris-Watt reported that the KPPCSD Board has standing committees: Emergency Preparedness, Solid Waste and Finance. She said that she wanted each of the committees to meet at least once a quarter and that the Finance Committee would meet monthly. And she reported that she intended to present a yearly calendar, at the January 26<sup>th</sup> Board meeting, for the Board's approval. She announced that the Chairs of the Standing Committees would be:

- Emergency Preparedness: Director Hacaj
- Solid Waste: Vice President Nottoli
- Finance: President Sherris-Watt, with Director Welsh as the alternate

President Sherris-Watt announced that the Board Coordinators would be:

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- Intergovernmental and External Issues: Director Cordova
- Policy and Procedures: Vice President Nottoli, with Director Cordova as the alternate
- Public Safety Building: President Sherris-Watt
- Park Planning and Recreation: Director Hacaj
- Park Funding: Directors Hacaj and Welsh
- Community Outreach: Director Hacaj

President Sherris-Watt said she wanted to have two ad hoc committees with the following Chairs:

- Park Grounds: Director Welsh
- Technology: Vice President Nottoli

8e. Board President Sherris-Watt introduced, and the Board discussed, an Application Letter of Interest Form for the Appointment to a District Committee.

President Sherris-Watt said she wanted to change the way in which members of the committees would be selected. She said that there was an application to serve on a KPPCSD Committee or Board group on page 58 of the Agenda Packet and that, through January 25<sup>th</sup>, and she would be accepting applications. She announced she that would make appointments at the next meeting and that the committees likely would consist of no more than five members of the public and a maximum of two Directors. She said the application would appear on the District website and on Next Door. District Administrator Wolter noted that the Finance Committee had been rather large in the past and asked if President Sherris-Watt would be asking all those people to continue to participate. President Sherris-Watt responded that, from this point, existing committees would be dissolved and that she would be re-forming them. She noted that there might be an exception of seven members for the Finance Committee: She would appoint no more than seven members to any one committee. She announced that, if someone wanted to sign up for the Finance Committee, its first meeting would be held on Monday, January 30<sup>th</sup>.

Mabry Benson noted that even if someone was not on the Finance Committee, that person could still attend the Committee's meetings.

**MOTION: Director Hacaj moved, and Vice President Nottoli seconded, to adjourn.  
Motion passed: 3 – 0.**

**AYES: Sherris-Watt, Nottoli, Hacaj      NOES:      ABSENT: Welsh, Cordova**

The meeting was adjourned at 9:58 P.M.

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Rachelle Sherris-Watt  
KPPCSD Board President

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Lynn Wolter  
District Administrator

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### **Meeting Minutes for 1/24/17**

A Special Meeting (Open Session) of the Board of Directors of the Kensington Police Protection and Community Services District was held Tuesday, January 24, 2017, at 9:00 A.M., at the Community Center, 59 Arlington Ave., Kensington, California. A Special Meeting (Closed Session) followed.

#### **ATTENDEES**

<u>Elected Members</u>	<u>Speakers/Presenters</u>
Rachelle Sherris-Watt, President	Adam Benson
Eileen Nottoli, Vice President	A. Stevens Delk
Sylvia Hacaj, Director	
<u>Staff Members</u>	
Lynn Wolter, District Administrator	
<u>Press</u>	

President Sherris-Watt called the meeting to order at 9:00 A.M. President Sherris-Watt, Vice President Nottoli, Director Hacaj, and District Administrator Wolter were present. Director Cordova participated in the Closed Session by phone from Italy. Director Welsh was absent.

#### **CONSENT CALENDAR**

The Board had a second reading of Resolution 2017-03 to amend the Policy and Procedures Manual Section 5010.10 to include an additional regular meeting on the fourth Thursday of the month.

President Sherris-Watt reported that, because this was a Special Meeting and there were only three Directors present, she moved that this item be tabled until the next Regular Meeting on February 9<sup>th</sup>.

A. Stevens Delk said that, according to the current policy, rescheduling a meeting required a four-fifths vote. She clarified that the Board had rescheduled a Regular Meeting – the meeting that was to be held on Thursday, January 26<sup>th</sup>, was to be a Regular Meeting and then was changed to a Special Meeting. Dr. Delk asked if this constituted rescheduling a meeting, whether it needed a four-fifths vote, and whether the Board had provided the public with adequate notification. Dr. Delk noted that there were five things in the Policy Manual that require a four-fifths vote and said she thought this might have evolved from the two-thirds vote. District Administrator Wolter noted that the Policy Manual allowed for the President or the GM to call a Special Meeting at any time. She said that the January 26<sup>th</sup> meeting had been changed from a Regular Meeting to a Special Meeting – because of complications with the resolution. Thus, she said the President could legitimately call a Special Meeting at any time, with 24-



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hour notice. Dr. Delk asked if the President could change a Regular Meeting to a Special Meeting. District Administrator Wolter responded that the January 26<sup>th</sup> meeting had never been posted as a Regular Meeting; there only had been discussion about its being a Regular Meeting.

Dr. Delk asked if the second reading had to occur at a Regular Meeting and if resolutions could be passed at a Special Meeting. President Sherris-Watt responded that, as the Resolution had stood before – two law firms had informed the Board that it could declare the upcoming Thursday meeting as a Regular Meeting. She said she had decided to make the upcoming meeting a Special one. She said the resolution had been passed by a unanimous vote of the three members present. Dr. Delk said she thought there should be a four-fifths vote to amend the policy because the Policy Manual indicated that this was necessary.

**MOTION: President Sherris-Watt moved, and Director Hacaj seconded, to table the second reading of Resolution 2017-03.**

**Motion passed: 3 – 0.**

**AYES: Sherris-Watt, Nottoli, Hacaj**

**NOES:**

**ABSENT: Welsh, Cordova**

#### CLOSED SESSION PUBLIC COMMENTS

None.

The Board entered into Closed Session at 9:12 A.M.  
District Administrator Wolter was excused from the meeting.

- a. Labor Negotiations: The Board met with the designated District Counsel regarding negotiations with the Kensington Police Officers' Association regarding timeframes for initiation of negotiations pursuant to Government Code Section 54957.6. One Item.
- b. Public Employee Employment, Discipline, or Dismissal: The Board was briefed on personnel matters pursuant to CA Government Code Section 54957(b)(1). One item.

The Board returned to Open Session.

President Sherris-Watt reported that the Board had nothing to report.

The meeting was adjourned at 12:45 P.M.

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Rachelle Sherris-Watt  
KPPCSD Board President

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Lynn Wolter  
District Administrator

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**Meeting Minutes for 1/26/17**

A Special Meeting (Closed Session) of the Board of Directors of the Kensington Police Protection and Community Services District was held Thursday, January 26, 2017, at 6:00 P.M., at the Community Center, 59 Arlington Ave., Kensington, California. A Special Meeting (Open Session) followed.

**ATTENDEES**

<u>Elected Members</u>	<u>Speakers/Presenters</u>
Rachelle Sherris-Watt, President	Amara Morrison
Eileen Nottoli, Vice President	Nick Beaucage
Sylvia Hacaj, Director	Jim Watt
Len Welsh, Director	Linda Spath
	Linda Lipscomb
	Paula Black
	Lisa Caronna
<u>Staff Members</u>	Ciara Wood
Rickey Hull, IGM/COP	Farhat Doud
Lynn Wolter, District Administrator	
<u>Press</u>	
Linnea Due	

President Sherris-Watt called the meeting to order at 6:02 P.M. President Sherris-Watt, Vice President Nottoli, Director Hacaj, Director Welsh, IGM/COP Hull, and District Administrator Wolter were present. Director Cordova participated in the Closed and Open Sessions by phone from Italy.

**CLOSED SESSION PUBLIC COMMENTS**

None.

The Board entered into Closed Session at 6:04 P.M.

**CLOSED SESSION**

- a. Public employee employment, discipline, or dismissal: The Board was briefed on personnel matters pursuant to Government Code Section 54957(b)(1). Four items.
- b. Public employee employment, discipline, or dismissal: The Board was briefed on personnel matters pursuant to Government Code Section 54957(b)(2). One item.
- c. Conference with Legal Counsel – anticipated litigation: The Board was briefed on matters involving significant exposure to litigation pursuant to Government Code Section 54956.9(e). Two items.

The Board returned to Open Session at 7:37 P.M.

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President Sherris-Watt took roll call. President Sherris-Watt, Vice President Nottoli, Director Hacaj, and Director Welsh were present. Director Cordova participated by phone from Italy.

President Sherris-Watt said there was nothing to report from the Closed Session.

#### **PUBLIC COMMENTS**

Jim Watt said the most important function of the Board was to provide the necessary services for which it had been constituted and to do so economically to keep the District on a strong financial footing. He said that the GM and the Board should look for ways to reduce costs and anticipate costs in the years ahead. He noted that it appeared that there would be a modest surplus for the second year in a row because of rising home prices and turnover. He said that the unassigned fund balance was probably \$1.3 million, that the Board should maintain a reserve of about \$800,000, and that this meant about \$500,000 of available funds. He said he was concerned that the District's unfunded liability with CalPERS had increased by about \$515,000 in the prior year and was expected to increase by another \$700,000 in the current year because CalPERS had failed to meet its target rate of return. He said the two-year total equaled the District's total reserves. He said that a new GASB rule required these unfunded liabilities to be reported on agencies' balance sheets. He added that CalPERS expected rate of return was unrealistic and this would translate into increased pension costs falling on the taxpayer. He said that, given the District's current police operations, the CalPERS costs would prevent the District from having a budget surplus for the foreseeable future. He noted that there were other pressing financial issues: rising medical costs, the Community Center retrofit, and relocation costs during work on the Public Safety Building. He said, given this, cost control would be paramount – part of the Policy Manual and part of a new GM job description. He said the taxpayers shouldn't be expected to pass another Measure G to "bail out the District."

#### **BOARD COMMENTS**

President Sherris-Watt reported that the deadline for applications to serve on KPPCSD committees had been extended to February 8<sup>th</sup>.

#### **STAFF COMMENTS**

None.

#### **NEW BUSINESS**

- 7a. Presentation by 2016 Park Buildings Committee and/or staff regarding Glass and Associates' proposal. The Board considered authorizing President Sherris-Watt to negotiate and execute on behalf of the Board a consultant services agreement with Glass and Associates for the provision of architectural services.

President Sherris-Watt reported that the Park Buildings Committee had been working since 2015 to determine what improvements needed to be made to the Community Center and that, on October 5, 2016, the Committee had reviewed presentations from five architectural firms interested in preparing drawings for improvements to the building – focusing on ADA and seismic issues. She said the Committee had made a unanimous decision to recommend Glass Associates. She introduced Committee member Paula Black.

Paula Black reported that the quality of the responses from the five architectural firms was a testament to the hard work of the Committee and President Sherris-Watt. Ms. Black said that the upgrades for the building were needed to meet Americans with Disability Act (ADA) requirements, to improve it seismically, and to ensure a functioning kitchen. She said that this work constituted the core of the work and that any aesthetic work would depend on whether the budget would allow it. Ms. Black reported that the Committee was looking for a larger team of architects because of the tight time

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schedule, which was driven by meeting the Measure WW funding deadline. She said this would allow for others to take over for the principal if that person became unavailable. She said the Committee also had looked for teams that were familiar with the building; she noted that one of the Glass Associates' principals had worked in the building. She said the Committee had also considered pricing – the Committee wanted assurance that the architects had been realistic in their estimates. She noted that Glass Associates' proposal included a larger proportion of time than the other architects for supervising the construction and the contractor. She reported that the Committee also looked to ensure that the architects understood the complexities of the codes that would apply to the building – in part to ensure not inadvertently triggering things that would require further work. She said that Glass Associates had an excellent knowledge of this. Lastly, she said that the Committee had looked for a firm that would really listen to the community, while still bringing forth its own ideas and expertise, and that the Committee felt that Glass Associates would do the best job.

Director Welsh said the proposal from Glass Associates broke out the different costs but didn't break them out as much as he would have liked: He would like to see the estimated costs of each of the subcontractors. He noted that the third bullet on the second page discussed items that might be added, beyond the ADA and seismic work. He said estimates for those alternates had not been incorporated into the total estimate and asked if Ms. Black had a sense of what they might cost. With respect to the subcontracting, Ms. Black said the different architects had presented different breakdowns – some had provided great detail and others hadn't. But, she said that the Committee was confident the proposals covered the same information (the prices had been similar) and that the Committee could ask for further clarification. With respect to the three options (alternates), Ms. Black said the RFP had been structured to ask for a basic bid on the base work and then to present options, but not with estimates. She noted that the architects brought different ideas for the three options but that the Committee didn't want the architects to go to the effort of pricing them. Director Welsh asked if the alternates were realistic and suggested that, if there was a possibility of doing them, there should be estimates for them so that, if the budget permitted, they could be added more easily. President Sherris-Watt said that work was going to be needed on the west wall to make it seismically sound and that this could involve adding glass and possibly making it more indoor-outdoor. She said the restrooms would need to be gutted to get the space needed to meet ADA requirements – there could be extras that could be added to make them better. Director Welsh asked when the decision would be made about whether to proceed with an alternate.

Glass Associates' Farhat Doud came to the podium and introduced herself. She said that the three options would be considered from the start because they were integrated – things such as lighting, heating, and windows. She noted that any time a project exceeded \$125,000 it triggered ADA requirements and that pulling a permit would require the seismic work to be done. Director Welsh said the alternates weren't priced, and so he wondered how the Board could make a decision about them. He added that it would make it difficult for him to go forward without knowing all the information about potential cost. Ms. Doud responded that cost meant two things to her: construction budget (how much would it cost to build the project) and architects' fees to design the project. Director Welsh said he wanted to know both. Ms. Doud responded that the fees for the add-ons were built into the Glass Associates' proposal. Director Welsh said that wasn't what the contract said. President Sherris-Watt responded that this would be driven by degree; such as whether the west wall would have some glass added or would become all glass. She noted that the extent to which the add-ons would be completed would depend on community involvement.

Ciara Wood said she had served on the Park Buildings Committee. She said the discussion before the Board was whether to hire Glass Associates to design the project. Director Welsh responded that the proposed cost for this service was \$150,000. Ms. Doud explained that their fee included designs for the alternates. She said the base drawings would cover the basics the District would need to get the project permitted. She noted that additional cost would be incurred if the District elected to put in full doors instead of replacing the existing windows. Director Hacaj clarified that, in an instance such as this, there would be added construction cost but not added design fees. Ms. Doud explained that the contractors would price the add-ons as "alt-bids" but that Glass Associates' fee would include the add-ons. Director Welsh said he wanted to see that stated more clearly in the contract. Director Welsh



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asked about timing – when would the Board need to make decisions about whether to add alternates. President Sherris-Watt said the completion date would be December 2018 so the District can recoup its Measure WW funds. She said that the community discussion and design process would occur during and that construction would begin between camp and the fall session. She said the Board likely would be presented with real numbers during the summer.

Director Cordova said she had worked for the Marin County Parks, so she knew parks and park planning. She commended the Committee and said that, while she appreciated Director Welsh's concerns, it would be difficult to price something that didn't yet exist. She noted that the Park Building Committee members were skilled and represented a cross-section of the community. She thanked the Committee and the architects.

Jim Watt said he had served on the Park Buildings Committee, too. He said that Glass Associates' first proposal had not included the price of bringing in a cost estimator and that this element had been added to the proposal. He said the Committee had first asked for bids to bring the building into ADA and seismic compliance. He said that the Committee then discovered it might have some additional money and that this could be used to pay for some additional upgrades – this drove the Committee's decision to put alternates into the proposal. He said that the cost estimator would look at the alternate schemes and provide an estimate of them before full drawings were prepared and that this would enable the District to look at the cost of the basics plus the potential of doing the add-ons. Mr. Watt said the proposal contained a schedule indicating the construction administrative phase would not exceed 20 weeks. He said he had a problem with this because, if the work exceeded five months, there would be an additional cost for Glass Associates proposal. He said there should be no limitation placed: Glass Associates should see the project through to its entirety. President Sherris-Watt responded that she and Ms. Doud had already discussed this: If the construction were to run longer, the firm would work that in because it wants to see the construction through. She added that, if there were to be a delay beyond the firm's control, things might change.

President Sherris-Watt said that what was being sought that evening was a resolution that she negotiate a contract, on behalf of the Board, with Glass Associates. She noted that schedule item 4 could be altered to reflect the length of construction.

Nick Beaucage said that he was a structural and civil engineer and that he was against signing the contract. He said he didn't like the way the project had been handled and "sold to the community" as seismic and ADA upgrades: It seemed obvious from the proposal that it was for a lot of additions as well, such as a new kitchen and re-doing the west wall. He said he didn't think the community had been asked what it wanted for the project. He noted that the project was now up to \$1 million, with a \$150,000 fee, which he said was very steep, and that it appeared that each service being provided was being farmed out to a sub-consultant, which was strange. He said the firm also had its own structural sub-consultant for the structural engineering, who was not the engineer the District had used and asked how the Board intended to use the information for which it had already paid and which he said didn't seem to be complete. He said that he thought the community was looking for a simple design and that, from a structural engineering standpoint, the Community Center was a very simple building. He said he thought the seismic improvements were voluntary and not required. He said he'd been on the Park Buildings Committee for a few meetings and quit when he found out that the architect, whose advice the Committee had been taking, was not an architect. He concluded by reiterating that the contract shouldn't be signed. President Sherris-Watt responded that Mr. Beaucage had never been on the Parks Building Committee: Then-President Welsh had considered appointing him, but because he'd been an El Cerrito resident, he'd been ineligible. Mr. Beaucage responded that he was a Kensington resident. President Sherris-Watt said the work on the community center was intended to be simple, the reason for the ADA focus was to ensure accessibility to all and to ensure compliance in order to avoid legal liability, and the seismic work was intended to ensure no one would be crushed due to building failure during an earthquake. Specifically, she said the District wanted the building to meet the life-safety standards. Mr. Beaucage said the completed documents weren't for life safety; they were for immediate occupancy. President Sherris-Watt declined to debate the issue and said the Park Buildings Committee hadn't stipulated that the architect use the previous seismic engineer: The Committee wanted the

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architects to use the people whose professional reputations they respected. Director Welsh said that he thought some of the points raised by Mr. Beaucage were potentially legitimate but that there was some time pressure now – the Board needed a pragmatic solution. He said that the Board would be relying on the architects' professional judgment and that he thought the District did need to do something about the ADA requirements. He said the committee had made an honest effort. Mr. Beaucage noted that the Board should pay attention to clause 3 on page 21. President Sherris-Watt responded that what William Glass had explained was that his firm didn't accept projects it couldn't see through, from beginning to end, because it wanted to see projects completed as they believed they should be. Director Welsh responded that he thought Mr. Beaucage had raised a good point, and so he asked that President Sherris-Watt consult with the District's legal counsel on the wording; he didn't think the Board wanted to write itself out of every remedy it might have if something were to go wrong and there was some fault on the part of the architect. Director Welsh thanked Mr. Beaucage for raising the point.

Linda Spath said that she supported efforts to improve the safety and functionality of the Community Center but that she was concerned about the process. She said one concern was paying \$149,000 for architectural services for a construction project the community might not be able to afford. She thanked Mr. Glass for his forthright estimate of construction costs for essential improvements – addressing seismic, ADA, and energy code requirements. She noted that, at the December 8th KPPCSD meeting, he had estimated that construction costs would be \$850,000 - \$870,000 and that he had recommended a construction contingency. She asked how much KPPCSD money was currently available to cover estimated construction costs and what the plan was for making up the difference if available funds wouldn't cover estimated costs. President Sherris-Watt responded that, when one saw the \$1 million estimate, one needed to understand that this amount was an outlier – the highest amount the District could afford. She noted that costs, based on the seismic engineering report estimate of \$350,000, the ADA estimate of \$180,000, plus 20% for soft costs would equal about \$650,000. She said she had hoped that contributions from the Kensington Community Council (KCC) and fundraising, over the coming two years, would allow the Board to fund additional improvements. She said the KPPCSD had approximately \$207,000 set aside, there were \$158,000 in Measure WW funds, and the District would be searching for other grants and for federal funds. She said the Committee would also be coming to the Board to ask for a "chunk of funds" from a future budget to help meet the costs. She noted that the Community Center was a capital asset that had suffered from lack of improvement and lack of monetary consideration for about 30 years. She said the District had three mandates: to provide solid waste service, police services, and community services – part of that was keeping the District's capital assets in good working order. She noted that the KCC had already pledged a certain amount for improvements and that the Board was in discussion with that organization.

Lisa Caronna thanked the Board for moving the project forward because it was long overdue. She said that the \$650,000 amount just cited by President Sherris-Watt didn't include the \$150,000 for the architects' fees and that, together these amounts brought the total to \$800,000 – an amount close to the \$1 million construction cost mentioned. Ms. Caronna said that putting these amounts on a piece of paper would be very helpful to let people know what was included in the base amount and what the funding shortfall was going to be. Ms. Caronna said she wanted to comment of the proposal:

- The introduction described that the Community Center had been built to serve youth and that, over time, the usage had expanded to include things like yoga, painting classes, and private parties. She said she wanted to ensure that the architects understood that the building also was used as the primary public community building for everyone – for all the town hall meetings, the public safety meetings, etc.
- The budget stated that the \$1million would include all fees and permits – she wondered how much money the District actually had in the bank for completing the project. She asked if the District had \$650,000 "in the coffers," and President Sherris-Watt responded in the affirmative.
- Things she didn't see were community meetings or presentations, at any point, by the architects. She asked if this had been included in the process. She said that usually, near the end of the design phase, there was a public discussion to weigh pros and cons.
- For the day-to-day project management – she didn't see any cost for that. She asked who would be doing it. She noted that, when the park restroom had been built, Jack Griffith, who had been very involved with that project, said it had been a huge time commitment to have

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been present every day to monitor what was going on and the quality of the work. She said she hadn't seen that level of commitment in the proposal and wanted to know who would take care of that: If not the architects, then who on the staff would take on this responsibility?

- She asked who would be putting the project out to bid. She noted that she knew this had to come from the District, but she wanted to know who would be evaluating the bids and determining if the low bid, a requirement of public agencies to accept, came from a contractor competent to complete the work. She asked who would be looking at that part of the project.
- Ms. Caronna noted there was no civil engineer assigned to the work on the outside of the building – there had been discussion about grading work that would need to be done to the outside for things such as the parking stalls and storm drain issues. She asked if the architects would be doing this work.
- There were references in the proposal to the unknown with respect to the path of travel. She asked if research had been done on to determine what the path of travel would be – would it be from the sidewalk to the building. President Sherris-Watt responded that the District had been assured that the path of travel was not from the bus stop to the Community Center but that it likely would be a consideration for the stalls outside the building.

Linda Lipscomb asked if she had heard Jim Watt say that he anticipated having excess funds. She said that this marked the first time she had ever heard him say that. Ms. Lipscomb congratulated the Board for getting to the point of taking care of the seismic retrofit and ADA compliance. She said she, too, was concerned whether there were sufficient funds to complete the project. She said that, with Measure L, there had been a pretty resounding defeat for a bonding mechanism. She said she was concerned by President Sherris-Watt's statement that future budgets would be called upon to pay for the project. She said that this sounded like bonding or borrowing and that she would appreciate some explanation regarding the funding mechanism. President Sherris-Watt said she had always maintained that she would do everything in her power not to ask for a bond: She didn't see there was community will, and the past had shown it not to be an acceptable solution to funding the Community Center – at least at the level indicated by Measure L. President Sherris-Watt added that she would be asking for future funds to be directed toward the building and that she would be asking for future funds to maintain other capital assets owned by the District. She said that she would seek a lessening of other services to do this work and that she was looking at the budget and finding the balance. She said the District might not be procuring some things it had in the past, such as purchasing a new police car in the upcoming year, so that improvements could be made to the building's bathrooms or so that the kitchen could be renovated.

Director Welsh said that \$1 million was the estimated cost of the project but that the Board didn't know if that would be the cost because the construction would be put out to bid. He said the cost could turn out to be lower or higher than the estimated amount. He said that, if the cost turned out to be a lot less, perhaps Glass Associates would consider charging a little less because it's fee was a pretty hefty. He said he also wanted people to be mindful of the huge future cost of the Public Safety Building – whether renovated or demolished and rebuilt – which could be as much as \$10 million. He noted this would exclude the cost the KPPCSD might bear in having to find a home during the project. He said he hoped this would be considered when this project came back to the Board for a vote.

**MOTION: Director Hacaj moved, and Vice President Nottoli seconded, to authorize Board President Sherris-Watt to negotiate a final contract with Glass Associates, with the amendments around the number of months for which the firm would provide services so this would be through the completion of the project – schedule item 4. President Welsh asked to amend the motion to include speaking with Judith Propp of PLG about District not being liable if something were to go wrong and there was some fault on the part of the architect, which he identified as a line on Page 21 of the Board Packet.**

**Motion passed: 4 – 0, with one abstention.**

**AYES: Nottoli, Welsh, Cordova, Hacaj    NOES:    ABSTAIN: Sherris-Watt    ABSENT:**

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- 7b. The Board discussed and considered adopting Resolution 2017-04, authorizing the Interim General Manager/Chief of Police to negotiate with the City of El Cerrito to provide RMS and services of Records Management to the District. The report was provided by the Interim General Manager/ Chief of Police.

Vice President Nottoli reported that KPPCSD's contract with Richmond would expire on June 30, 2017 and that IGM/COP Hull had been investigating alternates. She said this was an ongoing investigation that IGM/COP Hull had been conducting since the fall. She reported he had met with the Sheriff's Department, which would be willing to provide dispatch but would not be willing to provide two other essential services: RMS, the service that goes along with dispatch records; and records management – services El Cerrito would be interested in providing. She noted that, at the prior Board meeting, the Board had passed a resolution authorizing IGM/COP Hull to negotiate with Albany, something else that's ongoing. She said it was important that officers in Kensington be in radio contact with an adjacent jurisdiction, which was the reason the two most attractive options were the Sheriff plus El Cerrito and Albany. She noted that Albany would be willing to provide all three services.

Director Welsh asked if "re-upping" with Richmond was no longer a possibility. Vice President Nottoli responded that it was possible, but the problem was that Kensington would not be on the same radio channel as El Cerrito or Albany. She reported that the problem with Richmond was that El Cerrito was not going to remain with Richmond. She added that IGM/COP Hull had made an inquiry to Berkeley, too.

IGM/COP Hull reported that he would also be speaking with the University of California Police Department. In response to a question, IGM/COP Hull said that this radio communication was different from the regional radio system, EBRCS. EBRCS would enable the Kensington PD to communicate with different agencies – both police and fire – in the event of an emergency. This system was the main radio channel.

Ciara Wood asked if RMS was records management services. President Sherris-Watt responded in the affirmative. IGM/COP Hull added that there were two types of records services: RMS, which was part of computer assisted dispatch (records created during a call to dispatch) and records services, which is a brick and mortar records service that has a clerk.

Director Cordova asked if including Albany would come with obstacles or additional costs because of crossing a county line. Vice President Nottoli responded that, with respect to crossing county lines, Albany had provided dispatch service for the KPPCSD for several years in the past. She noted that it wasn't clear why KPPCSD had switched from Albany to Richmond and that El Cerrito had been considering switching to Albany, too, but had made the decision to go with the Sheriff's Department. She added that the Albany Police Chief, Mike McQuiston, said crossing a county line didn't appear to be an issue.

Linda Lipscomb asked if dispatch and records management would be handled by two different entities. Vice President Nottoli responded that, if the District went with the Sheriff's Department, that department would not provide record management services; so this option would require that the District went to a separate entity for this. She reported that, if the District went with Albany, all needed service would be provided by that city. Ms. Lipscomb asked if there had been a cost analysis of the combined services for the different options. Vice President Nottoli responded that the resolution was aimed at trying to obtain that information and that, at the prior month's meeting, the Board had passed resolutions authorizing IGM/COP Hull to negotiate with the Sheriff and with the City of Albany. She said that the current resolution would authorize negotiations with El Cerrito. President Sherris-Watt said that a resolution for UC Berkeley hadn't been prepared yet and that IGM/COP Hull had led the process and worked with Vice President Nottoli during it. President Sherris-Watt said this was not a simple apples-to-apples comparison because of differences in software, the method of dispatch, the manner in which records were kept, etc. She said the District would be assembling a document showing the various elements to determine the cost for each agency.



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Linnea Due asked if UC Berkeley would be able to provide all three services. Vice President Nottoli responded that this was not yet known and that the District didn't know if UC Berkeley or the City of Berkeley would be willing to offer the services

David Spath asked which systems could "talk" to one another and which were the most critical. IGM/COP Hull responded that the Kensington PD would still be able to communicate with El Cerrito or to monitor its radio traffic; it would be a matter of switching the radio to a different channel. He added that, if Kensington were to go with Albany, radio communication would be between Kensington and that city. Dr. Spath asked if UC Berkeley PD had its own radio frequency, and IGM/COP Hull responded in the affirmative.

**MOITION: President Sherris-Watt moved, and Director Welsh seconded, to adopt Resolution 2017-04, allowing the Interim General Manager/Chief of Police, or his designee, to enter into negotiations with the City of El Cerrito for the provision of records management services and services of records department.**  
**Motion passed: 5 – 0.**

**AYES: Sherris-Watt, Nottoli, Welsh, Cordova, Hacaj      NOES:      ABSENT:**

7c. President Sherris-Watt presented the 2017 Calendar for Board and District committee meetings and the Board considered approval of the 2017 Calendar.

President Sherris-Watt reported that the Board had compiled a calendar of meetings. But, she said this seemed to have been premature because the Board hadn't yet voted to approve a second Board meeting each month. She asked if this could appear in the following month's Consent Calendar. Amara Morrison responded that President Sherris-Watt could provide information only, with the caveat that, if the second reading was approved, the calendar would stand. President Sherris-Watt said the Finance Committee meeting would typically occur on the fourth Wednesday of every month, and the Park Buildings and Recreation Committee would be meeting the third Wednesday of every month.

Linda Spath said the calendar was a good first step. She suggested a list of the meetings of all standing and Ad Hoc committees and posting this on the District's website. She suggested also including Fire District and the K-Groups, for a community calendar, which the Technology Committee could create as a visual reminder. She said it would be helpful if the District could post a description of every KPPCSD committee, along with the names of the committee members and their contact information. She also asked that all KPCSD committee meetings be recorded and that the recordings be posted on the District's website so that everyone could know what was going on. President Sherris-Watt responded that these were wonderful suggestions and that the Board should act on them. It was noted that the Outlook provided a calendar of community meetings, on a monthly basis, so perhaps the KPPCSD didn't need to provide one.

**MOTION: President Sherris-Watt moved, and Vice President Nottoli seconded, to adjourn.**  
**Motion passed: 5 – 0.**

**AYES: Sherris-Watt, Nottoli, Welsh, Cordova, Hacaj      NOES:      ABSENT:**

The meeting was adjourned at 9:01 P.M.

\_\_\_\_\_  
Rachelle Sherris-Watt  
KPPCSD Board President

\_\_\_\_\_  
Lynn Wolter  
District Administrator

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### **Meeting Minutes for 2/9/17**

A Closed Session of the Board of Directors of the Kensington Police Protection and Community Services District was held Thursday, February 9, 2017, at 6:30 P.M., at the Community Center, 59 Arlington Ave., Kensington, California. A Regular Meeting (Open Session) followed.

#### **ATTENDEES**

<u>Elected Members</u>	<u>Speakers/Presenters</u>
Rachelle Sherris-Watt, President	Amara Morrison, Wendel Rosen
Eileen Nottoli, Vice President	John Holtzman, PLG
Sylvia Hacaj, Director	Jim Watt
Len Welsh, Director	David Spath
	A. Stevens Delk
	Paul Dorroh
	Karl Kruger
<u>Staff Members</u>	Pat Gillette
Rickey Hull, IGM/COP	Mabry Benson
Lynn Wolter, District Administrator	Peter Liddell
<u>Press</u>	
Linnea Due	

President Sherris-Watt called the meeting to order at 6:31 P.M. President Sherris-Watt, Vice President Nottoli, Director Hacaj, Director Welsh, IGM/COP Hull, and District Administrator Wolter were present. Director Cordova participated in the Closed and Open Sessions by phone from Italy.

#### **CLOSED SESSION PUBLIC COMMENTS**

None.

The Board entered into Closed Session at 6:32 P.M.

#### **CLOSED SESSION**

- a. Public employee employment, discipline, or dismissal: The Board was briefed on personnel matters pursuant to Government Code Section 54957(b)(1). Four items.
- b. Conference with Legal Counsel – anticipated litigation: The Board was briefed on matters involving significant exposure to litigation pursuant to Government Code Section 54956.9(e). Four items.

The Board returned to Open Session at 7:51 P.M.

President Sherris-Watt took roll call. President Sherris-Watt, Vice President Nottoli, Director Hacaj, and Director Welsh were present. Director Cordova participated by phone from Italy.

President Sherris-Watt said there was nothing to report from the Closed Session.

## **PUBLIC COMMENTS**

Jim Watt said that, at the prior Board meeting, he'd expressed concerns about the increase in District expenses. He noted that the unfunded pension liabilities had increased by \$515,000 in 2015 and were expected to increase by \$700,000 in 2016 and that the total of these liabilities were equal to the District's current unrestricted reserves. He noted that the District had received its updated OPEB report, which reported the recommended contribution to meet the District's long-term medical obligations. He said that, about a year earlier, a previous (Other Post Employment Benefits) OPEB report had been discussed and that it had been agreed that the firm that had prepared that report had made some unrealistic assumptions; therefore, it had been decided to re-do the analysis. He said the findings of the new OPEB study showed that the District should increase its annual contributions to the OPEB trust by \$225,000 more than the District had expected, for a new total of \$405,000. He said the new OPEB report also showed that the District's unfunded medical liability was \$3.1 million, a sum equal to the District's unfunded pension liability. He said the amount of money needed to meet obligations to the officers was growing at a rate faster than the District's revenue rate of growth. He said that, in addition to these obligations, there were the upcoming costs associated with the Community Center, the Public Safety Building, and the likely cost of adding the new GM position. He said all these expenses needed to be considered against a backdrop of rising workers' compensation costs, legal fees, overtime costs, and dispatch services. He said this meant the chance of turning a budget surplus in the future would be unlikely, if the District continued with its current staffing levels and employee compensation. He said that changes in the District's services were needed and that most people with knowledge about cost control knew what those options were. He noted that a qualified GM could provide guidance, but only if the Board identified where and how the needed cuts should be made. He said it was the Board's responsibility to address the problems the District faced and to start developing a plan to avoid depleting reserves.

Pat Gillette said she wanted to reiterate comments that had been made at the last meeting, which she had been unable to attend. She said that she'd learned that the Board had committed to spending \$145,000 on an architectural firm and that she hoped the Board would answer, in detail, how it intended to pay for the \$1 million-plus project, which would take care of just the basics. She asked, in the name of transparency, what the plan was for raising funds sufficient to cover the cost of the work. She said she'd heard there was a plan of obtaining grant money and asked what grants the Board was considering.

Ms. Gillette said she continued to think it was irresponsible of the Board to conduct its business with a Director who had been absent for six months, without any comments except to say she was in Italy.

Ms. Gillette said that, during the past week, she had been proud to be a lawyer – to see lawyers come out and defend the rights of people. She said that this was not a statement that she didn't respect the President but that she would defend the rule of law, even if it meant showing up at airports and other places.

Peter Liddell announced that, at 10:00 A.M., on Saturday, the 18<sup>th</sup>, the Kensington Public Safety Council (KPSC) would host a presentation about animals in disasters and emergencies. He announced that Noel Cross, of the Red Cross, would be speaking about how to prepare, in advance, for what to do in an emergency or a disaster. He reported that Hazel Weiss would speak about service dogs.

Karl Kruger said that, a couple of meetings ago, he'd asked about the Brown Act, with respect to someone participating electronically. He said he wanted to know that the Brown Act was being followed for every meeting. He asked what, specifically, needed to be done for compliance to ensure that, at some point in the future, there wouldn't be a reason for an argument or worse. He said that, at every meeting, the Board President needed to ask the person participating electronically if that person was following the Brown Act. Amara Morrison responded that the teleconferencing Director had been apprised how to follow the Brown Act and that she was confident this individual was doing so.

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Paul Dorroh said that, in reading the minutes of the prior meeting, he'd read that an architectural firm had been retained for the Community Center renovation project and that the public had been encouraged to visit the firm's website to get more detail about their experience and qualifications. He asked if the District website could provide the link to the firm's website.

Mr. Dorroh asked if Resolution 2017-06 would be deferred to another meeting, since it hadn't been included in the Agenda Packet. President Sherris-Watt responded in the affirmative and said this would be discussed.

#### **STAFF COMMENTS**

None.

#### **BOARD COMMENTS**

None.

#### **CONSENT CALENDAR**

Mabry Benson said she had a question about Item d, the Profit and Loss Statement. She asked what the \$6,005 expenditure in Account 967, Station Equipment, had been. District Administrator Wolter responded that she wasn't sure but that it had been budgeted, otherwise she would have highlighted it in the Variance Report. She said she would email Ms. Benson the next day with the information.

Ms. Benson said she had a question about the Watch Commander's Report. She noted that three officers had been on duty for one shift and only one officer on another shift and that this seemed unbalanced, in terms of staffing. IGM/COP Hull responded that the officers worked the same hours but on different days. He added that there was one person assigned to patrol during the daytime hours and that there was also a detective on duty, who also provided patrol back-up. Ms. Benson noted that the department was short-staffed at the moment. IGM/COP Hull responded that he, too, was available.

**MOTION: Vice President Nottoli moved, and Director Welsh seconded, to approve the Consent Calendar.**

**Motion passed: 5 – 0.**

**AYES: Sherris-Watt, Nottoli, Welsh, Cordova, Hacaj    NOES:    ABSENT:**

President Sherris-Watt noted that, with the adoption of the Consent Calendar, the Board could begin holding two regular meetings per month.

- 7b. The Board reviewed and considered Resolution 2017-06 to amend Appendix A of Policy #2000 of the District Policy and Procedure Manual to create job descriptions for: i) District Chief of Police; and ii) District General Manager and will direct staff to conform implementing policies (Policy #2000.25) to reflect these two separate job descriptions.

President Sherris-Watt recommended that this item be tabled until all the related documents were made available to the public.

- 7a. The Board reviewed and considered approval of an Employment Agreement between the District and Rickey L. Hull, setting the compensation, terms and conditions of his temporary employment as Interim General Manager/Chief of Police.

Director Cordova asked if the employee needed to leave the room during this discussion.



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John Holtzman responded that IGM/COP Hull should not be present when the discussion occurred. IGM/COP Hull left the room.

Mr. Holtzman introduced himself and said he'd been asked to work out the terms of this agreement, and he summarized the basic terms and conditions:

- Term – December 17, 2016 through May 17, 2017.
- During the term of the agreement, the Board may split the position of GM/COP. If the Board should choose to do so, the employee would no longer be paid the GM portion of the salary.
- Salary had been set up to account for both possibilities. The salary for the COP portion would increase IGM/COP Hull's current wages by 15% to \$129,031. The salary for the GM portion would increase the wages by another 10% to \$140,857. The COP portion of the salary would be reportable to CalPERS, and the GM portion would not.
- Given the interim nature of the position, IGM/COP Hull would have the right to return to his prior Master Sergeant's role at the end of the interim period.
- As IGM/COP, the employee would be an at-will employee.
- Health coverage (consistent with term of KPOA MOU) – the employee would receive the same health insurance as the active employees and would contribute \$85 for the basic Kaiser plan, and, starting June 30, 2017, he would begin contributing \$125 to this.
- If IGM/COP Hull were to retire directly from the Chief position, he would not get the same benefits in retirement as the members of the bargaining unit would receive. He would be under the same kind of cafeteria plan as was IGM/COP Hart. Note: How PEMHCA (which is part of CalPERS) benefits work: Whatever the employer provides for its employees, the employer must also provide for its retirees. The exception to this exists if the employer has a cafeteria plan, which would allow for a minimum contribution, of \$128.00 per month, directly to PEMHCA. The reason the cafeteria option had been established was because, if a Chief came from outside the department, that person might be with the department for two or three years and then receive lifetime health benefits, which could cost up to about \$20,000 per year until that person died.
- Participating in the CalPERS retirement system would continue. Payments in retirement would be based on the participant's final salary, so this likely would be IGM/COP Hull's high year, even if he were to return to the Master Sergeant's position. And current contributions would increase because of the increased salary for the COP portion.
- CalPERS contributions would remain the same, with the District contribution soon becoming 5%, with employees paying 4%.
- Rest of benefits would be the same as those in the KPOA MOU.

President Sherris-Watt asked for public comments.

David Spath asked how the Board had decided that only 10% of IGM/COP Hull's time would be GM work and 90% would be COP work. He asked if there had been a workload analysis or another type of assessment. Mr. Holtzman responded that this allocation didn't reflect time: it was a determination of what salary to pay for which services. He said there had been a CalPERS audit and a reply to it, in which the Board reported that the GM duties were 5% – 10% of the job. Thus, he said this was consistent with what had been previously reported to CalPERS. Mr. Holtzman added that the CalPERS audit had found that the District needed to separate out the GM duties, that these duties were not pensionable, and that this could result in CalPERS reducing the pensions of at least the last two police chiefs. Dr. Spath responded that CalPERS was being told that IGM/COP Hull would be spending 90% of his time on COP work. Mr. Holtzman said this was about a salary allocation, not a time one. Dr. Spath responded that his public sector work experience had been that one did a workload analysis and then made a salary allocation, based on that analysis. He added that the Brown Taylor report, which had been done in the late 1990's, had shown that 35% of the GM/COP's time was spent on GM work and 65% on COP work. He said this might be a more fair way to allocate things, and then there wouldn't be a problem with the \$7,000 spike in pensionable salary. Mr. Holtzman responded that it was axiomatic that IGM/COP Hull would receive a salary increase for his work as COP.

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President Sherris-Watt said that the Board had to take into consideration what IGM/COP Hull's salary had been as Master Sergeant, given all the parameters such as longevity pay and holiday pay. Then the Board had decided that, because the COP had more responsibility, there should be a compensation adjustment. She explained that, in terms of the 90-10 split, it would be inconsistent with the Board's appeal to CalPERS to go back to the Brown Taylor report. She said the Board was in the process of splitting the positions, so the Board was telling CalPERS that the Board realized that there were separate functions and that, from this point forward, the Board would allot for that time. Dr. Spath said that the 90-10 split seemed arbitrary and that the Board could have done what it had done with IGM/COP Hart: A combined position with a salary of \$145,000, regardless of the separation of the duties. Mr. Holtzman said that, because this agreement was unique in that it provides for the separation of the position, there had to be a justification for the salary of the position if the two components were to be separated.

Director Welsh said he was concerned about undercutting the Board's appeal because the crux of the appeal was that the positions couldn't be separated, but now the Board was saying it was separating them. He said he was looking for legal assurance that the action the Board would be taking now, after the fact, wouldn't undercut the appeal. Mr. Holtzman responded that he was working on the appeal, so had thought a lot about this: Now that the Board was discussing separating the positions, the Board had no choice but to begin specifying what that would look like. He said the Board's position with CalPERS' perspective was that it was illogical because it had never before attempted to separate the roles of a job. He added that much of the managerial work of the GM/COP was ultimately managing a government, most of whose employees are police officers. He reiterated that his view was that CalPERS was wrong, as a matter of law, and that the decision, later, to potentially separate the jobs for completely different reasons, would be based on policy decisions that the Board had the right to make.

Jim Watt said he'd been surprised by the response to CalPERS. He said he'd submitted a Public Records Act Request to CalPERS and had learned that, at no time since the formation of the District, had CalPERS ever challenged the legitimacy of paying the GM/COP a full, 100%, pensionable salary. He noted that, perhaps, this should have been part of the Board's appeal to CalPERS.

Mr. Watt said that, with IGM/COP Hull participating in the cafeteria plan, if he were to retire from the IGM/COP position, he would not be entitled to medical benefits. He said that, if IGM/COP Hull were about to lose his medical benefits in retirement, he would simply go back to his original position for 30 days. Mr. Holtzman responded that Mr. Watt was accurate and noted that, because IGM/COP Hull had been a long-term employee, he was entitled to lifetime medical benefits.

Mr. Watt said he wanted to believe that IGM/COP Hull could perform the functions of the job on an interim basis. He said he had concerns about the manner in which this matter had been presented, the costs of the contract, and what the contract might mean for the future GM/COP position. He said that such an important matter should have included, as part of the agenda packet:

- Summary
- Action required
- Background information
- Analysis of factors under consideration
- Financial and legal considerations

He said that, as with the IGM/COP Hull appointment, the community had been provided only with an employment contract in the current agenda packet; without this information, neither the Board nor the community could adequately evaluate the issue. With regard to the financial aspect of the appointment, he said the only thing provided had been a posting on the KPPCSD website of a summary of the salary increases and costs. He noted that this analysis didn't include the additional \$9,100 the District would have to pay for the increased pension costs; nor did it show how the salary increase would enhance IGM/COP Hull's lifetime pension by as much as \$375,000. He said he was opposed to providing this pension enhancement to a person already eligible for retirement and who would stand to reap this benefit after only one year in the job, which he called pension spiking that should not be permitted by either the employee or the employer. He said that the biggest cost overlooked was replacing the duties

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that had been done by the Master Sergeant – a cost that would involve additional part-time officers or overtime. He said that the current month's police report showed that only four officers were doing patrol work, requiring extra days of work or extensions to the officers' already long twelve-hour shifts. He noted that coverage could collapse if just one more officer was out on vacation or sick for an extended period of time. He said this cost needed to be added to the cost of IGM/COP Hull's promotion, in order to fully know the cost of the appointment.

Mr. Watt said he was concerned that this position was being labeled as "interim," with the implication that a GM would be hired within the next few months. He said that, before the Board undertook any such appointment, he hoped the public would be able to weigh in on a GM's qualifications, the salary cost, any office and administrative support costs, and a list of tasks on which the GM would be focused. He added that there was little room to add costs to the budget, unless the expenditure would result in even greater cost saving. He said the GM vetting process should involve the community and should include the pros and cons of such an appointment.

Pat Gillette said that she agreed with Jim Watt and that she and many members in the community had been disappointed by the complete lack of transparency in the way this appointment had transpired. She added that the community had asked for, but had failed to receive, any information about IGM/COP Hull's qualifications – for the GM part of the job or for the COP part. She said this was shocking, especially in light of the scrutiny that had been given the candidates who had applied for the IGM/COP position when the Board had made the initial hire of former IGM/COP Hart. She said the Directors stare out at members of the community and say nothing about this man's qualifications for the position and then tell the community that they intend to pay him \$140,000. She asked how the Board had decided that 15% and 10%, respectively for the COP and GM positions, had been appropriate. She noted that President Sherris-Watt had said that IGM/COP Hull should receive a "spike in his salary," and Ms. Gillette asked how the Board had decided this was the appropriate spike. She asked how this related to the tasks he would have to do and said she had no idea if the amount was, or was not, sufficient. She noted that the Board had said that 10% of the salary would be for the GM part of the job and asked if this meant the GM, for whom the Board would be looking, would be paid only \$11,000 because the Board had determined this was what this job was worth. She asked what GM duties IGM/COP Hull would be performing and what his qualifications were to perform them. She said that prior candidates had been "grilled" by the community and by previous Boards about the qualifications of former GM/COP Harman and former IGM/COP Hart. She said the Board was expecting the community to think it was all right to pay \$140,000 to someone whose qualifications had never been made clear to the community and asked why the Board intended to pay him \$140,000. She said she was seeking facts about IGM/COP Hull:

- The additional duties he would be performing as GM and as COP.
- The extra amount of time this would take.
- His educational background.
- The certificates he'd earned.

She said that if, when the Board hired a GM and didn't pay him \$11,000 – she interjected that she thought the Board would end up paying a great deal more for a GM – the Board would be "running into itself," in terms of the arguments it had just made that the GM part of the job was only 10%. She said the community had a right to this information, especially since Board members had run on a campaign of transparency.

A. Stevens Delk asked how much the Board had been paying former IGM/COP Hart. President Sherris-Watt responded that it had been \$145,000 per year, plus his benefits. Ms. Delk said that it seemed that, to pay IGM/COP Hull \$140,000 was not out of line. She asked what the costs would be if the District had former IGM/COP Hart back, and he'd continued for another year – there would be IGM/COP Hart's package and Master Sergeant Hull's package, which would be \$145,000 for the one and about \$120,000 for the other, or \$265,000 combined. She noted that people were arguing about paying IGM/COP Hull \$140,000. She said she believed IGM/COP Hull was going to be a police officer plus the COP plus the GM; he would be on the street because the department was currently down by three officers. She suggested that, in six months, a statistical report should be done to see how much crime

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had increased during the year that the District had been down three officers, but she noted that the numbers would mean nothing if all the crimes hadn't been reported.

Paul Dorroh said he agreed with Mr. Watt's comments about the financial impacts of this position and with Ms. Gillette's comments about the lack of transparency and the "inscrutable reasoning" behind this temporary appointment. He said he understood the need to have someone to be able to sign documents and to take care of ministerial functions, but this didn't appear what was intended: If IGM/COP Hull was really intended to be the Chief, based on the duties of the combined position, he would be investigating and responding to citizen complaints. Mr. Dorroh noted that, at a prior meeting, he'd learned that IGM/COP Hull, himself, was the subject of a citizen complaint, and he asked who would be investigating that. He asked how it would work when IGM/COP Hull completed this temporary assignment and went back to being one of the force, after he'd had to impose discipline on people who then were, once again, his peers rather than his subordinates. Thus, Mr. Dorroh said this was untenable for anything other than the shortest possible time. He said he hoped the Board's intention was to move expeditiously to make a decision about whether to split the position and, if it decided to do so, to get about the business of recruiting someone to take on this job. He said that, if the Board didn't do so, it would be setting up the District for failure and setting IGM/COP Hull up for failure because he wasn't in a position to execute to the fullest.

Director Welsh said he agreed with the last thing Mr. Dorroh said. He said that the Board had previously made a commitment that, if the IGM/COP Hull appointment were made, it would be a very temporary appointment, and the Board would expedite efforts to hire both a GM and a COP. He said everyone probably agreed that it would be better to split the position, if it could be done. He noted it would have been cheaper to have had former IGM/COP Hart stay because he would have been a retired annuitant, and the Board would not have had any further pension obligations for him. He noted that there would be an extra pension obligation associated with IGM/COP Hull but that the community had to pay people to do this work – it couldn't expect people not to be paid for what their duties were worth. He said, once the decision had been made not to bring back former IGM/COP Hart, the Board had been locked into making this decision – there really wasn't another viable short-term option. He said he would continue to support this, but he expected efforts to proceed, both on the GM and the COP recruitment fronts.

President Sherris-Watt responded that the Board had already met with a consultant from Public Management Group (PMG) and had already begun the process of recruiting for the GM position. She said the consultant had already begun the process of talking to prospective GMs, and she noted that IGM/COP Hull had been aware of that from the moment the Board had begun discussing the job with him.

President Sherris-Watt said she disagreed with Director Welsh's math: At a minimum, former IGM/COP Hart had cost the District a minimum of \$165,000. She said that, in other regards, such as the purchase of a new \$30,000 vehicle, he had cost the District many thousands of dollars more.

Director Nottoli said that promoting from within was a standard practice in police departments and that IGM/COP Hull had been promoted from a police officer, to Sergeant, and to Master Sergeant over the years. She said the first time a Chief had been hired from outside the Kensington department had been with former GM/COP Taylor. She said that IGM/COP Hull had had a lot of supervision with the Air Force and with police departments; that he'd taken a number of college courses, although he didn't have a college degree; and that the first Kensington Chiefs to have college degrees had been former GM/COP Taylor, former GM/COP Harman, and former IGM/COP Hart. She said everyone knew how well things had worked out with former GM/COP Harman but that, under former GM/COP Garfield, the department had been able to earn the Commission Accreditation for Law Enforcement Agencies credential, which had required proof of compliance on an annual basis and marked a level of professionalism, with respect to the service the department provided to the community. She noted that this had been lost during former GM/COP Harman's tenure. She said there were reasons to promote from within:

- Familiarity with the unwritten procedures of the department



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- Knowledge of the community
- Knowledge about the strengths and weaknesses of the officers and of the staff.
- Having participated in making department decisions.

Vice President Nottoli said she'd been attending numerous meetings with IGM/COP Hull regarding dispatch: They'd met with the Sheriff, the El Cerrito Chief of Police, and the Albany Chief of Police, all of whom had high regard for IGM/COP Hull. She noted that, at the end of each of the meetings, IGM/COP Hull had asked if there were opportunities for training for KPD officers. She noted that one of the chiefs had said that IGM/COP Hull had spent more time in his office than his two predecessors, combined. She said IGM/COP Hull had demonstrated a commitment to Kensington, and she supported his employment in his new position. She reiterated President Sherris-Watt's comment that the Board was working expeditiously to split the position and to find a GM with experience handling a police department and the other services provided by the KPPCSD.

Director Welsh asked if the Board was looking for a COP as well. He noted that progress was being made on the GM side and asked what was happening with the COP. President Sherris-Watt said she was not currently looking for a new COP. She said it would be her desire that IGM/COP Hull remain as the COP, should the position be split. Director Welsh responded that this was news. President Sherris-Watt responded that it was the will of the Board – it would be up to the Board to discuss and decide. She said that she was glad to state her position but that she was not the only decider.

Director Hacaj said she wanted to reiterate what had been said, with respect to promotion from within. She said that there was an incredible amount of benefit to 19 years of experience and commitment to the community and that the Board was working with what it had. She summarized her perspective about IGM/COP Hull's salary: The previous Board had had to publish a salary schedule, which had included the minimum (\$10,300 per month) and maximum (\$12,083 per month) level for the interim position. She noted that IGM/COP Hull fell within that range. She said that, hopefully, working with a separated position in the future, there wouldn't be the constraint of the interim combined position. She concluded by saying she supported IGM/COP Hull.

Linda Lipscomb said the community had received more information, by way of the Board's comments this evening, than it had in the past. But, she said it still didn't add up to a nice plan. She noted: It had been decided that the position should be split; there should be an IGM/COP, which should last for four months; it had been decided that the GM position would take "X" number of hours per month, and the COP position would take "X" amount of time; and the Board would interview for these positions, or not. She said that there was no coherent plan for doing this into an organized fashion and noted that the Directors may have done this among themselves, but it hadn't been conveyed to the public. She asked that the Board put this in an organized fashion, like an executive summary, citing what the Board intended to do and what process it intended to follow in order to recruit for the position or positions. Director Hacaj responded that if this needed to be laid out in one place, at one time, that might be a good suggestion. President Sherris-Watt responded that the Board was climbing a ladder: Unexpectedly, the Board had dealt with the departure of former IGM/COP Kyle; the seating of two new Board members; and now, the Board was in the process of figuring out the depth of dysfunction within the department. She said she hoped it wasn't as bad as was thought, but the Board needed someone to let them know. She said the Board knew what assets it had, in terms of staff – which were great. She added that as opportunities arose, the Board would look for new solutions.

A resident commented that, if the Board was going to hire a permanent COP, the Board was supposed to open up this position. President Sherris-Watt responded that he was correct, and that this was on the District's website.

Director Cordova said she was the only Board member who had voted against IGM/COP Hull's initial appointment. She said that, rather than looking at the candidate, the Board should be looking at the management of the District. She said there was a profound weakness in the agency. She said the reason she had opposed the appointment of IGM/COP Hull was because it had been unlike any recruitment process she'd ever seen. She said there was a material difference now that the Board had a professional

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recruiter in the GM search. She said she hoped the Board would see a quality of candidate not seen before and a refinement in the job description. With respect to the IGM/COP agreement, she'd rather see three-month increment extenders. She also said that she wanted to see the duties for the two positions delineated and that there should be time studies for the positions. She noted that the criticism the Board was hearing was that the Board wasn't doing a great job at recruiting – there should be more community input. She concluded by saying she was hopeful and by applauding President Sherris-Watt for engaging the services of a professional recruiter: It should bring a higher quality of candidates.

Karl Kruger asked if he had just heard President Sherris-Watt say that the Board was moving in the direction of making IGM/COP Hull the permanent COP. President Sherris-Watt responded that this would be her desire. Mr. Kruger said he thought the Board would be getting someone who would be getting the District through the next few months. He added that he didn't see the District's temporary hire would be able to provide any vision to help with the things that needed to be done with the Community Center and with the Public Safety Building. He noted that he'd not seen IGM/COP Hull's resume, but that the District had the need for someone who could look into the future. Director Hacaj said the Board was looking for a GM. Mr. Kruger responded that he didn't see the Board getting someone very quickly because the Board didn't have a history of getting things done very quickly. He said that there were important things facing the District, including the things about which Jim Watt had talked, and that he was disappointed to have heard the Board say this. Director Hacaj responded that, in two months, the Board had dealt with the lack of a COP, it had worked to get an interim person in place, and it had begun talking to a recruiter. She said that she did think it could have hired someone by May and that she didn't know what more the Board could have been doing. She said the Board was working to get things done as quickly as possible. Mr. Kruger responded that he didn't think the Board was making the right decision.

Andrew Gutierrez said the District had gone through a terrible period and had had one bad experience after another with GM/COPs. He said there had been a lot of vetting of their qualifications but it hadn't improved the end product. He said the District had a person who'd come through the ranks and who knew the department and community. He said it was time to move on – there was a mess, which had been accumulating over the prior 12 years, and the Board was working hard to clean it up.

Pat Gillette:

- How much is the professional recruiter costing the District? She noted this would add to the total cost of having hired IGM/COP Hull.
- This was the first she'd heard that the Board wouldn't be recruiting for the COP position in the traditional way. She said she understood the concept of promoting from within, but she said the community had a right to have a say in the qualifications of the person who manages Kensington's small police department and interacts with the community on a daily basis: A COP shouldn't be rammed down the community's throat. She encouraged the Board to recruit for a GM and a COP. She noted that IGM/COP Hull was welcome to apply, and then the community could see his qualifications next to those of other candidates: Then, the Board could make a reasonable decision.

David Spath asked, with regard to the recruitment, if the Board would be looking for a part-time or full-time GM. President Sherris-Watt responded that the Board had given the recruiter direction that the Board was looking for a GM who would work two days per week, but that this would depend of the discussions with the GM, once the candidate began evaluating the responsibilities and workload. Dr. Spath asked if the Board had outlined what the responsibilities would be for a two-day-a-week position. President Sherris-Watt responded in the affirmative, and Dr. Spath asked if the community could see this. Dr. Spath suggested that the Board hire, on an interim basis, consultant Peter Kampa, who had done an excellent job for other community services districts. He noted that the interview with Mr. Kampa, which the Ad Hoc Committee had conducted, had a number of recommendations about what the Board should look for with respect to a part-time GM, such as the duties and the relationship with the Board. Director Nottoli responded that she had just spoken with Mr. Kampa and that he currently had a position and that the Board thought it would be better to look for retired annuitants who had been

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city managers because the District had a police department and other functions. Dr. Spath responded that this was a good approach and that Mr. Kampa consulted with more than one city at a time. Dr. Spath suggested that, while the Board was looking for a permanent GM, Mr. Kampa might be able to serve as a temporary GM. President Sherris-Watt thanked Dr. Spath for his work on the Ad Hoc Committee and said she had re-read the interview with Mr. Kampa before the Board had met with PMG consultant, Bob Deis. She said the Board had been impressed by Mr. Deis' s skillset, and so she didn't feel the need to search further. She reiterated that the Board was looking for a GM with experience supervising police departments but said this could become a possibility. Dr. Spath concluded by saying that Mr. Kampa's expertise was in working for special districts for very short periods of time – often for between four and six months.

President Sherris-Watt said that people had asked about how the Board made hiring decisions. Her response, summarized:

As an employer making a hiring decision, one used a combination of both analytical and emotional factors and these two areas provided a matrix for prudence, which was foremost in her mind when the Board was looking to promote IGM/COP Hull. On the analytical side, cost factored most highly – knowing that a raise would be required because when one moved from the KPOA into a management position, one lost the opportunity to earn overtime, thus the matter of offsets became important. While there were greater pension obligations, there was the offset of belonging to a risk pool, and there would be savings because the Board would be eliminating the Master Sergeant position, which would also reduce the top-heaviness of the department – a frequent complaint of the prior few years. The District could bring in officers under the 2013 rules, which require a beginning officer to contribute up to 50% of his/her pension. The time required to make a successful hire needed to be weighed against the decisions that needed to be made within the next several months: the issue of dispatch, the future MOU with the KPD, and dividing the role of GM/COP. With IGM/COP Hull, the Board was able to answer the analytical side of the equation positively: he's a known quantity who was already tackling the issues of dispatch and office management; he was not averse to limiting his salary for the financial health of the department; and he'd worked for the department for 19 years. Emotionally, the community had been through a lot – the past few years had produced a long list of problems. The Board needed a GM/COP who could accomplish the basic goal of getting along with the Board, his peers, and the community, and he had surpassed the Board's expectations. IGM/COP Hull brought problems to the Board, rather than the Board bringing problems to him/her. If the Board brought problems to him, he responded without hostility, he communicated with everyone, he looked for compromise and clear communication, and had professional supervisory experience with the KPD. She'd read his evaluations from the prior two years, so she knew he'd managed a schedule, was willing to come in on his days off without rancor. She wanted to approve the contract because the Board could move forward with a reasonable risk to the District, which had not occurred before.

Director Welsh said he was surprised to have heard President Sherris-Watt say that she was thinking of hiring IGM/COP Hull on a permanent basis. He said that the contract would expire in May and that, as the contract date approached, he Board should tackle the issue of what it wanted to do with the COP position. He said he had no problem with IGM/COP Hull applying, but the Board should open the position up to competition. He said the Board also should get a better sense of what the community would like to see. He noted that, when he'd worked for a government agency, it had had a policy of hiring from within and it had proven to be "deadly" and that a healthy business would open hiring up to legitimate competition in order to get the best candidate and best price. He said he would vote for the contract, but the Board needed to move forward on the COP issue.

**MOTION: Director Welsh moved, and Vice President Nottoli seconded, to approve the employment agreement between the District and Rickey L. Hull.**  
**Motion passed: 5 – 0.**

**AYES: Sherris-Watt, Nottoli, Welsh, Cordova, Hacaj    NOES:    ABSENT:**

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District Administrator Wolter said she had a question for the Board before it called IGM/COP Hull back into the room: Would the Board please provide the specific elements of IGM/COP Hull's compensation? President Sherris-Watt responded that she would provide this the next day.

IGM/COP Hull returned to the room. At this moment, the building lost power, and because no emergency lights went on, the rest of the meeting was conducted by flashlight.

7c. Adoption of Resolution 2017-07 Authorizing the Investment of Monies in the Local Agency Investment Fund.

President Sherris-Watt explained that this would allow IGM/COP Hull to sign off on the transfer of funds and was an update to reflect that there was a new IGM/COP.

**MOTION: President Sherris-Watt moved, and Director Welsh seconded, that the Board adopt Resolution 2017-07.**

**Motion passed: 5 – 0.**

**AYES: Sherris-Watt, Nottoli, Welsh, Cordova, Hacaj    NOES:    ABSENT:**

7d. President Sherris-Watt announced District committee appointments.

President Sherris-Watt thanked everyone for applying and said she would add to the committees as the year progressed. She said that, if people had not been assigned to committees to which they had wished, she would be happy to have a discussion.

- Solid Waste  
Vice President Nottoli  
Lisa Cole  
Anthony Knight
- Technology  
Vice President Nottoli  
David Bergen  
Simon Brafman
- Park Planning  
Director Hacaj  
Paula Black  
Peter Conrad  
Gretchen Gillfillan  
Katie Gluck  
Ciara Wood
- Policy and Procedures  
Vice President Nottoli  
Director Cordova  
Barbara Dilts  
A. Stevens Delk
- Park Grounds  
Director Welsh  
Charlie Danielsen  
Peter Liddell

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- Community Outreach  
Director Hacaj  
Andrew Gutierrez  
David Spath
- Finance  
President Sherris-Watt  
Director Welsh  
Jacqueline Berman  
Rob Firmin  
Paul Haxo  
Jim Watt  
Karl Kruger  
Lori Trevino
- Emergency Preparedness  
President Sherris-Watt  
Director Welsh  
Maya Churi  
Derek Suring  
Paul Dorroh

In response to a question from the audience, President Sherris-Watt said the committees would be posted.

Director Welsh asked if more people would be assigned to the Park Grounds Committee, and President Sherris-Watt responded in the affirmative. She noted that some people might be interested in serving on more than one committee, but she wanted to begin by placing people on just one.

**MOTION: President Sherris-Watt moved, and Director Hacaj seconded, to adjourn.  
Motion passed: 5 – 0.**

**AYES: Sherris-Watt, Nottoli, Welsh, Cordova, Hacaj    NOES:    ABSENT:**

The meeting was adjourned at 9:32 P.M.

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Rachelle Sherris-Watt  
KPPCSD Board President

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Lynn Wolter  
District Administrator



**KPPCSD**  
**Unaudited Profit & Loss Budget Performance**  
 February 2017

	Feb 17	Budget	Jul '16 - Fe...	YTD Budget	Annual Bud...
<b>Ordinary Income/Expense</b>					
<b>Income</b>					
400 · Police Activities Revenue					
401 · Levy Tax	0.00	0.00	1,642,869.96	1,653,000.00	1,653,000.00
402 · Special Tax-Police	0.00	0.00	681,630.00	680,000.00	680,000.00
403 · Misc Tax-Police	0.00	0.00	0.00	0.00	0.00
404 · Measure G Supplemental Tax...	0.00	0.00	527,989.12	529,601.28	529,601.28
409 · Asset seizure forfeit/WEST N...	0.00	0.00	0.00	0.00	0.00
410 · Police Fees/Service Charges	50.00	125.00	2,754.60	1,000.00	1,500.00
411 · Kensington Hilltop Svcs Rei...	0.00	0.00	9,734.00	14,600.25	19,467.00
412 · Special Assignment Revenue	0.00	0.00	0.00	0.00	0.00
413 · West County Crossing Guard...	0.00	0.00	3,717.00	3,717.00	11,151.00
414 · POST Reimbursement	0.00	0.00	1,053.59	0.00	0.00
415 · Grants-Police	13,077.16	0.00	90,758.24	0.00	0.00
416 · Interest-Police	0.00	0.00	1,842.41	750.00	1,500.00
418 · Misc Police Income	591.45	1,083.33	6,453.59	8,666.64	13,000.00
419 · Supplemental W/C Reimb (48...	8,826.32	0.00	53,430.76	0.00	0.00
<b>Total 400 · Police Activities Revenue</b>	<b>22,544.93</b>	<b>1,208.33</b>	<b>3,022,233.27</b>	<b>2,891,335.17</b>	<b>2,909,219.28</b>
<b>420 · Park/Rec Activities Revenue</b>					
424 · Special Tax-L&L	0.00	0.00	36,220.00	35,000.00	35,000.00
427 · Community Center Revenue	0.00	1,800.00	18,824.35	24,600.00	33,000.00
437 · Contributions for Sound Syst...	0.00	0.00	10,000.00	8,000.00	8,000.00
438 · Misc Park/Rec Rev	40.00	0.00	82.00	90.00	200.00
<b>Total 420 · Park/Rec Activities Reven...</b>	<b>40.00</b>	<b>1,800.00</b>	<b>65,126.35</b>	<b>67,690.00</b>	<b>76,200.00</b>
<b>440 · District Activities Revenue</b>					
448 · Franchise Fees	21,681.64	5,400.00	58,276.50	43,200.00	65,000.00
456 · Interest-District	0.00	0.00	0.00	0.00	0.00
458 · Misc District Revenue	0.00	0.00	0.00	0.00	0.00
<b>Total 440 · District Activities Revenue</b>	<b>21,681.64</b>	<b>5,400.00</b>	<b>58,276.50</b>	<b>43,200.00</b>	<b>65,000.00</b>

**KPPCSD**  
**Unaudited Profit & Loss Budget Performance**  
 February 2017

	Feb 17	Budget	Jul '16 - Fe...	YTD Budget	Annual Bud...
<b>Total Income</b>	44,266.57	8,408.33	3,145,636.12	3,002,225.17	3,050,419.28
<b>Expense</b>					
500 · Police Sal & Ben	70,663.26	84,606.17	621,529.20	676,849.36	1,015,274.00
502 · Salary - Officers	0.00	766.67	14,795.63	6,133.36	9,200.00
504 · Compensated Absences	5,275.30	6,250.00	67,192.93	50,000.00	75,000.00
506 · Overtime	9,760.86	8,389.75	73,605.26	67,118.00	100,677.00
508 · Salary - Non-Sworn	599.94	750.00	4,843.85	6,000.00	9,000.00
516 · Uniform Allowance	0.00	187.50	3,867.34	1,500.00	2,250.00
518 · Safety Equipment	13,456.98	15,174.50	135,090.99	121,396.00	182,094.00
521-A · Medical/Vision/Dental-Active	12,263.29	13,356.50	117,349.12	106,852.00	160,278.00
521-R · Medical/Vision/Dental-Retir...	0.00	0.00	95,868.00	0.00	64,226.00
521-T · Medical/Vision/Dental-Trust	220.50	578.33	2,857.50	4,626.64	6,940.00
522 · Insurance - Police	1,037.85	1,458.92	10,073.70	11,671.36	17,507.00
523 · Social Security/Medicare	648.90	520.17	5,339.63	4,161.36	6,242.00
524 · Social Security - District	13,478.16	16,209.46	432,340.69	444,466.16	509,304.00
527 · PERS - District Portion	4,530.80	4,986.33	39,075.52	39,890.64	59,836.00
528 · PERS - Officers Portion	0.00	0.00	66,467.05	67,000.00	67,000.00
530 · Workers Comp					
<b>Total 500 · Police Sal &amp; Ben</b>	131,935.84	153,234.30	1,690,296.41	1,607,664.88	2,284,828.00
<b>550 · Other Police Expenses</b>					
552 · Expendable Police Supplies	0.00	141.67	3,478.08	1,133.36	1,700.00
553 · Range/Ammunition Supplies	0.00	416.67	375.00	3,333.36	5,000.00
560 · Crossing Guard	1,672.65	1,200.00	6,566.70	6,250.00	11,150.00
562 · Vehicle Operation	1,476.44	3,125.00	18,692.40	25,000.00	37,500.00
564 · Communications (RPD)	10,220.61	13,035.00	72,662.72	104,280.00	156,420.00
566 · Radio Maintenance	181.69	190.08	1,271.83	1,520.64	2,281.00
568 · Prisoner/Case Exp./Booking	404.75	741.67	5,491.78	5,933.36	8,900.00
570 · Training	255.45	833.33	2,840.64	6,666.64	10,000.00
572 · Recruiting	0.00	1,291.67	3,285.27	10,333.36	15,500.00
574 · Reserve Officers	0.00	337.50	30.00	2,700.00	4,050.00
576 · Misc. Dues, Meals & Travel	125.00	252.92	1,481.00	2,023.36	3,035.00

KPPCSD

Unaudited Profit & Loss Budget Performance

February 2017

	Feb 17	Budget	Jul '16 - Fe...	YTD Budget	Annual Bud...
580 · Utilities - Police	220.58	833.33	7,233.75	6,666.64	10,000.00
581 · Bldg Repairs/Maint.	0.00	416.67	469.49	3,333.36	5,000.00
582 · Expendable Office Supplies	708.03	625.00	3,257.25	5,000.00	7,500.00
588 · Telephone(+Rich. Line)	419.15	623.00	3,015.18	4,984.00	7,476.00
590 · Housekeeping	460.10	333.33	3,044.44	2,666.64	4,000.00
592 · Publications	0.00	250.00	2,923.16	2,000.00	3,000.00
594 · Community Policing	421.95	1,166.67	4,601.29	9,333.36	14,000.00
596 · WEST-NET/CAL I.D.	0.00	0.00	6,101.00	6,100.00	6,100.00
599 · Police Taxes Administration	0.00	0.00	2,591.41	2,625.00	3,500.00
<b>Total 550 · Other Police Expenses</b>	<b>16,566.40</b>	<b>25,813.51</b>	<b>149,412.39</b>	<b>211,883.08</b>	<b>316,112.00</b>
<b>600 · Park/Rec Sal &amp; Ben</b>					
601 · Park & Rec Administrator	705.20	670.17	5,747.23	5,361.36	8,042.00
602 · Custodian	1,750.00	1,900.00	14,000.00	15,200.00	22,750.00
623 · Social Security/Medicare - Dist	0.00	51.25	0.00	410.00	615.00
<b>Total 600 · Park/Rec Sal &amp; Ben</b>	<b>2,455.20</b>	<b>2,621.42</b>	<b>19,747.23</b>	<b>20,971.36</b>	<b>31,407.00</b>
<b>635 · Park/Recreation Expenses</b>					
640 · Community Center Expenses					
642 · Utilities-Community Center	635.24	468.00	4,071.06	3,744.00	5,616.00
643 · Janitorial Supplies	82.35	125.00	676.43	1,000.00	1,500.00
646 · Community Center Repairs	333.34	458.33	4,240.69	3,666.64	5,500.00
<b>Total 640 · Community Center Exp...</b>	<b>1,050.93</b>	<b>1,051.33</b>	<b>8,988.18</b>	<b>8,410.64</b>	<b>12,616.00</b>
<b>660 · Annex Expenses</b>					
662 · Utilities - Annex	0.00	83.33	0.00	666.64	1,000.00
666 · Annex Repairs	0.00	83.33	0.00	666.64	1,000.00
668 · Misc Annex Expenses	0.00	83.33	0.00	666.64	1,000.00
<b>Total 660 · Annex Expenses</b>	<b>0.00</b>	<b>249.99</b>	<b>0.00</b>	<b>1,999.92</b>	<b>3,000.00</b>
670 · Gardening Supplies	0.00		0.00	0.00	0.00
672 · Kensington Park O&M	3,051.07	5,775.00	57,158.38	46,200.00	69,300.00

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**KPPCSD**  
**Unaudited Profit & Loss Budget Performance**  
 February 2017

	Feb 17	Budget	Jul '16 - Fe...	YTD Budget	Annual Bud...
674 · Park Construction Exp	0.00		0.00	5,000.00	5,000.00
678 · Misc Park/Rec Expense	1,105.42	0.00	1,275.42	1,000.00	1,000.00
<b>Total 635 · Park/Recreation Expenses</b>	<b>5,207.42</b>	<b>7,076.32</b>	<b>67,421.98</b>	<b>62,610.56</b>	<b>90,916.00</b>
<b>800 · District Expenses</b>					
810 · Computer Maintenance	1,594.54	2,093.17	19,427.54	16,745.36	25,118.00
820 · Cannon Copier Contract	457.18	475.00	3,234.70	3,800.00	5,700.00
830 · Legal (District/Personnel)	43,316.16	8,300.00	114,017.64	66,400.00	99,530.00
835 · Consulting	5,471.51	3,500.00	24,287.13	31,500.00	46,500.00
840 · Accounting	2,792.99	1,500.00	31,982.99	37,500.00	45,500.00
850 · Insurance	0.00	0.00	27,607.07	30,000.00	30,000.00
860 · Election	3,561.61	0.00	3,561.61	4,500.00	4,500.00
865 · Police Bldg. Lease	0.00	0.00	1.00	1.00	1.00
870 · County Expenditures	0.00	0.00	8,128.00	9,100.00	22,300.00
890 · Waste/Recycle	0.00	1,666.67	0.00	13,333.36	20,000.00
898 · Misc. Expenses	255.04	1,433.33	11,821.60	11,466.64	17,200.00
899 · Depreciation Expense	0.00	0.00	0.00	0.00	0.00
<b>Total 800 · District Expenses</b>	<b>57,449.03</b>	<b>18,968.17</b>	<b>244,069.28</b>	<b>224,346.36</b>	<b>316,349.00</b>
<b>950 · Capital Outlay</b>					
961 · Police Bldg Improvements	0.00	0.00	0.00	0.00	0.00
962 · Patrol Cars	0.00	0.00	0.00	0.00	0.00
963 · Patrol Car Accessories	0.00	0.00	0.00	0.00	0.00
965 · Personal Police Equipment-A...	6,965.90	0.00	13,546.64	0.00	0.00
966 · Police Traffic Equipment	150.00	0.00	8,550.06	6,600.00	6,600.00
967 · Station Equipment	0.00	0.00	6,005.00	6,100.00	6,100.00
968 · Office Furn/Eq	0.00	0.00	0.00	0.00	0.00
969 · Computer Equipment	0.00	0.00	2,170.48	1,500.00	1,500.00
972 · Park Buildings Improvement	0.00	0.00	0.00	100,000.00	100,000.00
974 · Other Park Improvements	0.00	0.00	0.00	7,500.00	7,500.00
978 · Pk/Rec Furn/Eq	182.44	0.00	34,450.37	21,000.00	21,000.00

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**KPPCSD**  
**Unaudited Profit & Loss Budget Performance**  
 February 2017

	Feb 17	Budget	Jul '16 - Fe...	YTD Budget	Annual Bud...
Total 950 · Capital Outlay	7,298.34	0.00	64,722.55	142,700.00	142,700.00
Total Expense	220,912.23	207,713.72	2,235,669.84	2,270,176.24	3,182,312.00
Net Ordinary Income	-176,645.66	-199,305.39	909,966.28	732,048.93	-131,892.72
Other Income/Expense					
Other Expense					
700 · Bond Issue Expenses					
701 · Bond Proceeds	0.00		-179,304.50	0.00	0.00
710 · Bond Admin.	513.03	0.00	9,639.99	0.00	0.00
715 · Bond Interest Income	0.00	0.00	-141.99	0.00	0.00
720 · Bond Principal	0.00		133,201.28	0.00	0.00
730 · Bond Interest	0.00	0.00	15,320.89	0.00	0.00
Total 700 · Bond Issue Expenses	513.03	0.00	-21,284.33	0.00	0.00
995 · Loss/(Gain) - Asset Disposition	0.00		808.84	0.00	0.00
Total Other Expense	513.03	0.00	-20,475.49	0.00	0.00
Net Other Income	-513.03	0.00	20,475.49	0.00	0.00
Net Income	<u>-177,158.69</u>	<u>-199,305.39</u>	<u>930,441.77</u>	<u>732,048.93</u>	<u>-131,892.72</u>



KPPCSD March 9, 2017, Meeting

Re: No Comment on Non-Agenda Items

March 1 Draft

A. Stevens Delk

At the last meeting, President Sherris-Watt reiterated that Directors will not respond to comments about matters not on the Agenda because it would be a violation of the Brown Act — explaining this is based on legal opinions.

That is not exactly right, in my illegal opinion.

District Policy states “...the Board shall not discuss or take action on such matters at that meeting” [period, end of policy statement].<sup>1</sup> But the Brown Act states: “No action or discussion shall be undertaken...except that members of the legislative body or its staff may briefly respond to statements made or questions posed...” And it continues even further in this vein.<sup>2,3</sup>

A brief comment would not be a violation of the Brown Act, just the current District policy.

But let me review Rachelle’s wonderful, colorful example of a theoretical problem: a member of the public suggests painting police cars gold; the Board likes the idea, with Directors making back-and-forth comments, before a motion is made and passed. That would be a violation, primarily because action was taken at the meeting.

And let me add that, upon seeing the fantastic golden KPD fleet, Kensington would be buzzing — “Outrageous, without public input they contracted out Our Police!”

I wrote to each Director in January, stating that by not including the rest of the sentence in Brown, the District policy can be used, and has been used, to limit public access to basic information by playing the “not-on-the-agenda card.”

I believe that an absolute, strictly-followed, no-comment policy is preferable to the current policy, which is selectively applied, it seems to me. Please consider an alternative — allow a simple, brief comment/answer when appropriate. That will be much better than saying nothing, or saying or having Counsel interject “no comment allowed per Policy 5020.30.”

I fully understand and appreciate the desire to keep meetings short, focused and legal — but sometimes “a stitch in time saves nine.”

These footnotes are for reference and convenience.

1. KPPCSD Policy #5020.30: This policy does not prevent the Board from taking testimony at regular and special meetings of the Board on matters, which are not on the agenda which a member of the public may wish to bring before the Board. However, the Board shall not discuss or take action on such matters at that meeting.

2. The Brown Act, CA Code §54954.2(a), ¶2: No action or discussion shall be undertaken on any item not appearing on the posted agenda, except that members of a legislative body or its staff may briefly respond to statements made or questions posed by persons exercising their public testimony rights under Section 54954.3. In addition, on their own initiative or in response to questions posed by the public, a member of a legislative body or its staff may ask a question for clarification, make a brief announcement, or make a brief report on his or her own activities. Furthermore, a member of a legislative body, or the body itself, subject to rules or procedures of the legislative body, may provide reference to staff or other resources for factual information, request staff to report back to the body at a subsequent meeting concerning any matter, or take action to direct staff to place a matter of business on a future agenda. CA Code 54954.3(a): Every agenda of regular meetings shall provide an opportunity for members of the public to directly address the legislative body on any item of interest to the public, before or during the legislative body's consideration of the item, that is within the subject matter jurisdiction of the legislative body, provided that no action shall be taken on any item not appearing on the agenda unless the action is otherwise authorized... Every notice for a special meeting shall provide an opportunity for members of the public to directly address the legislative body concerning any item that has been described in the notice for the meeting before or during consideration of that item.

3. "The Brown Act," California Attorney General's Office, 2003, p.19-20: The Act specifically authorizes the legislative body to adopt regulations to assist in processing comments from the public. The body may establish procedures for public comment as well as specify reasonable time limitations on particular topics or individual speakers. So long as the body acts fairly with respect to the interest of the public and competing factions, it has great discretion in regulating time and manner, as distinguished from the content, of testimony by interested members of the public...[T]he body may not prohibit the individual from criticizing the policies, procedures, programs or services of the agency or the acts or omission... Public meetings of governmental bodies have been found to be limited public fora. As such, members of the public have broad constitutional rights to comment on any subject related to the business of the governmental body. Any attempt to restrict the content of such speech must be narrowly tailored to effectuate a compelling state interest. Specifically, the courts found that policies that prohibit members of the public from criticizing school district employees were unconstitutional... These decisions found that prohibiting critical comments was a form of viewpoint discrimination, and that such a prohibition promoted discussion artificially geared to praising (and maintaining) the status quo, thereby foreclosing meaningful public dialogue.

## Lynn Wolter

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**From:** Rachelle Sherris-Watt <sherwatt@outlook.com>  
**Sent:** Tuesday, February 21, 2017 1:29 PM  
**To:** Lynn Wolter  
**Subject:** Fw: The minutes

Please include in the minutes for February 23rd.

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**From:** Leonard Schwartzburd <drlschwartzburd@gmail.com>  
**Sent:** Monday, February 20, 2017 8:30 PM  
**To:** rsherriswatt@kensingtoncalifornia.org  
**Cc:** Marilyn Stollon  
**Subject:** The minutes

President Sherris-Watt,

Please forward this to the other board members. I won't be able to be there on Thurs. I would appreciate if the paragraph below could be read aloud during the meeting.

"I think it is very clear that the nature of our community's function is not yet sufficiently boring for 'action minutes' to best serve the community and the new board to continue in its constructive beginnings under difficult circumstances. Thanks and good wishes in the continuation of your good work."

Please have my statement placed in the minutes.

Thank you,

Leonard Schwartzburd

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Leonard Schwartzburd, Ph.D.

## Lynn Wolter

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**From:** Marilyn Stollon <mstollon@sonic.net>  
**Sent:** Tuesday, February 21, 2017 5:41 PM  
**To:** Rachelle Sherris-Watt; Eileen Nottoli; Sylvia Hacaj; Vanessa Cordova; Len Welsh; Lynn Wolter  
**Subject:** Action Minutes, A Survey of 7 Local Towns Handling of Minutes and Archives  
**Attachments:** TownSurveysActionMinutesArchives.doc

Dear Board Members,

I have completed some research on what 7 local towns in No.CA do regarding minutes and archiving information, i.e. Albany, EC, Moraga, Clayton, Lafayette, Richmond, and Tiburon.

What is notable is that not one uses action minutes, most have short summaries, or long summaries.

Their websites have records of agendas, minutes, audio, video, streaming as far back as they have had the capability. Clayton has limited space on its website and is in the process, per the city manager in rectifying this and will soon have their archives on their site.

Not one town, erases its records that I can tell.

To use Temecula as an example is way off base, having been there a number of times, it is a large city, newly developed with many, many shopping malls, a strong economic base, housing developments, nothing akin to Kensington.

I hope the board will reconsider this ill advised resolution that gains us nothing.

If anything, the minutes could be shorter summaries, no need for the excessive detail, and be more along the lines of El Cerrito, or KMAC 2-6 lines.

Sincerely,

Marilyn Stollon  
Please include in the record.

## **A Survey of Local Towns and How They Handle Public Comments in their Minutes and Archives**

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**Marilyn Stollon**  
**Feb 21, 2017**

### **Results:**

Of the 7 all keep their records on the website or archived as far back as they have digital. One town had no room on their website but were remedying that.

No one had action minutes, most had short summaries.

Three examples from El Cerrito, Moraga, and Albany are included, demonstrating short and longer ways to document the information.

### **1. Albany**

#### **Minutes**

includes a very brief summary of speakers : The following people spoke.....followed by a list of names, then a summary of the comments in a paragraph of the 4-6 people who spoke .

#### **Archive**

Their meetings are streamed on KALB TV; VIDEO AND AUDIO, they are archived all the way back to 2008, on video and MP3,MP4, easily accessible to anyone .

### **2. El Cerrito**

**Minutes** have brief summary statements of 2-6 lines, see attached example

#### **Archive**

City council minutes are archived, E packets too  
Streaming Media is Archived, 2008, can search by keyword.  
On Comcast Cable channel

#### **Written Comments**

Due to the number of items on the agenda and the length of council meetings, the council encourages written comments to be included in the council agenda packet prior to the meeting. Items should be submitted to the City Clerk's Office by 12:00 noon seven days prior to the council meeting. If written materials are presented by the public during the council meeting, 10 extra copies should be provided for distribution.

### **3. Moraga**

#### **Minutes**

Has summary minutes similar to Kensington, detailed and ranging from 4-6 lines



## **Archive**

Audio and Video archived since 2013 when audio was implemented. , and 2016 when both audio and live stream video were archived along with hard copy minutes. Live stream has heading and a numbered breakout of the actions, ie budget, proclamations. I watched part of their council meeting to see handling of their budget issues, etc. mostly good but hard to hear at times depending on who spoke and still hard to find and isolate a person speaking.

### **4. Lafayette**

#### **Minutes**

They have summaries similar to Kensington, detailed that range from 8-10 lines

#### **Archived**

They go back to 2008 with agenda, minutes and audio started in 2013, can research by keyword as is most common with all of the towns. Meetings are also streamed. Audio also has an index, accompanying an agenda.

### **5. Clayton**

#### **Minutes**

Brief summaries of comments during public comment, often no public comments, but when there is an issue it is covered in detail.

#### **Archive**

Meetings are streamed, goes back to 2016, has video and agenda next to it. The city manager said that they keep records longer, but there is no room presently on the website and the website is being redone so that they can have minutes, video etc go back further.

### **6. Richmond**

#### **Minutes**

Town appears to permit public comments, which are summarized at the beginning on any issue, but there are no public comments related to business for most meetings I reviewed. In one I saw statements made by xyz.

#### **Archive**

Streaming

Videos go back to 2004, minutes go back to 2005

### **7. Tiburon**

#### **Minutes**

Very few public comments for meetings surveyed, and if there are any it is recorded in detail 3-6 lines. Recent meeting regarding bus transportation had many public comments.

#### **Archive**

Prior to 2017, they go back to 2012 in either audio, minutes

KPPCSD Board Meeting, February 23, 2017

Public Comment: Action Minutes Amendment

A. Stevens Delk

I oppose this amendment. Minutes are important for the dissemination of information. Action minutes are inadequate.

Furthermore, this has been discussed, tried and rejected previously. In 2009, a motion to adopt action minutes passed unanimously. Just a few months later, the same Board switched back to summary minutes.

Here are the action minutes covering seven Agenda Items and seven Motions – one page. Let me read the discussion of the first three: “The Board discussed new Business Items #1, 2 and 3, adoption of Resolutions 2009-03, 2009-04 and 2009-05.” And here is the actual wording of the first motion: “MOTION: The Board moves to adopt New Business Item #1 – Resolution 2009-03.” That’s it. They all passed, but unless you look up other documents, you don’t know what they were about, much less what anyone thought about them.

Then 16 months ago, Director Sherris-Watt proposed action minutes. A lengthy debate followed. If this policy had been in place then, all one would have are the scantily worded action minutes, because the recording would have been erased 4 months ago.

That discussion was carried over to the next meeting. But that did not happen because iGM Hart announced that “action minutes would not be coming back to the Board until the audio equipment issue was resolved.”

Well now we do have a new sound system. But so far the recorder has been used successfully only 40% of the time. And the new audio-video system only works in the main hall of the Community Center, not in Room 3 where many meetings are held. So many meetings must rely on the small table-top recorder.

And even if one has fast home internet service, it is time-consuming and cumbersome to review meetings by listening to recordings.

This proposal is really déjà vu all over again.

I am submitting a copy of my comment just in case tonight’s action minutes say “A. Stevens Delk commented on 8. New Business (d)” [period], without saying if I “came to praise or bury” this Caesar.

I know this is just a first reading. However, I would like to share my thoughts on the agenda item related to the proposed conversion to "action minutes," which as you recall, I strongly opposed when the matter was brought forward last year.

In my seven years as a member of KMAC, and in my work as a public information officer in Alameda and Marin counties, I believe meeting minutes are a valuable source of information for the future reference of those attending our meetings, as well as a record of proceedings for those unable to join us on a regular basis.

From my experience on KMAC, I have seen minutes relied upon as a critical paper trail in cases of appeal and litigation, and routinely referenced in such actions. Minutes are, in fact, legal evidence of our board's decisions and actions, and provide a record that allows us to monitor our progress on actions arising from meetings, as well as our response to opposition (or support) from the public we serve.

Meeting minutes are also a critical communication tool in the engagement of our public sector partners and other critical stakeholder groups that routinely offer policy or advisory opinions, such as the KFPD and LAFCo, as well as the media.

As I understand the current proposal, "action" style minutes would effectively be the evening's agenda with a published voting record. Given that we are at the crossroads of a major reorganization, I can't be the only director who feels our board should be providing more public information at this critical time, not less. And while I recognize this is partly a philosophical debate, members of our community have been quite clear in their demand for increased transparency and participation.

Meaningful minutes aren't about verbatim transcription - in fact, I'd argue our current method is far too hard to navigate. But memorializing a vote without including sufficient information describing how board members came to make a decision is an extreme and unnecessary solution. Without the context of the information that was presented at the time of our decisions, the public is left with nothing but a scoreboard of the dais.

That's why it's imperative we find some middle ground, because at the end of the day, minutes are a lot like love letters - there's no one way to write them. However, I strongly believe minutes should:

- be a true, accurate and unbiased record of the meeting
- contain clear and concise notes of main points of discussion - not verbatim transcription
- be an accurate and clear register of decisions, recording:
  - what was decided
  - any independent advice received, or additional information tabled at the meeting
  - significant points in how the decision was reached
  - who is responsible for actions arising and by when.

(Adapted list)

If this is a staffing issue, let's look to other entities for advice, and consider throwing money at the problem in the form of outsourcing. Our inability to effectively manage this part of our operation is no excuse to attenuate our public record or our public's confidence. I do hope the board considers continuing the item, or delegating it to the Policy and Procedure Committee for further research and refinement.

Jim Watt  
2/23/17

**General Manager Duties**

**Amended:**

Oversees Kensington Park, its development, maintenance and repair of recreational facilities, **to include the planned upgrade of the Kensington Community Center.**

**New:**

**Provides recommendations for reducing the District's operating expenses, staffing modifications and capital outlays.**

**Works with the Board on relocation considerations connected with the replacement or upgrade of the Public Safety Building.**

**Assists the Board in evaluating all factors in connection with the possible outsourcing of police services to another agency.**

**Assists the District in recommended MOU modifications.**

Marilyn Stollon

Feb 23, 2017

I sent the board research I prepared regarding how 7 towns nearby handle minutes, and archiving .

These towns Moraga, Lafayette, EC, Albany, Clayton ,Richmond, & Tiburon have been referred to in previous research. Of the 7 towns, NONE of them use action minutes for council meetings, none erase their minutes or video, all archive their records on or off the website.

They create summary minutes of the speakers, not verbatim, it includes 2-6 lines of a summary , that's it. Today, I researched an additional 5 towns: Pinole, SPablo, Alameda, Hercules, Pleasant Hill , they are the same.

This is a governing body and there must be substantial public record of what occurred, we are not a nonprofit, nor a corporation or a private business. You do our business publicly and we deserve to know what is occurring and what has occurred as it is with every other town in our area. The info needs to be accessible for a range of people with and without pcs, internet etc.

Secondly if our secretary cannot prepare summary minutes, then we need to hire or find someone who can.

I reviewed the audio of the last meeting, although I could hear very well, only 1-2 people identified themselves, so anyone new to listening would not have a clue as to who was speaking whether it was a board member or a resident.

Secondly, after hearing for ex. that Chief Hull might become permanent, I went back to see where that evolved, it took me at least 3 times to find the offhand comment that Ms. Sherris Watts made regarding her opinion. The same thing when I tried to find out who the new committee members were who were noted at the end of the meeting. The tape would go back to earlier time frames. It was frustrating to try to find the speaker and the meeting melded together because there were no accompanying minutes or documents, or breakout as there are on every other town council 's website when audio/video is used.



At least we have an expensive improved audio recording, but no video and what's up with that, and what comes across is a confusing mishmash of a board meeting on audio which would discourage those unfamiliar with the players and procedures from listening.

Pls move to retain summary minutes, and request that speakers provide a copy of their text to the secretary, preferably with a summary. Consider timing and limiting speakers to 3 minutes which would lead to shorter summaries.

**Ex.**

**Marilyn Stollon researched 12 towns and determined that none use action minutes, all have brief summaries of 2-6 lines, with archived minutes, agendas videos. She tested the audio tape of a board meeting and found it unsatisfactory for several reasons. She recommended the board implement summary minutes, that speakers provide their notes to the secretary and include a summary, & speak for no more than 3 minutes. If the current secretary cannot create such minutes then someone who can needs to be designated.**

**KENSINGTON POLICE PROTECTION & COMMUNITY SERVICES DISTRICT  
BOARD OF DIRECTORS**

**NEW BUSINESS**

The Board discussed New Business Items #1, 2, and 3, adoption of Resolutions 2009-03, 2009-04, 2009-05.

**MOTION: The Board moves to adopt New Business Item #1 - Resolution 2009-03**

**AYES: Wright, Toombs, McLaughlin, Kimball, Kosel NOES: 0**

**MOTION: The Board moves to adopt New Business Item #2 - Resolution 2009-04**

**AYES: Wright, Toombs, McLaughlin, Kimball, Kosel NOES: 0**

**MOTION: The Board moves to adopt New Business Item #3- Resolution 2009-05**

**AYES: Wright, Toombs, McLaughlin, Kimball, Kosel NOES: 0**

The Board discussed New Business Item #4 with the possibility of amending the language to read "The Board accepts in principal the Kensington Police Protection and Community Services District Planning Workshop Report prepared by Dr. Charles Beesley following the Board Workshop January 17<sup>th</sup> and 18<sup>th</sup>, 2009, without agreeing to any specific recommendations."

**MOTION: The Board moves to adopt New Business Item #4 - The Board accepts in principal the Kensington Police Protection and Community Services District Planning Workshop Report prepared by Dr. Charles Beesley following the Board Workshop January 17<sup>th</sup> and 18<sup>th</sup>, 2009, without agreeing to any specific recommendations**

**AYES: Wright, Toombs, McLaughlin, Kimball, Kosel NOES: 0**

The Board discussed New Business Item #5, adoption of the Mission Statement.

**MOTION: The Board moves to adopt New Business Item #5 - Adoption of the Mission Statement**

**AYES: Wright, Toombs, McLaughlin, Kimball, Kosel NOES: 0**

The Board discussed New Business Item #6, adoption of the Vision Statement.

**MOTION: The Board moves to adopt New Business Item #6 - Adoption of the Vision Statement**

**AYES: Wright, Toombs, McLaughlin, Kimball, Kosel NOES: 0**

The Board discussed New Business Item #7, adoption of Action Minutes for all Board Meetings.

**MOTION: The Board moves to adopt New Business #7 - Adoption of Action Minutes for all Board Meetings**

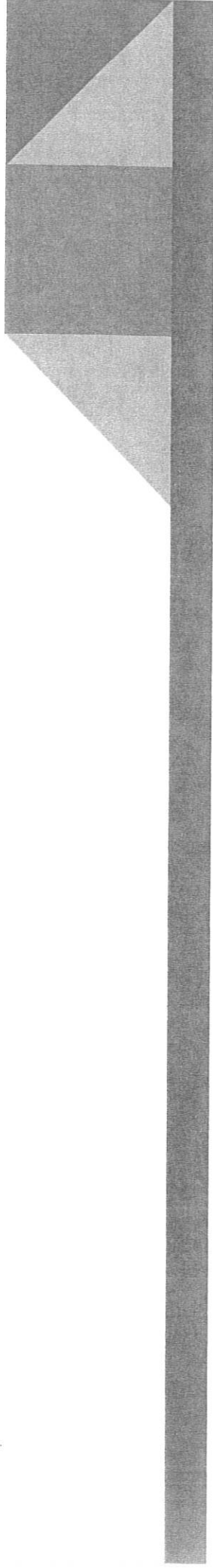
**AYES: Wright, Toombs, McLaughlin, Kimball, Kosel NOES: 0**

# Action Minutes

KPPCSD - February 23, 2017

## First Reading

The Board will review and consider approval of Resolution 2017-08 to amend Sections 5060.4.4, 5060.5 and 5060.5.2 of the District's Policy and Procedure Manual to reflect a change from the preparation of summary minutes to action minutes.



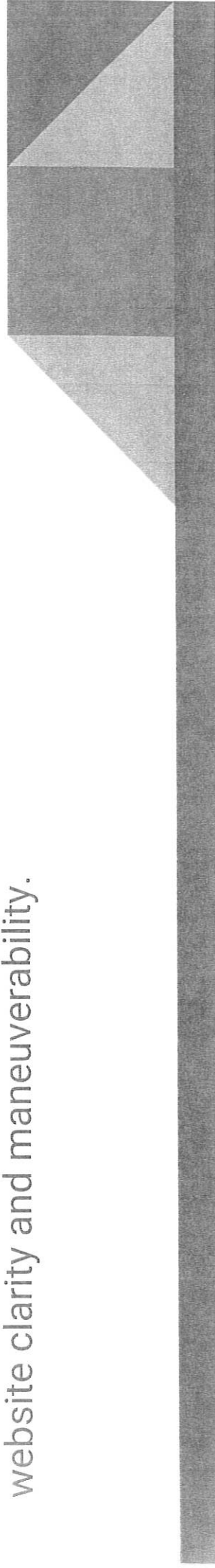
## 5060.4.4 - Why Make Changes?

5060.4.4 Currently states that recordings shall be erased or the recording media reused after 90 days or until the meeting minutes have been approved by the Board of Directors, whichever comes later.

By changing this to 365 days we ensure public access for a longer period.

Due to changes in media storage it is easier to keep recordings longer.

Approving storage “forever” is not best practice considering fees for storage and website clarity and maneuverability.

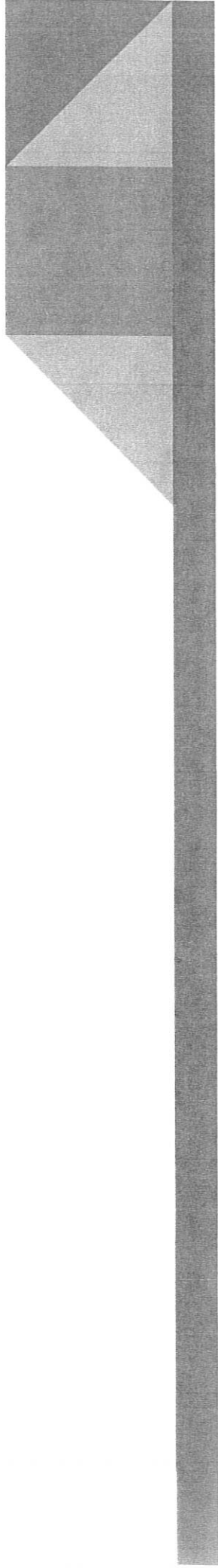




## 5060.5, 5060.5.2 - Why Make Changes?

Moving from Summary Minutes to Action Minutes saves:

- Staff Time
- Money
- Meeting Time
- Trees

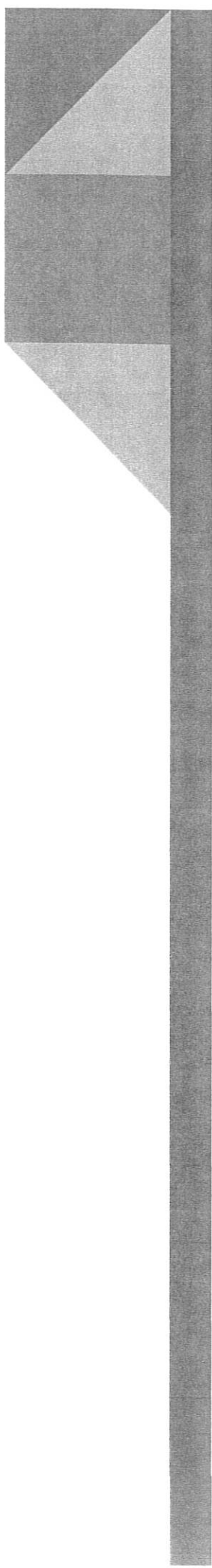


## Staff Time

The average regular meeting of the KPPCSD requires 4 hours of staff time to record the meeting. We have two regular meetings a month, plus a finance meeting lasting, on average, 2 hours. This requires 10 hours of staff time to record the minutes.

To translate those minutes into document form requires 6-8 hours for regular meetings. That means 16-20 hours a month is needed just for transcription.

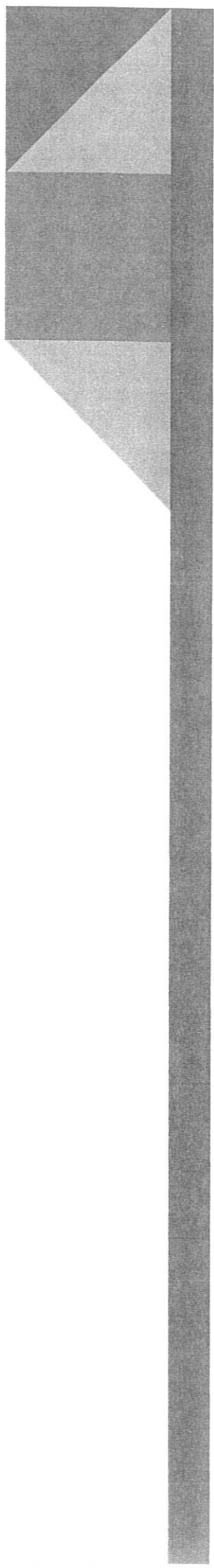
This adds up to 26-30 hours a month of staff time.



## Money

This means that the KPPCSD is spending between \$1190 - \$1380 month for minutes.

Which translates into a yearly total of **\$16,560.**

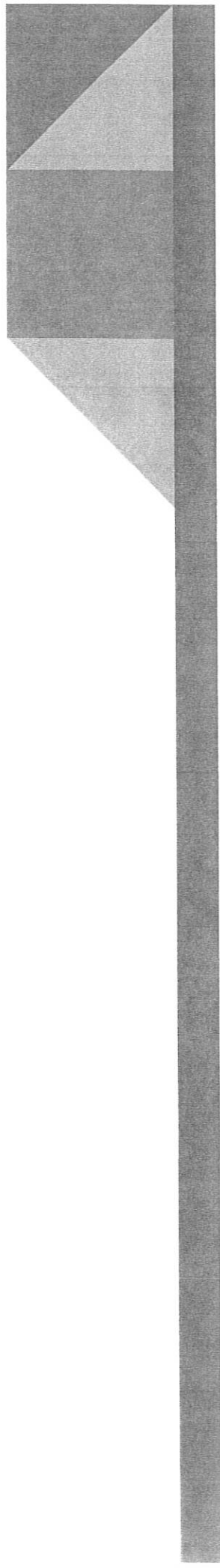


# Shortening Meeting Time & Saving Trees

Often, in order to make sure we have accurate minutes, we must ask a speaker to repeat their statement.

We regularly must slow down so that transcription can be completed.

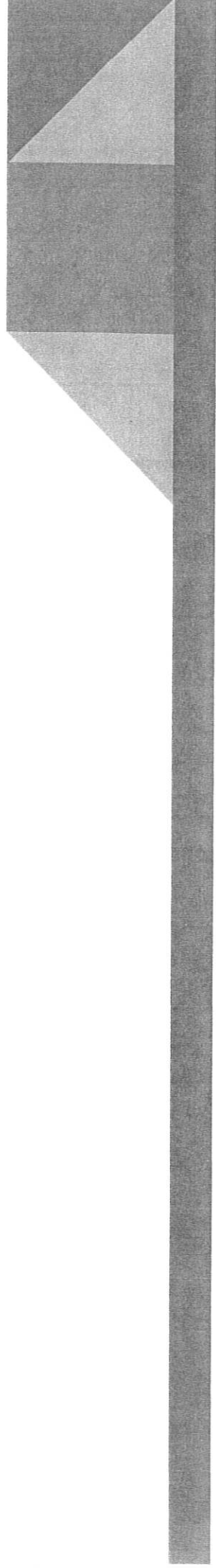
Lengthy verbatim/summary minutes means more printing and longer agendas.



## Possible Solution 1

Hire a less expensive minute taker?

- Our District Administrator has familiarity with the community its issues and our constituents. This means that while her salary is higher, a new person would require a long learning curve and perhaps a greater number of hours to complete the task of preparing minutes.

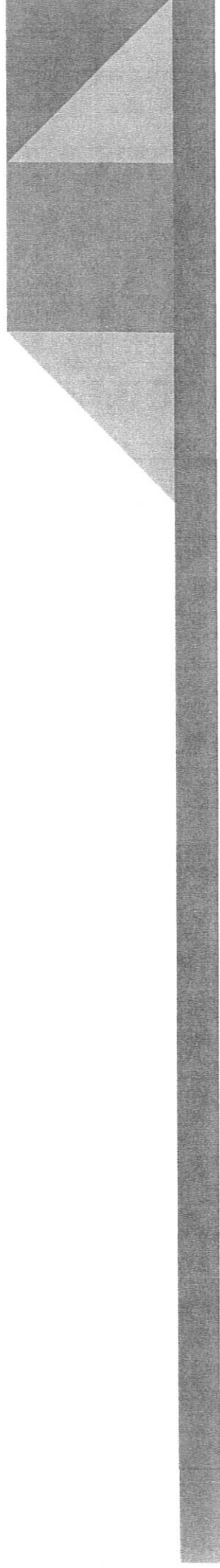




## Possible Solution 2

Provide true "Summary Minutes" like El Cerrito?

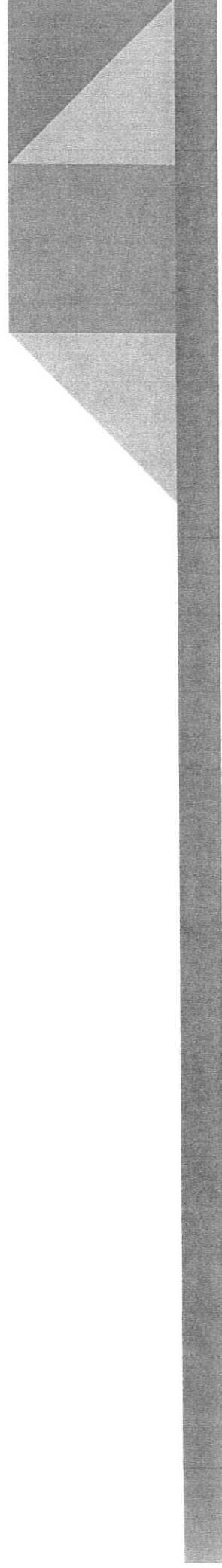
- We have tried more condensed minute taking and received repeated complaints that the minutes did not accurately reflect the intention or language of the speaker. This required the same minutes to appear on the agenda for multiple months.



# Suggested Solution

## Action Minutes

- These accurately reflect official action and allow for less staff time at meetings and minimal preparation time.
- Public comment before the Board is often repeated in the correspondence section of the Board packet. Members of the public can provide a written statement to be included with the monthly Consent Calendar.



## FEBRUARY 2017 WATCH COMMANDER MONTHLY REPORT

### IGM/COP Hull

#### TEAM #1 & #2 STATISTICS

#### IGM/COP Hull (K17) – (1000-1800)

Officer:	Hui (K42) (0600-1600)	Hull (K17) (1000-1800)	Barrow(K26) (1800-0600)
Days Worked	00	00	17
Traffic Stops	00	00	08
Moving Citations	00	00	01
Parking Citations	00	00	01
Vacation/Security Checks	00	00	00
Cases	00	00	02
Arrests	00	00	02
Traffic Accident Reports	00	00	01
Calls for Service	00	00	39

Officer:	Wilson (K38) (1800-0600)	Foley (K48) (0600-1800)	Ramos (K41) (1800-0600)
Days Worked	11	14	13
Traffic Stops	02	66	08
Moving Citations	02	02	03
Parking Citations	03	15	01
Vacation/Security Checks	18	26	05
Cases	00	01	03
Arrests	00	00	00
Traffic Accident Reports	00	00	01
Total Service Calls	42	173	61

- The small variation in totals between the various monthly reports and are due to the different methodologies employed to gather data. Manual hand count will differ from computer generated data due to the computers limited ability to narrow data reports.

The increase in overtime payout is due to officers being sick, ,  
 Detective Martinez spent 8 days family sick  
 Officer Wilson took 3 days off sick and 1 vacation day  
 Officer Wilkens is off duty 4850 time effective August 19, 2016  
 Cpl. Stegman is off duty 4850 time effective September 8, 2016  
 Sgt. Hui off on admin leave effective July 29, 2016

#### BRIEFING/TRAINING:

- 20 Communication Tips for Law Enforcement

- Contra Costa County Ordinance No. 54-2 – Curfew for Minors
- Contra Costa County Felony Case Filing Protocol
- United States Supreme Court Reverses Denial of Qualified Immunity
- Lybarger Rule and Garrity Rights
- Point of View Magazine – Significant New Legislation
- Point of View Magazine – Identifying Detainees, passengers, and Witnesses
- Data derived from CHP forms was exempt from disclosure

#### SERGEANT'S SUMMARY:

The Kensington Police Department is currently operating with no first line supervisors. I hope this issue will resolve itself as administrative investigation come to an end. The department currently consists of a skeletal crew due to injuries, administrative leave, and open positions. I am happy to report property crimes and accidents has diminished from January 2017.

#### SIGNIFICANT EVENTS:

- 2017-0632 – Officer Foley responded to the 200 block of Kenyon Ave. to a report of a vehicle accident.
- 2017-0607 – Officer Barrow responded to School Ave./S 53<sup>rd</sup> St. to assist ECPD establish a perimeter while ECPD conducted an area search.
- 2017-0618 – ICOP Hull on-viewed a non-injury vehicle collision on Westminster Ave./Arlington Avenue.
- 2017-0572 – Officer Barrow responded to the 500 block of Ashbury Ave. to assist ECPD with calls for service as they were busy with a collision.
- 2017-0545 – Officer Ramos responded to the 00 block of Highgate Rd. to a report of Identity Theft.
- 2017-0513 – Officer Wilson responded to the 6700 block of Fairmount Ave. to assist ECPD clear a commercial building due to an alarm activation.
- 2017-0497 – Officer Barrow responded to the 300 block of Colusa Ave. to a report of Hit & Run collision.
- 2017-0488 – Officer Ramos responded to the 400 block of Beloit Ave. to a report of vandalism to a vehicle.
- 2017-0492 – Officer Ramos responded to the 00 block of Highgate Rd. to a report of theft from a vehicle.
- 2017-0392 – Officer Barrow responded to the 00 block of Kenilworth Ct. to a report of theft of coins.
- 2017-0383 – Officer Barrow responded to the 300 block of Berkeley Park Blvd. to a report of a missing person.
- 2017-0377 – Officer Ramos responded to the 200 block of Arlington Ave. to a report of a non-injury collision.
- 2017-0371 – Officer Barrow responded to the 200 block of Arlington Ave and arrested a resident for a \$15,000 drug related warrant.
- 2017-0372 – Officer Barrow responded to the 100 block of Highland Blvd. and arrested a resident for a \$25,000 drug related warrant.

- 2017-0356 – Officer Foley responded to the 00 block of Beverly Ct. to a report of Identity Theft.



## GENERAL MANAGER'S REPORT

MARCH 9, 2017

On 6 March, 2017 I met with Albany Chief McQuiston to further talks about CAD/RMS. These meetings are progressing as expected. As an estimate, Albany PD is proposing to provide CAD/RMS and Records Department services for approximately 78,000 annually.

On 3-1-2017, I contacted El Cerrito PD Chief Keith who advised of an estimate to host Kensington PD's server and some Records Department Services for approximately \$8,000 annually. This price does not include the price of contracting with the Contra Costa County Sheriff Department or a software vendor to interface with the Sheriff for dispatching services.

On 2-16-2017, I attended the West County Chief's meeting in Pinole PD. Discussions were about greater department cooperation investigation process with recovered stolen vehicle reports that are located in West County cities.

One individual has completed the initial background investigation for a police officer position with the District of Kensington. This packet will need to be reviewed for consideration to move forward with the hiring process.

It was brought to my attention of another property encroachment into the Kensington Park. Action to resolve this issue will be addressed upon the conclusion of the property encroachment at 79 Arlington Avenue.

The property survey has been completed at 79 Arlington Ave. so the next step in this process is to resolve the issue of the landscaping onto the District property at the south west corner of the Kensington Park.

Kensington Police Protection and Community Service District  
Technology Committee  
March 3, 2017

The Technology Committee met on March 3, 2017 at the Community Center Building. Attending the meeting were:

Committee Members: Eileen Nottoli, David Bergen, and Simon Brafman

Members of the Public: Dr. A. Stevens Delk, Dr. David Spath, and Linda Spath

Assisted Listening Devices (“ALDs”)

Dr. Delk explained that the KPPCSD purchased two types of ALDs: (1) personal amplifiers, and (2) personal closed loop devices for use with hearing aids equipped with a T-coil. Mr. Bergen explained that the personal closed loop device functions in the same way that a closed loop installed around the perimeter of a room would work. A room perimeter loop, however, would require the purchase and installation of a transmitter and a loop around the perimeter of the room. This may be an expensive alternative with no assurance that it would work better than the personal device if the problem is related to the microphones.

Microphones

The new microphones are of good quality and much better than the past system. We noted that there is a wide range of speakers’ voice projection. Some speakers at the dias and some at the podium can not be heard while others can overwhelm those in the room, especially those using a hearing aid. Because the prior microphones were not of good quality, users had learned to move the microphone close to them. With a speaker with good projection, the sound with the new microphones can be too loud, especially with those with hearing aids using the ALDs. Of course, those with a softer voice do not realize that they are not being heard if they don’t project. Because the microphones cannot be adjusted for individuals, speakers will need to be mindful when using the microphones.

The committee recommends that there be a brief explanation before each meeting to explain and remind those present that the new microphones are

an improvement and those with good voice projection should not get too close and those with soft voices will need to project more.

Unfortunately, the microphones for the dais have a 15" stem that can only be angled slightly. Thus, they are sitting a little too high for speakers and because of the geometry of the stem itself, need to be located some distance from the speaker. Mr. Bergen is aware that there are three lengths of stems. Our system has the longest stems while there are two other shorter stems that could have been ordered.

### Uninterruptible Power Supply (UPS)

Mr. Bergen suggested the purchase of an uninterruptible power supply for the audio system so that we would be able to continue recording a meeting in the event of a power outage, and that the recording not be corrupted. He reported that an appropriate system is in the range of \$100-\$150. We asked him to identify an appropriate system to Interim Police Chief and General Manager Hull.

### WiFi

The system purchased last fall uses, HughesNet, a satellite system for WiFi. Mr. Bergen explained that a satellite system is normally used in the middle of nowhere where there is no other option. It is expensive and has a limited data allowance. The plan we have allows for a total data allowance of 60 Gb per month. BUT, we only can use 50 Gb from 8 am to 6 pm and only 10 Gb the rest of the time. The cost is \$182.44 per month for 24 months. Our contract began on 10/3/2016. Mr. Bergen understands that if there are several users who are downloading movies or other large data files that users will experience a significant slow down. When the data allowance has been reached, the speed of the connection becomes 48 Kbps or that of a dialup connection.

The system does not have a login page in which users would agree to certain terms before accessing the system. The system is presently on 24/7 and the only way to limit access would be to turn the WiFi on and off. Because the router is located in the small room storing the sound system, this would mean that one would need a key to that room to turn the system on and off or a switch would need to be located in the main room.

The committee recommended that the Board may want to determine whether groups using the Community Center would have access to the WiFi.

The committee agreed that there should be a WiFi policy.

### Alternatives to the Satellite System

There are two alternatives to provide WiFi to the current satellite system: (1) cable and (2) U-verse. Last year, the KPPCSD provided an easement to the West Contra Costa County School District to bring a cable line to Hilltop School provided that a “stub” end was installed stub the Community Center. Mr. Bergen explained that the cable was installed but the stub is a “dark fiber” that is not connected to a source for the Internet. Hilltop’s cable is connected to the School District but we cannot use the schools Internet connection. Mr. Bergen spoke to the installer who said the stub ends somewhere in Richmond and that it might cost a great deal to initially connect to the Internet.

U-Verse from AT&T is available and the connection to the Community Center may be of modest cost because there is already an AT&T phone line there for the Pay Phone. U-Verse service would be less expensive HughesNet (at \$184/month) and give us a much larger data allowance.

AT&T options found on line:

**Internet 75** \$60/month with up to 75 Mbps with 1TB of data/mo.

**Internet 45** \$40/month with up to 45 Mbps with 1TB of data/mo.

### Live Streaming

Ms. Spath asked about live streaming for meetings as a way to encourage more participation. Mr. Bergen explained that HughesNet is not suitable for this, and because the video of meetings is posted on the KPPCSD website, live streaming may not be necessary.

### Next Meeting

We agreed to meet again in April at a time to be agreed upon later.

KPPCSD  
 Transaction Detail By Account  
 July 2016 through February 2017

Date	Num	Name	Memo	Split	Amount
<b>420 · Park/Rec Activities Revenue</b>					
<b>424 · Special Tax-L&amp;L</b>					
10/06/2016	JV07...	CCC Taxes-LLD	SP ASSESS ...	146 · Advance...	36,220.00
Total 424 · Special Tax-L&L					36,220.00
<b>427 · Community Center Revenue</b>					
07/20/2016			CC Rental 7-...	112 · General ...	650.00
07/20/2016	4951		CC Rental 9-...	112 · General ...	600.00
07/20/2016	366		CC Rental 8-...	112 · General ...	1,400.00
07/20/2016	8499		Second half ...	112 · General ...	7,904.25
07/20/2016	CAS...	KPPCSD	TO REVERS...	141 · Account...	-7,904.25
08/12/2016	1314		CC Rental - 1...	112 · General ...	600.00
08/23/2016	3246		Wake Up to ...	112 · General ...	90.00
08/23/2016	321		CC Rental P...	112 · General ...	400.00
09/20/2016	1692		CC Rental 10...	112 · General ...	300.00
09/20/2016			CC Rental 9-...	112 · General ...	400.00
09/20/2016	1185		CC Rental 12...	112 · General ...	675.00
09/20/2016	3534		CC Rental 10...	112 · General ...	400.00
10/26/2016	4912		Didier De Fo...	112 · General ...	40.00
10/26/2016	1101		Wake Up to ...	112 · General ...	90.00
10/26/2016	1177		East Bay Coll...	112 · General ...	598.00
10/26/2016	3709		CC Rental - 2...	112 · General ...	500.00
10/26/2016	393		CC Rental - 1...	112 · General ...	412.50
10/26/2016			CC Rental - 9...	112 · General ...	400.00
11/28/2016	1239		CC Rental 11...	112 · General ...	300.00
11/28/2016	5638		CC Rental 11...	112 · General ...	900.00
11/28/2016	v9268...		General Elect...	112 · General ...	100.00
12/29/2016	1008		CC Rental P ...	112 · General ...	175.00
12/29/2016	138		CC Rental P ...	112 · General ...	375.00
12/29/2016	10778		CC Rental P...	112 · General ...	1,050.00
12/29/2016	1102		Wake Up to ...	112 · General ...	90.00
12/29/2016	8694		KCC Semi A...	112 · General ...	7,903.85
12/29/2016			Partial Paym...	112 · General ...	13.00



**Transaction Detail By Account**

July 2016 through February 2017

Date	Num	Name	Memo	Split	Amount
12/29/2016	1005		Partial Paym...	112 · General ...	70.00
12/29/2016	1026		Partial Paym...	112 · General ...	292.00
Total 427 · Community Center Revenue					18,824.35
<b>437 · Contributions for Sound System</b>					
11/28/2016	216		Contribution f...	112 · General ...	5,000.00
12/29/2016	8693		KCC Sound ...	112 · General ...	5,000.00
Total 437 · Contributions for Sound System					10,000.00
<b>438 · Misc Park/Rec Rev</b>					
09/20/2016	5106		Tennis Court ...	112 · General ...	2.00
12/29/2016	4955		Tennis Court ...	112 · General ...	40.00
02/24/2017	5042		Tennis Court ...	112 · General ...	40.00
Total 438 · Misc Park/Rec Rev					82.00
Total 420 · Park/Rec Activities Revenue					65,126.35
<b>TOTAL</b>					<b>65,126.35</b>

75

KPPCSD

Transaction Detail By Account

July 2016 through February 2017

Date	Num	Name	Memo	Split	Amount
<b>600 · Park/Rec Sal &amp; Ben</b>					
<b>601 · Park &amp; Rec Administrator</b>					
07/15/2016		Di Napoli, Andrea		112 · General ...	321.67
07/15/2016		Di Napoli, Andrea		112 · General ...	25.20
07/29/2016		Di Napoli, Andrea		112 · General ...	323.22
08/15/2016		Di Napoli, Andrea		112 · General ...	379.20
08/30/2016		Di Napoli, Andrea		112 · General ...	395.90
09/15/2016		Di Napoli, Andrea		112 · General ...	193.00
09/30/2016		Di Napoli, Andrea		112 · General ...	422.81
10/14/2016		Di Napoli, Andrea		112 · General ...	326.93
10/28/2016		Di Napoli, Andrea		112 · General ...	391.57
11/15/2016		Di Napoli, Andrea		112 · General ...	496.12
11/30/2016		Di Napoli, Andrea		112 · General ...	384.15
12/15/2016		Di Napoli, Andrea		112 · General ...	387.86
12/30/2016		Di Napoli, Andrea		112 · General ...	409.20
01/12/2017		Di Napoli, Andrea		112 · General ...	279.30
01/29/2017		Di Napoli, Andrea		112 · General ...	305.90
02/14/2017		Di Napoli, Andrea		112 · General ...	417.86
02/27/2017		Di Napoli, Andrea		112 · General ...	287.34
Total 601 · Park & Rec Administrator					5,747.23
<b>602 · Custodian</b>					
07/15/2016	17311	William Driscoll	7/1 - 7/15/16 ...	112 · General ...	875.00
07/29/2016	17338	William Driscoll	7/16 - 7/31/1...	112 · General ...	875.00
08/15/2016	17372	William Driscoll	8/1 - 8/15/16 ...	112 · General ...	875.00
08/30/2016	17417	William Driscoll	8/16 - 8/31/1...	112 · General ...	875.00
09/15/2016	17420	William Driscoll	9/01 - 9/15/1...	112 · General ...	875.00
09/30/2016	17463	William Driscoll	9/15 - 9/30/1...	112 · General ...	875.00
10/14/2016	17507	William Driscoll	10/1 - 10/15/1...	112 · General ...	875.00
10/28/2016	17531	William Driscoll	10/16 - 10/31/...	112 · General ...	875.00
11/15/2016	17558	William Driscoll	11/1 - 11/15/1...	112 · General ...	875.00
11/30/2016	17585	William Driscoll	11/16 - 11/30/...	112 · General ...	875.00
12/15/2016	17648	William Driscoll	12/01 - 12/15/...	112 · General ...	875.00
12/30/2016	17669	William Driscoll	12/16 - 12/31/...	112 · General ...	875.00

12:52 PM

03/02/17

Accrual Basis

KPPCSD

Transaction Detail By Account

July 2016 through February 2017

Date	Num	Name	Memo	Split	Amount
01/13/2017	17728	William Driscoll	01/01-01/15/17	112 · General ...	875.00
01/30/2017	17737	William Driscoll	1/16 - 1/31/1...	112 · General ...	875.00
02/15/2017	17769	William Driscoll	2/1 - 2/15/17...	112 · General ...	875.00
02/28/2017	17811	William Driscoll	2/16 - 2/28/1...	112 · General ...	875.00
Total 602 · Custodian					14,000.00
Total 600 · Park/Rec Sal & Ben					19,747.23
<b>TOTAL</b>					<b>19,747.23</b>

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**KENSINGTON POLICE  
PROTECTION DISTRICT**

**Actuarial Valuation of  
Postemployment Medical Benefits  
Valuation Date: July 1, 2016**

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February 2, 2017

PENSION CONSULTANTS AND ACTUARIES

530 BUSH STREET, SUITE 500  
SAN FRANCISCO, CALIFORNIA 94108-3633  
TEL: 415-512-5300  
FAX: 415-512-5314

Chief Rickey Hull  
Interim General Manager/Chief of Police  
Kensington Police Protection and Community Services District  
217 Arlington Avenue  
Kensington, CA 94707-1401

Dear Chief Hull:

**Re: Actuarial Valuation of Postemployment Medical Plans**

Kensington Police Protection District has retained Nicolay Consulting Group to complete this valuation of the Kensington Police Protection District postemployment medical program as of July 1, 2016.

The purpose of this valuation is to determine the value of the expected postretirement benefits for current and future retirees and the Actuarial Accrued Liability and Annual Required Contribution recognized under Government Accounting Standards Board Statement No. 45 (GASB 45) requirements for the fiscal year ending June 30, 2017. The amounts reported herein are not necessarily appropriate for use for a different fiscal year without adjustment.

In preparing this report we relied on employee data and plan information provided by the District. The results of the valuation are dependent on the accuracy of the data and other information provided. These data are not audited by Nicolay Consulting Group, although they were reviewed for reasonableness. Calculations presented in this valuation do not reflect any other postemployment benefits than those described in this report.

The financial projections presented in this report are intended for internal use in evaluating the potential cost of the retiree medical program and for the plan sponsor's financial statements. Use of this report for any other purpose may not be appropriate and may result in mistaken conclusions due to failure to understand applicable assumptions, methodologies, or inapplicability of the report for that purpose. No one may make any representations or warranties based on any statements or conclusions contained in this report without the written consent of Nicolay Consulting Group.

On the basis of the data provided, this report has been prepared in accordance with generally accepted actuarial principles and methods. The assumptions for termination, retirement, mortality and health care claims morbidity rates are those used in the most recent California PERS Public Agency retirement plan valuations.





Mortality improvement was reflected based on the most recent tables published by the Society of Actuaries. Morbidity rates for age-adjusting claims rates are based on the most recent tables published by CalPERS. Certain other assumptions were selected specifically for this valuation, and in many cases, including assumed health care trend, reflect changes from that used in the prior valuation. For all other assumptions, we believe they are reasonable for the measurement of the obligation involved. It should be recognized, however, that there can be significant differences between actual experience and the assumptions. Moreover, other sets of reasonable assumptions can yield materially lesser or greater results.

GASB stipulates that if the plan is prefunded, the discount rate should be the long-term yield on investments to be used to pay plan benefits. The District pre-funds liabilities by contributing to the California Employees Retirement Benefit Trust (CERBT). Based on the investment portfolio of this Trust, the long-term yield is expected to be 7.28%. Since the District's funding policy is to contribute the full ARC to the Trust, the discount rate used in this valuation is based entirely on the Trust expected return of 7.28%. Any changes in funding policy or asset allocation may result in changes to the 7.28% discount rate assumption.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: retiree group benefits program experience differing from that anticipated by the assumptions; changes in assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period); and changes in retiree group benefits program provisions or applicable law. Retiree group benefits models necessarily rely on the use of approximations and estimates, and are sensitive to changes in these approximations and estimates. Small variations in these approximations and estimates may lead to significant changes in actuarial measurements. Because of limited scope, we have not performed analysis of the potential range of such future differences.

Based on the foregoing, the cost results and actuarial exhibits presented in this report were determined on a consistent and objective basis in accordance with applicable Actuarial Standards of Practice and generally accepted actuarial procedures. We believe they fully and fairly disclose the actuarial position of the Plan based on the plan provisions, employee and plan cost data submitted.

The passage of healthcare reform in March 2010 ushered in a number of changes that might be expected to impact postretirement medical plans over time. We considered the possible effects of these changes for the District and summarized the results in this report.

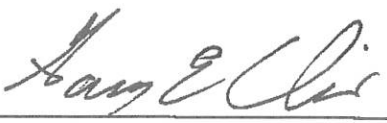
Chief Rickey Hull  
February 2, 2017  
Page 3



On December 18, 2015, President Obama signed the Omnibus Appropriations Act of 2016. There are significant provisions in this law relating to the Cadillac tax, the annual fee on health insurers, and the medical device tax. This valuation reflects this new legislation.

This report represents a statement of actuarial opinion by the undersigned actuary, who is a member of the American Academy of Actuaries (AAA) and is qualified to issue that opinion. Questions about the report should be directed to Gary Cline at (415) 512-5300 x231.

Sincerely,

By:   
\_\_\_\_\_  
Gary E. Cline, ASA, FCA, MAAA

# KENSINGTON POLICE PROTECTION DISTRICT

## Actuarial Valuation of Postemployment Medical Benefits

### Table of Contents

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Valuation Date: July 1, 2016

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# SECTION I

## Summary of Valuation Results

Table 1-1 Summary of Valuation Results		
	<u>7/1/2016</u>	<u>7/1/2015**</u>
<b>Present Value of Future Benefits</b>		
Active	\$2,826,298	\$994,305
Retiree	<u>\$2,405,178</u>	<u>\$1,885,328</u>
Total	\$5,231,476	\$2,879,633
<b>Actuarial Accrued Liability</b>		
Active	\$1,446,394	\$479,375
Retiree	<u>\$2,405,178</u>	<u>\$1,885,328</u>
Total	\$3,851,572	\$2,364,703
<b>Actuarial Value of Assets</b>	\$804,775	\$630,782
<b>Unfunded Actuarial Accrued Liability</b>	<b>\$3,046,797</b>	<b>\$1,733,921</b>
<b>Expected Employer Share of Current Year Plan Cost (Pay-as-you-go)</b>	<b>\$157,361 *</b>	<b>\$187,551</b>
<b>Annual Required Contribution (ARC)</b>	<b>\$404,577</b>	<b>173,677</b>
<b>Number of Plan Participants</b>		
Actives	10	9
Retirees & Surviving Spouses	<u>13</u>	<u>14</u>
Total	23	23
<b>Discount rate</b>	<b>7.28%</b>	<b>7.00%</b>
<b>Assumed Increase in Per-Capita Claim Costs</b>		
Initial Rate		
Pre-65	8.00%	4.00%
Post-65	5.50%	4.00%
Ultimate Rate	5.00%	4.00%
Year Ultimate Rate Reached	2029	2015

\*Excludes implicit subsidy related to retiree premiums (since unadjusted premiums represent the current cash cost) and the implied subsidy related to active employee premiums (but the District can elect to recognize this as a retiree cash cost under GASB 45).

\*\*From Total Compensation Systems, Inc. July 1, 2015 report

The Actuarial Accrued Liability (AAL) has increased \$1,486,869 from \$2,364,703 as of July 1, 2015 to \$3,851,572 as of July 1, 2016. A breakdown of the sources of this change in liability is shown in Table 1-2.

Table 1-2  
Estimated Sources of Liability Change (thousands)

	<u>Amount</u>	<u>Percent</u>
Expected Benefits Earned, Benefit Payments and Interest	\$25	1%
Recognition of an Age-Related Implicit Subsidy	\$865	37%
Revised Health Care Cost Assumed Trend Rates	\$376	16%
Revised Child Coverage Assumptions	\$164	7%
Revised CalPERS Assumed Mortality Rates	\$131	6%
Revised Employer Contribution Caps	\$111	5%
Revised CalPERS Assumed Retirement Rates	(\$45)	(2%)
Revised Discount Rate	(\$84)	(4%)
New Retiree Contribution Provision	(\$263)	(11%)
Demographic and Other Experience	<u>\$207</u>	<u>8%</u>
Total Liability Change*	\$1,487	63%

\*Individual amounts may not add to total due to rounding.

**Expected Benefits Earned, Benefit Payments and Interest:** The liabilities were expected to increase 1% from the prior actuarial valuation due to net effect of active employees continuing to earn benefits, retirees receiving benefit payments, and interest.

**Recognition of an Age-Related Implicit Subsidy:** Since healthcare costs generally increase with age, an implied subsidy exists. This subsidy is caused by the difference between the flat-rate premiums participants are charged and the assumed average age-related claims costs.

Effective with measurement dates on or after March 31, 2015, Actuarial Standard of Practice No. 6 (ASOP 6) requires actuarial valuations to reflect the impact of aging on claims for "community-rated" plans. For the District, this means we were required to revise the pre and post-Medicare plan liabilities to base them on a claims cost curve as opposed to premiums. The resulting implicit subsidy identified from this assumption increased liabilities approximately \$865,000, or roughly 37%. This subsidy is positive (an increase in the liability), which reflects the fact that the flat-rate premiums are lower than the assumed age-adjusted cost of coverage (e.g., for the pre-Medicare plans the younger active employees are subsidizing the older retired participants).

**Revised Health Care Cost Assumed Trend Rates:** Initial trend rates in the July 1, 2015 valuation was a fixed 4.0% increase. For the July 1, 2016 valuation we adopted stand-alone initial pre- and post-Medicare trend rates. This change generally raised the



assumed trend rates for both pre-Medicare and post-Medicare plans, resulting in a 16% increase in liabilities.

Revised Child Coverage Assumptions: We updated child coverage assumptions according to the plan provisions, which cover retirees and any dependents. The report from TCS had an assumption about spouse coverage, but not child coverage. This resulted in a 7% increase in liabilities.

Revised CalPERS Assumed Mortality Rates: We updated the valuation assumed mortality rates to reflect those rates most recently published by CalPERS, and the projection scales most recently published by the Society of Actuaries, which drove a 6% increase in liabilities. This increase is primarily caused by an observed improvement in longevity for the overall population in the SOA study.

Revised Employer Contribution Caps: The increase in caps from 2015 to 2016 was higher than assumed, resulting in a 5% increase in liabilities.

Revised CalPERS Assumed Retirement Rates: We updated the valuation assumed retirement rates to reflect those rates most recently published by CalPERS, which drove a 2% decrease in liabilities.

Revised Discount Rate: The discount rate was increased, from 7.00% in the July 1, 2015 valuation, to 7.28% in the July 1, 2016 valuation. This resulted in a 4% decrease in liabilities.

New Retiree Contribution Provision: Effective January 1, 2016, employees are required to contribute \$85 per month, in addition to what they pay if their premium exceeds the Kaiser cap. Effective July 1, 2017, this contribution increases to \$125 per month. This decreased liabilities by 11%.

Demographic and Other Experience: This is a catch-all category that refers to experience other than expected. It includes demographic experience (i.e., withdrawals, retirement, deaths, and new entrants other than assumed) and is driven by the participant census data we collect from the District for our valuations. Other experience includes things like retirees selecting different health plans, retirees opting out of certain benefits, or similar changes. Demographic and other experience since the July 1, 2015 valuation resulted in an overall 8% increase in the liability.

## SECTION II

### Development of ARC and GASB 45 Disclosures

Table 2-1 presents the Present Value of Future Benefits (i.e., liability based on all future service) and the Actuarial Accrued Liability (i.e., liability based on past service only) broken down by participant status and benefit type.

The implicit subsidy is the obligation associated with the difference between premiums and the assumed true per capita healthcare costs for the District participants.

Table 2-1			
<b>Present Value of Future Postemployment Medical Benefits</b>			
<b>As of July 1, 2016</b>			
<b>Entry Age Normal Actuarial Cost Method</b>			
<b>Discount Rate: 7.28%</b>			
	<u>District Contribution</u>	<u>Implicit Subsidy</u>	<u>Total</u>
<b>Present Value of Future Benefits</b>			
Actives	\$1,974,845	\$851,453	\$2,826,298
Retirees	<u>\$1,975,702</u>	<u>\$429,476</u>	<u>\$2,405,178</u>
Total	\$3,950,547	\$1,280,929	\$5,231,476
<b>Actuarial Accrued Liability (AAL)</b>			
Actives	\$1,010,945	\$435,449	\$1,446,394
Retirees	<u>\$1,975,702</u>	<u>\$429,476</u>	<u>\$2,405,178</u>
Total	\$2,986,647	\$864,925	\$3,851,572

This valuation was completed using the Entry Age Normal Actuarial Cost method and assumes a closed 30-year amortization (started in 2009) of the Unfunded Actuarial Accrued Liability using the level percent of pay amortization method.

## Projected Expected Health Benefit Payments

Table 2-2 contains a ten-year projection of the District pay-as-you-go cost to provide postemployment medical benefits and the total Expected Benefit Payments.

	<u>District Premiums*</u>	<u>Implicit Subsidy</u>	<u>Total</u>
2016/17	\$157,361	\$51,766	\$209,127
2017/18	\$163,502	\$53,834	\$217,336
2018/19	\$181,331	\$66,836	\$248,167
2019/20	\$187,901	\$64,031	\$251,932
2020/21	\$187,477	\$60,777	\$248,254
2021/22	\$207,256	\$75,640	\$282,896
2022/23	\$205,321	\$70,573	\$275,894
2023/24	\$209,864	\$75,033	\$284,897
2024/25	\$220,971	\$69,867	\$290,838
2025/26	\$244,682	\$84,027	\$328,709

\*This is actual pay-as-you-go cost and excludes the implicit subsidy related to retiree premiums (since unadjusted premiums represent the current cash cost) and the implied subsidy related to active employee premiums (but the District can elect to recognize this as a retiree cost under GASB 45).

## Health Benefit Costs Under GASB 45

The Annual Required Contribution (ARC) consists of the Normal Cost plus the current period amortization of the Unfunded Actuarial Accrued Liability.

Normal Cost is the portion of the actuarial present value of future benefits that is allocated to a particular year. Another interpretation is that the Normal Cost is the present value of future benefits that are "earned" by employees for service rendered during the current year. This valuation is based on the Entry Age Normal actuarial cost method and an attribution period that runs from date of hire until the expected retirement date.

Employers are allowed to amortize the Unfunded Actuarial Accrued Liability (UAAL) over a period not to exceed 30 years. The following Tables are based on amortization of the UAAL over a closed 30-year period using the level percent of pay amortization method. The District adopted GASB 45 in the 2008/09 fiscal year. The remaining amortization period is 23 years.

Table 2-3  
Fiscal Year 2016/17 OPEB Annual Required Contribution

	<u>2016/17</u>	<u>2015/16</u>
Discount rate	7.28%	7.00%
Actuarial Accrued Liability	\$3,851,572	\$2,364,703*
Actuarial Value of Assets	<u>\$804,775</u>	<u>\$630,782*</u>
Unfunded Actuarial Accrued Liability	\$3,046,797	\$1,733,921*
Remaining Amortization Period	23 years	24 years*
Level percent of pay Amortization Factor (based on the discount rate and a salary scale of 2.75%)	13.824	14.435**
Normal Cost (based on the Entry Age Normal Method)	\$184,178	\$53,559*
Annual Level Percent of Pay Amort. of Unfunded AAL	<u>\$220,399</u>	<u>\$120,118*</u>
Annual Required Contribution	\$404,577	\$173,677*
Interest on Net OPEB Obligation	\$297	***
Adjustment to ARC	<u>(\$295)</u>	***
Annual OPEB Cost	\$404,579	\$199,136****
Estimated Contribution	<u>(\$404,577)</u>	<u>(\$163,595)****</u>
Increase in Net OPEB Obligation	\$2	\$35,541****
Net OPEB Obligation – Beginning of Year	<u>\$4,078</u>	<u>(\$31,463)****</u>
Net OPEB Obligation – End of Year	\$4,080	\$4,078****

\*From Total Compensation Systems, Inc. July 1, 2015 report

\*\*Calculated by the UAAL divided by the Annual Level Dollar Amort. of UAAL

\*\*\*Not available

\*\*\*\*From June 30, 2016 Notes to Financial Statements



Table 2-4 presents a projection of the Trustt funding policy contributions. The funding policy contributions shown below include (i) pay-go costs unreimbursed by the Trust, (ii) \$188,723 cash contributions to the District and (iii) active implicit rate subsidy contributions that could be transferred to OPEB accounting.

Table 2-4  
**Total Trust and Non-Trust OPEB Contributions for Year Ending June 30, 2017**  
 Active Benefit Expense Transfer of Premium Implicit Subsidies and Pay-go Costs

	FYE <u>June 30, 2017</u>
Cash Contributions to the Trust	\$204,723
Projected Pay-go Costs*	\$157,361
Active Implicit Rate Subsidy**	\$42,495
Cross-Employer Subsidy***	<u>0</u>
Estimated Total OPEB Contributions	<b>\$404,577</b>
ARC Explicit Subsidy****	\$285,971
ARC Implicit Subsidy*****	<u>\$118,606</u>
Total ARC	<b>\$404,577</b>

\*Retiree premiums paid by the District.

\*\*The active implicit rate subsidy represents a subsidy toward pre-Medicare retiree medical costs paid via active premiums. It arises because the claims from both groups are combined to calculate a blended premium. The amount (\$42,495) should be transferred from active employee benefit expense to OPEB expense and counted as a contribution toward the ARC. This amount (\$42,495) should equal the retiree implicit subsidy (\$51,766) for 2016/17 shown on page 5 of this report. Since it is less, then there is a cross-employer subsidy equal to the difference (\$9,271).

\*\*\*Per footnote \*\*, there is a cross-employer subsidy (\$9,271) because Kensington's active implicit rate subsidy (\$42,495) paid is not fully funding the retiree implicit subsidy (\$51,766) received. In other words, Kensington's retirees are receiving a subsidy from other employer's active employees. This may be counted as a contribution to OPEB, but GASB has not yet provided guidance on this issue. To consider it a contribution to OPEB, the District should seek approval from their auditor.

\*\*\*\*The portion of the ARC attributable to current and future retiree premiums paid by the District.

\*\*\*\*\*The portion of the ARC attributable to pre-Medicare retiree average claims costs in excess of premiums.

In order for the District to reflect the active implicit rate subsidy as an OPEB contribution, it must transfer the amount (\$42,495 in FYE 2017) from active benefit expense (cash accounting) to OPEB contributions (accrual accounting).

Explicit subsidies (i.e., retiree premiums paid by the District) are being prefunded by assets in the Trust. In order to ensure the explicit subsidy portion of the ARC is prefunded



properly, the District should confirm that cash plus pay-go contributions are at equal to or more than the ARC Explicit Subsidy.

### Plan Assets

The District pre-funds liabilities by contributing to CERBT. We understand that the District's Trust Fund balance was \$670,646 as of June 30, 2016. Using five-year asset smoothing, we have determined the Actuarial Value of Assets to be \$804,775, by the calculations shown in Table 2-6.

a. Actuarial Value of Assets as of July 1, 2015	\$630,782
b. Employer Contribution in FY 2015/16	\$163,595
c. Expected Investment Earnings = (a) x 7%	<u>\$44,155</u>
d. Expected Actuarial Value of Assets = (a) + (b) + (c)	\$838,532
e. Market Value of Assets as of June 30, 2016	\$670,646
f. Preliminary Actuarial Value of Assets = (d) + ( (e) - (d) ) x 1/5	\$804,955
g. Minimum Actuarial Value of Assets = (e) x 80%	\$536,517
h. Maximum Actuarial Value of Assets = (e) x 120%	\$804,775
<b>i. Actuarial Value of Assets as of July 1, 2016 = Max( (g), Min( (f), (h) ) )</b>	<b>\$804,775</b>



## SECTION III

### Plan Description and Demographic Summary

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#### Eligibility and Contribution Requirements

The District provides lifetime retiree medical coverage to eligible employees who retire at age 50, along with their dependents. The medical plan benefits are contracted with the California Public Employees' Retirement System under the public Employees' Medical and Hospital Care Act (PEMHCA).

The District contributes the entire cost of postemployment medical coverage up to pre determined limits that are established each year.

Eligible retirees may enroll in any of the plans available through the PERS Program. Table 3-1 contains 2016 and 2017 Bay Area CalPERS monthly premium rates. Retirees are subject to a cap of the Kaiser Bay Area rates for the coverage selected.

Effective January 1, 2017, all eligible employees will be required to contribute at least \$85 monthly towards the cost of healthcare, regardless of the level of coverage selected. Effective June 30, 2017, all eligible employees will be required to contribute at least \$125 monthly, regardless of the level of coverage selected. The \$125 monthly is assumed not to increase in future years.

Retirees are eligible for Delta Dental and the VSP vision plan.

Table 3-1

Cal PERS Bay Area Retiree or Spouse  
Calendar Year Monthly Premium Rates

2016

Plan	<u>Younger than Age 65</u>			<u>Age 65 or Older</u>		
	EE	EE+1	EE+2 or more	EE	EE+1	EE+2 or more
Blue Shield Access+	\$1,016.18	\$2,032.36	\$2,642.07	n/a	n/a	n/a
Blue Shield NetValue	\$1,033.86	\$2,067.72	\$2,688.04	n/a	n/a	n/a
Kaiser	\$746.47	\$1,492.94	\$1,940.82	\$297.23	\$594.46	\$891.69
PERS Choice	\$798.36	\$1,596.72	\$2,075.74	\$366.38	\$732.76	\$1,099.14
PERS Select	\$730.07	\$1,460.14	\$1,898.18	\$366.38	\$732.76	\$1,099.14
PERS Care	\$889.27	\$1,778.54	\$2,312.10	\$408.04	\$816.08	\$1,224.12
PORAC	\$699.00	\$1,399.00	\$1,789.00	\$442.00	\$881.00	\$1,408.00
United Healthcare	\$955.44	\$1,910.88	\$2,484.14	\$320.98	\$641.96	\$962.94

2017

Plan	<u>Younger than Age 65</u>			<u>Age 65 or Older</u>		
	EE	EE+1	EE+2 or more	EE	EE+1	EE+2 or more
Blue Shield Access+	\$1,024.85	\$2,049.70	\$2,664.61	n/a	n/a	n/a
Blue Shield NetValue	n/a	n/a	n/a	n/a	n/a	n/a
Kaiser	\$733.29	\$1,466.78	\$1,906.81	\$300.48	\$600.96	\$901.44
PERS Choice	\$830.30	\$1,660.60	\$2,158.78	\$353.63	\$707.26	\$1,060.89
PERS Select	\$736.27	\$1,472.54	\$1,914.30	\$353.63	\$707.26	\$1,060.89
PERS Care	\$932.39	\$1,864.78	\$2,424.21	\$389.76	\$779.52	\$1,169.28
PORAC	\$699.00	\$1,467.00	\$1,876.00	\$464.00	\$924.00	\$1,477.00
United Healthcare	\$1,062.26	\$2,124.52	\$2,761.88	\$324.21	\$648.42	\$972.63

2016/17 Dental and Vision Rates

Delta Dental

Single	\$64.41
2-Party	\$124.48
Family	\$202.72

VSP

Composite Rate	\$31.52
----------------	---------

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## Demographic Data

Tables 3-2 and 3-3 contain summaries of the demographic information provided by the District.

Table 3-2

**Age and Service Table of  
Active Employees included in the valuation  
as of July 1, 2016**

<b>Age</b>	<b>Years of Service</b>						<b>Total</b>
	<b>&lt;5</b>	<b>5-9</b>	<b>10-14</b>	<b>15-19</b>	<b>20-24</b>	<b>25+</b>	
Under 25	0	0	0	0	0	0	0
25 - 29	1	0	0	0	0	0	1
30 - 34	0	0	0	0	0	0	0
35 - 39	0	1	1	0	0	0	2
40 - 44	1	1	1	0	0	0	3
45 - 49	0	1	1	0	0	0	2
50 - 54	0	0	0	1	0	0	1
55 - 59	1	0	0	0	0	0	1
60 - 64	0	0	0	0	0	0	0
65 - 69	0	0	0	0	0	0	0
70+	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Total</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>10</b>

Table 3-3

**Age Table for Retirees  
as of July 1, 2016**

<b>Age</b>	<b>Female</b>	<b>Male</b>	<b>Total</b>
Under 55	0	0	0
55-59	0	2	2
60-64	0	4	4
65-69	0	1	1
70-74	0	3	3
75+	<u>3</u>	<u>0</u>	<u>3</u>
<b>Total</b>	<b>3</b>	<b>10</b>	<b>13</b>

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## SECTION IV

### Actuarial Method and Assumptions

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In order to project the District's liabilities into the future, a number of economic, demographic, and baseline cost assumptions are necessary. For this valuation, we have used assumptions consistent with those specified in the "OPEB Assumption Model" released by the CalPERS Health Benefits Committee.

#### Actuarial Cost Method

The valuation was completed using the Entry Age Normal Cost Method. An Actuarial Cost Method is a procedure for allocating the actuarial present value of benefits and expenses and for developing an actuarially equivalent allocation of such value to time periods, usually in the form of a Normal Cost and an Actuarial Accrued Liability. The Entry Age Normal cost method allocates the present value of future benefits on a level basis over the earnings or service (in this case earnings) of each employee between the hire date and assumed retirement age. The portion of the present value of future benefits allocated to a valuation year is called the Normal Cost. The portion allocated to all prior years is called the Actuarial Accrued Liability.

#### Valuation Date

The valuation date is July 1, 2016. This date is the starting point from which current health premium costs are increased according to the assumed annual rates of health care cost trend. The District census is projected from the valuation date to the date of the final benefit payment for each employee and retiree on the census. After calculating future costs for the projected retiree and dependent population, all liabilities are discounted back to the valuation date to obtain the present value of future costs.

#### Economic Assumptions

##### Discount Rate

GASB 45 requires an employer to select a discount rate that approximates the "estimated long-term investment yield on the investments that are expected to be used to finance the payments of benefits". The District pre-funds liabilities by contributing to CERBT. Based on the investment portfolio of this Trust (Asset Allocation Strategy 1), we understand the long-term yield is expected to be 7.28%. Since the District's funding policy is to contribute the full ARC to the Trust, the discount rate used in this valuation is based entirely on the Trust long-term expected return of 7.28%. Any changes in funding policy or asset allocation may result in changes to the 7.28% discount rate assumption. For 2015 the assumed rate was 7.0%

### Health Care Trend

The rate of increase in per capita health care costs is commonly referred to as the *health care trend rate*.

Based on our extensive experience with postemployment health plans, we selected the following annual trend rates for use in this valuation:

<u>Year Beginning</u>	<u>Increase in CalPERS Regional Premium Rates</u>	
	<u>Pre-65</u>	<u>Post-65</u>
January 1, 2018	8.00%	5.25%
January 1, 2019	7.75%	5.00%
January 1, 2020	7.50%	5.00%
January 1, 2021	7.25%	5.00%
January 1, 2022	7.00%	5.00%
January 1, 2023	6.75%	5.00%
January 1, 2024	6.50%	5.00%
January 1, 2025	6.25%	5.00%
January 1, 2026	6.00%	5.00%
January 1, 2027	5.75%	5.00%
January 1, 2028	5.50%	5.00%
January 1, 2029	5.25%	5.00%
January 1, 2030 and later	5.00%	5.00%

The initial trend rate assumption represents an estimate of short term cost increases based on recent health care marketplace experience, and taking into consideration the cost characteristics of plans available to District retirees. Annual increases in national health expenditures have exceeded the general growth in GDP for many years. However, there are practical limitations to how long these trends can continue. Therefore, over the long term we expect that health care costs will be constrained by the public's ability and willingness to pay the higher cost of health care coverage. This assumption implies that the ultimate trend rate should be related to the expected long-term growth in the economy.

Therefore, we assume the ultimate rate to be comprised of real growth in per capita GDP, long-term growth attributable to technology innovations, and the assumed long-term inflation rate. The initial trend is assumed to decrease ratably to this ultimate rate over time.

### Cap Increase

The cap is assumed to increase at the same rate as the pre-Medicare trend.

### Amortization Methodology

GASB 45 allows amortization of the Unfunded Actuarial Accrued Liability based on a level dollar approach or as a level percentage of covered payroll. The maximum amortization period is 30 years.

This valuation is based on a closed, 30-year amortization of the Unfunded Actuarial Accrued Liability. The amortization payment is level dollar and will decrease in proportion to the Unfunded Actuarial Accrued Liability. The amortization will continue for the next 23 years.

### Per Capita Health Plan Costs

Due to the small size of the retiree population, the per capita claims were developed using the age adjusted premiums for the current CalPERS population. These premiums are assumed to include administrative costs. The premiums for CalPERS are based on community-rated claims experience by region for all CalPERS member agencies.

### Administrative Expenses

We did not include any internal administrative expenses in this valuation, as it has been assumed that expenses are included as part of the health premium.

### Age-Adjusted Costs

The gender distinct age morbidity factors for pre- and post-Medicare morbidity were developed by CalPERS based on 2013 data. CalPERS developed these tables for use in complying with ASOP 6. Table 4-2 illustrates the age-graded premiums based on the premiums and the male and female morbidity factors that were provided by CalPERS for HMO plans. Because the sample size is so small, we calculated the age-graded premiums based on the average of all premiums for current and future retirees. Because so few have elected PPO plans, and because nearly all employees and retirees are covering spouses, we used a blended male/female HMO curve for all plan participants. For the community-rated premiums on which we based the age-weighted premiums, we used the weighted average of all participants' plan premiums.

<u>Age</u>	<u>Cost</u>
50	\$9,338
55	\$12,116
60	\$14,661
65	\$2,890
70	\$3,345
75	\$3,742
80	\$4,059
85	\$4,180



## Demographic Assumptions

In estimating this obligation, a number of demographic assumptions are needed. These assumptions are the same as those used in the most recent California PERS valuation.

## Withdrawal

For Police Safety employees we selected withdrawal rates used in the most recent California PERS Police 3% @50 retirement plan valuations. Selected rates are shown below.

**Table 4-3  
Police Safety Employees  
Annual Withdrawal Rates**

Service	Age						
	20	25	30	35	40	45	50
0	0.10130	0.10130	0.10130	0.10130	0.10130	0.10130	0.10130
1	0.06360	0.06360	0.06360	0.06360	0.06360	0.06360	0.06360
2	0.02710	0.02710	0.02710	0.02710	0.02710	0.02710	0.02710
3	0.02580	0.02580	0.02580	0.02580	0.02580	0.02580	0.02580
4	0.02450	0.02450	0.02450	0.02450	0.02450	0.02450	0.02450
5	0.02490	0.02490	0.02490	0.02490	0.02490	0.02490	0.00860
6		0.02360	0.02360	0.02360	0.02360	0.02360	0.00790
7		0.02210	0.02210	0.02210	0.02210	0.02210	0.00720
8		0.02080	0.02080	0.02080	0.02080	0.02080	0.00660
9		0.01930	0.01930	0.01930	0.01930	0.01930	0.00590
10		0.01790	0.01790	0.01790	0.01790	0.01790	0.00530
15			0.01090	0.01090	0.01090	0.01090	0.00270
20				0.00820	0.00820	0.00820	0.00170
25					0.00700	0.00700	0.00120
30						0.00650	0.00090
35							0.00090

For the July 1, 2015 valuation, the same withdrawal rates were used.

## Disability

Sample disability rates for Police employees are shown in Table 4-4. These rates match those used in the most recent California PERS pension valuations.

Table 4-4  
Annual Rates of Disability

<u>Age</u>	<u>Rate</u>
25	0.175%
30	0.496%
35	0.818%
40	1.140%
45	1.462%
50	1.926%
55	4.915%

No disability assumption was mentioned in the TCS report.

### Retirement Rates

We used the retirement rates that match those used in the most recent California PERS retirement plan valuations.

For Police safety employees we selected the retirement rates used in the most recent California PERS 3% @50 Police retirement plan valuation. Sample rates are shown below.

Table 4-5a  
Police Safety Employees  
Annual Rates of Retirement

Age	----- Years of Service -----						
	5	10	15	20	25	30	35
50	0.0500	0.0500	0.0500	0.0990	0.2400	0.3140	0.3790
51	0.0340	0.0340	0.0340	0.0720	0.1980	0.2600	0.3120
52	0.0330	0.0330	0.0330	0.0710	0.1980	0.2590	0.3110
53	0.0390	0.0390	0.0390	0.0800	0.2120	0.2770	0.3330
54	0.0450	0.0450	0.0450	0.0920	0.2290	0.3000	0.3610
55	0.0520	0.0520	0.0520	0.1050	0.2480	0.3230	0.3890
56	0.0420	0.0420	0.0420	0.0870	0.2210	0.2890	0.3470
57	0.0430	0.0430	0.0430	0.0880	0.2230	0.2920	0.3510
58	0.0540	0.0540	0.0540	0.1090	0.2550	0.3330	0.4010
59	0.0540	0.0540	0.0540	0.1080	0.2530	0.3300	0.3980
60	0.0600	0.0600	0.0600	0.1210	0.2720	0.3550	0.4280
61	0.0480	0.0480	0.0480	0.0980	0.2380	0.3110	0.3750
62	0.0610	0.0610	0.0610	0.1220	0.2740	0.3570	0.4310
63	0.0570	0.0570	0.0570	0.1150	0.2630	0.3430	0.4140
64	0.0690	0.0690	0.0690	0.1370	0.2960	0.3850	0.4660
65	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000

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All Police safety employees hired on or after January 1, 2013, are under the 2.7% @ 57 plan. Sample rates are shown below.

Table 4-5b  
Police Safety Employees  
CalPERS 2.7%@57 Annual Rates of Retirement

Age	Years of Service						
	5	10	15	20	25	30	35
50	0.0138	0.0138	0.0138	0.0138	0.0253	0.0451	0.0535
51	0.0123	0.0123	0.0123	0.0123	0.0226	0.0402	0.0477
52	0.0249	0.0249	0.0249	0.0249	0.0456	0.0812	0.0963
53	0.0497	0.0497	0.0497	0.0497	0.0909	0.1621	0.1920
54	0.0662	0.0662	0.0662	0.0662	0.1211	0.2160	0.2559
55	0.0854	0.0854	0.0854	0.0854	0.1563	0.2785	0.3300
56	0.0606	0.0606	0.0606	0.0606	0.1108	0.1975	0.2340
57	0.0711	0.0711	0.0711	0.0711	0.1300	0.2318	0.2747
58	0.0628	0.0628	0.0628	0.0628	0.1149	0.2049	0.2427
59	0.1396	0.1396	0.1396	0.1396	0.1735	0.2544	0.3014
60	0.1396	0.1396	0.1396	0.1396	0.1719	0.2506	0.2969
61	0.1396	0.1396	0.1396	0.1396	0.1719	0.2506	0.2969
62	0.1396	0.1396	0.1396	0.1396	0.1719	0.2506	0.2969
63	0.1396	0.1396	0.1396	0.1396	0.1719	0.2506	0.2969
64	0.1396	0.1396	0.1396	0.1396	0.1719	0.2506	0.2969
65	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000

For the July 1, 2015 valuation, the 2010 California PERS Police 3% @ 50 rates were used.

**Mortality**

The mortality rates used in this valuation are those used in the most recent California PERS pension valuations. These rates provide a starting point for the projection of future mortality rates. The mortality rates for each future year were determined based on a generational mortality projection using Projection Scale MP-2014. This scale consists of a set of Annual Mortality improvement factors as a function of age and sex. The resulting projected mortality rates were applied to each employee and retiree.

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Table 4-6  
**Sample Mortality Rates**  
 (prior to the application of Projection Scale MP-2014)

<u>Age</u>	<u>Non-Safety Employees</u>		<u>Safety Employees</u>		<u>Retired Employees</u>	
	<u>Male</u>	<u>Female</u>	<u>Male</u>	<u>Female</u>	<u>Male</u>	<u>Female</u>
55	0.228%	0.138%	0.244%	0.154%	0.599%	0.416%
60	0.308%	0.182%	0.325%	0.199%	0.710%	0.436%
65	0.400%	0.257%	0.418%	0.275%	0.829%	0.588%
70	0.524%	0.367%			1.305%	0.993%
75					2.205%	1.722%
80					3.899%	2.902%
85					6.969%	5.243%
90					12.974%	9.887%

For the July 1, 2015 valuation, the 2010 California PERS mortality rates were used.

#### **Health Plan Participation**

We assumed that 100% of eligible retirees and spouses will enroll in one of the CalPERS medical plans and that all current and future retirees will remain married to their current spouse (if any). We assumed male spouses are three years older than female spouses, that 90% will elect to cover children, and that employees are 35 years older than their children.

#### **Medicare Coverage**

We assumed that all future retirees will be eligible for Medicare when they reach age 65.

#### **Plan Selection**

We assumed that all future retirees will switch to an HMO plan at retirement.

## **Health Care Reform Considerations**

Health care delivery is going through an evolution due to enactment of Health Care Reform. The Patient Protection and Affordable Care Act (PPACA), was signed March 23, 2010, with further changes enacted by the Health Care and Education Affordability Reconciliation Act (HCEARA), signed March 30, 2010. This valuation uses various assumptions that may have been modified based on considerations under PPACA. This section discusses particular legislative changes that were reflected in our assumptions. We have not identified any other specific provision of PPACA that would be expected to have a significant impact on the measured obligation. As additional guidance on the Act continues to be issued, we'll continue to monitor impacts.

### **Individual Mandate**

Under PPACA, individuals (whether actively employed or otherwise) must be covered by health insurance or else pay a penalty tax to the government. While it is not anticipated that the Act will result in universal coverage, it is expected to increase the overall portion of the population with coverage. We believe this will result in an increased demand on health care providers, resulting in higher trend for medical services for non-Medicare eligible retirees. (Medicare costs are constrained by Medicare payment mechanisms already in place, plus additional reforms added by PPACA and HCEARA.) While we believe that the mandate may result in somewhat higher participation overall, this issue is moot since we assume 100% participation upon retirement.

### **Employer Mandate**

Health Care Reform includes various provisions mandating employer coverage for active employees, with penalties for non-compliance. Those provisions do not directly apply to the postemployment coverage included in this valuation.

### **Medicare Advantage Plans**

Effective January 1, 2011, the Law provides for reductions to the amounts that would be provided to Medicare Advantage plans starting in 2011. We considered the effect of these reductions in federal payments to Medicare Advantage plans when setting our trend assumption.

### **Expansion of Child Coverage to Age 26**

Health Care Reform mandates that coverage be offered to any child, dependent or not, through age 26, consistent with coverage for any other dependent. We assume that this change has been reflected in current premium rates. While this plan covers dependents, we do not currently assume non-spouse dependent coverage. We believe the impact this assumption has on the valuation is immaterial due to the lack of retirees

that have had or are expected to have non-spouse dependents for any significant amount of time during retirement.

#### **Elimination of Annual or Lifetime Maximums**

Health Care Reform provides that annual or lifetime maximums have to be eliminated for all “essential services.” We assume that current premium rates already reflect the elimination of any historic maximums.

#### **Cadillac Tax (High Cost Plan Excise Tax)**

The PPACA legislation added a new High-Cost Plan Excise Tax (also known as the “Cadillac Tax”) starting in calendar year 2020. For valuation purposes, we assumed that the value of the tax will be passed back to the plan in higher premium rates.

- The tax is 40% of the excess of (a) the cost of coverage over (b) the limit. We modeled the cost of the tax by calculating (a) using the working rates projected with trend. We calculated (b) starting with the statutory limits (\$10,200 single and \$27,500 family), adjusted for the following:
  - Limits will increase from 2020 to 2021 by 4.25% (CPI plus 1%);
  - Limits will increase after 2021 by 3.25% (CPI); and
  - For retirees over age 55 and not on Medicare, the limit is increased by an additional dollar amount of \$1,650 for single coverage and \$3,450 for family coverage.
- Based on the above assumptions, we estimate that the tax will apply as early as 2020 for some of the District’s pre-Medicare plans. In addition, we estimate that the tax will not apply to any of the post-Medicare plans.

#### **Other Revenue Raisers**

The Health Care Reform includes a variety of other revenue raisers that involve additional costs on providers (such as medical device manufacturers) and insurers. We considered these factors when developing the trend assumptions.



## SECTION V

### Glossary

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- Accrual Accounting – A method of matching the cost of an employee’s service, including long term obligations such as OPEB, to that employee’s period of active service.
- Actuarial Accrued Liability (AAL) – The Actuarial Present Value of all postemployment benefits attributable to past service. Note: the AAL is sometimes referred to as the Past Service Liability.
- Actuarial Cost Method – A procedure for allocating the actuarial present value of benefits and expenses and for developing an actuarially equivalent allocation of such value to time periods, usually in the form of a Normal Cost and an Actuarial Accrued Liability.
- Actuarial Present Value – The value of an amount or series of amounts payable or receivable at various times. Each such amount or series of amounts is:
  - a. adjusted for the probable financial effect of certain intervening events (such as changes in healthcare costs, compensation levels, Medicare, marital status, etc.)
  - b. multiplied by the probability of the occurrence of an event (such as survival, death, disability, termination of employment, etc.) on which the payment is conditioned, and
  - c. discounted according to an assumed rate (or rates) of return to reflect the time value of money
- Actuarial Valuation – The determination, as of a valuation date, of the Normal Cost, Actuarial Accrued Liability, Actuarial Value of Assets and related Actuarial Present Values.
- Actuarial Value of Assets – The value of cash, investments and other property belonging to a plan. These are amounts that may be applied to fund the Actuarial Accrued Liability. Note: assets must be segregated and placed in a Trust in order to be considered OPEB assets
- Age-Adjusted Costs – The process of converting flat premiums to average annual health care costs that vary by age.

- Amortization Payment – That portion of the Annual OPEB cost which is designed to pay interest on and to amortize the Unfunded Actuarial Accrued Liability.

In the year that Statement 45 becomes effective an employer is allowed to commence amortization of the Unfunded Actuarial Accrued Liability, over a period not to exceed 30 years.

- Annual Other Postemployment Benefit (OPEB) Cost - An accrual-basis measure of the periodic cost of an employer's participation in a defined benefit OPEB plan. The annual OPEB cost is the amount that must be calculated and reported as an expense.

When an employer has no net OPEB obligation (e.g., in the year of implementation) the annual OPEB cost is equal to the Annual Required Contribution (ARC).

In subsequent years the Annual OPEB cost will include:

- the ARC (equal to the Normal Cost plus one year's amortization of the Unfunded Actuarial Accrued Liability);
- one year's interest on the net OPEB obligation at the beginning of the year using the valuation discount rate; and
- an adjustment to the ARC. This adjustment is intended to provide a reasonable approximation of that portion of the ARC that consists of interest associated with past contribution deficiencies. GASB Statement No. 45 specifies that this adjustment should be equal to an amortization of the discounted present value of the net OPEB obligation at the beginning of the year. The amortization should be calculated using the same amortization method and period used in determining the ARC for that year. If the net OPEB obligation is positive the adjustment should be deducted from the ARC.
- Note: As long as the net OPEB obligation is zero, there will not be any interest charge or adjustment to the ARC. However, if an employer does not contribute the full amount of the ARC, a net OPEB obligation will emerge.
- Annual required contributions of the employer (ARC) - The employer's periodic required contributions to a defined benefit OPEB plan, calculated in accordance with the parameters.
- ASOP 6 – Actuarial Standards of Practice No. 6 (ASOP 6) – Measuring Retiree Group Benefits Obligations and Determining Retiree Group Benefits Program Periodic Costs or Actuarially Determined Contributions, is published by the American Academy of Actuary's Actuarial Standards Board.

- Cadillac Tax – The Patient Protection and Affordability Care Act’s (PPACA) high-cost plan tax (HCPT), popularly known as the “Cadillac tax,” is a 40% excise tax on employer health plans exceeding \$10,200 in premiums per year for individuals and \$27,500 for families. The tax only applies on amounts exceeding these thresholds and is scheduled to take effect in 2020.
- Defined benefit OPEB plan - An OPEB plan having terms that specify the *benefits* to be provided at or after separation from employment. The benefits may be specified in dollars (for example, a flat dollar payment or an amount based on one or more factors, such as age, years of service, and compensation), or as a type or level of coverage (for example, prescription drugs or a percentage of healthcare insurance premiums).
- Defined contribution plan - A pension or OPEB plan having terms that (a) provide an individual account for each plan member and (b) specify how contributions to an active plan member’s account are to be determined, rather than the income or other benefits the member or his beneficiaries are to receive at or after separation from employment. Those benefits will depend only on the amounts contributed to the member’s account, earnings on investments of those contributions, and forfeitures of contributions made for other members that may be allocated to the member’s account. For example, an employer may contribute a specified amount to each active member’s postemployment healthcare account each month. At or after separation from employment, the balance of the account may be used by the member or on the member’s behalf for the purchase of health insurance or other healthcare benefits.
- Employer’s contributions - Contributions made in relation to the annual required contributions of the employer (ARC). An employer has made a contribution in relation to the ARC if the employer has (a) made payments of benefits directly to or on behalf of a retiree or beneficiary, (b) made premium payments to an insurer, or (c) irrevocably transferred assets to a trust, or an equivalent arrangement, in which plan assets are dedicated to providing benefits to retirees and their beneficiaries in accordance with the terms of the plan and are legally protected from creditors of the employer(s) or plan administrator.
- Entry Age Normal Actuarial Cost Method – An actuarial cost method under which the Actuarial Present Value of the Projected Benefits of each individual included in the valuation is allocated on a level basis over the earnings or service of the individual between entry age and assumed exit age(s). The portion of this Actuarial Present Value allocated to a valuation year is called the Normal Cost.
- Explicit Subsidy – The portion of the retiree health premium borne by the employer.
- HCEARA - The Health Care and Education Affordability Reconciliation Act of 2010 was signed into law on March 30, 2010. Together HCEARA and PPACA, or Patient

Protection and Affordability Care Act of 2010 (signed into law on March 23, 2010), comprise what we usually think of as “ObamaCare”.

- Healthcare cost trend rate - The rate of change in per capita health claims costs over time as a result of factors such as medical inflation, utilization of healthcare services, plan design, and technological developments.
- Implicit Subsidy – The implicit subsidy is the difference between average claims cost and the premiums paid for retirees. CalPERS charges the same flat premium for both active employees and retirees. However, retirees are observed to have a higher incidence of ill health (morbidity) on average than active employees. As a result, active employee premiums are subsidizing the cost of the retiree medical plan premiums. Therefore, basing retiree medical valuations on premiums would tend to understate the true liabilities of the plan.
- Investment return assumption (discount rate) - The rate used to adjust a series of future payments to reflect the time value of money.
- Morbidity and Mortality – Morbidity refers to the incidence of ill health within a population. Mortality refers to the incidence of death within a population.
- Net OPEB obligation - The cumulative difference since the effective date of GASB Statement 45 between annual OPEB cost and the employer's contributions to the plan, including the OPEB liability (asset) at transition, if any, and excluding (a) short-term differences and (b) unpaid contributions that have been converted to OPEB-related debt.

Most employers will have no net OPEB obligation at the beginning of the year in which Statement 45 is implemented.

If an employer contributes the annual OPEB cost to the plan each year, and there are no actuarial or investment gains or losses then the net OPEB Obligation will remain zero.

- Normal Cost - That portion of the Actuarial Present Value of benefits and expenses which is allocated to a valuation year by the Actuarial Cost Method. Another interpretation is that the Normal Cost is the present value of future benefits that are “earned” by employees for service rendered during the current year.
- OPEB assets - The amount recognized by an employer for contributions to an OPEB plan greater than OPEB expenses.
- OPEB expense - The amount recognized by an employer in each accounting period for contributions to an OPEB plan on the accrual basis of accounting.

- Other postemployment benefits (OPEB) - Postemployment benefits other than pension benefits. Other postemployment benefits (OPEB) include postemployment healthcare benefits, regardless of the type of plan that provides them, and all postemployment benefits provided separately from a pension plan, except benefits defined as special termination benefits.
- Plan assets - Resources, usually in the form of stocks, bonds, and other classes of investments, that have been segregated and restricted in a trust, or in an equivalent arrangement, in which (a) employer contributions to the plan are irrevocable, (b) assets are dedicated to providing benefits to retirees and their beneficiaries, and (c) assets are legally protected from creditors of the employer(s) or plan administrator, for the payment of benefits in accordance with the terms of the plan.
- PPACA - The Patient Protection and Affordability Care Act of 2010 was signed into law on March 23, 2010. Together PPACA and HCEARA, or Health Care and Education Affordability Reconciliation Act of 2010 (signed into law on March 30, 2010), comprise what we usually think of as "ObamaCare".
- Present Value – See Actuarial Present Value.
- Projected Unit Credit Cost Method – An actuarial cost method under which the projected benefits of each individual included in an Actuarial Valuation are separately calculated and allocated to each year service by a consistent formula.
- Substantive plan - The terms of an OPEB plan as understood by the employer(s) and plan members.
- Unfunded Actuarial Accrued Liability (UAAL) – The excess of the Actuarial Accrued Liability over the Actuarial Value of Assets.
- Valuation date – The date as of which the postemployment benefit obligation is determined.
- Withdrawal Rates – The incidence of termination from active employment within a population.





## **Retiree Medical/OPEB Plans**

### **7/1/16 GASB 45 Valuation**

**February 2, 2017**



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    - Expected Future Premiums and Subsidies
- Pre-Funding Considerations
- Q & A



# Overview



# About Nicolay Consulting Group

- Nicolay Consulting Group (NCG), employs four credentialed actuaries, each has over 25 years of experience is located in San Francisco
- NCG has enjoyed providing actuarial and consulting services to over 120 satisfied government entity clients
- Our clients come from all public sector employers, including school districts, joint power authorities, housing authorities, cemetery districts, sanitary districts, water agencies, community service districts, cities, fire and safety, and so on
- NCG was selected by Kensington Police via an RFP process in August 2016

# KP's Employee/Retiree Profile

- Based on census data collected October, 2016
- 13 enrolled retirees and survivors at Oct. 2016
- 10 active employees at Oct. 2016
- 20% of employees eligible to retire now
- 20% more employees will be eligible to retire in the next 5 years
- 30% more employees will be eligible retire in next 10 years
- Over 56% of the plan participants are already retired
- Requires retiree to be over age 50 at retirement



## KP's commitment to retirees

- CalPERS pension (not covered here)
- Retirees may elect any one of the health plans offered by CalPERS
- All coverages are available: retiree only, retiree + spouse, or retiree + family
- Retirees are also eligible for dental and vision
- KP pays for premiums up to the Kaiser Bay Area rates for coverage selected
- Retirees pay costs in excess of the Kaiser premium plus \$125 per month



# GASB Accounting Requirements

- GASB 43 - Covers the California Employer Retiree Benefit Trust (CERBT) financial statement up to fiscal year ending June 30, 2016
- GASB 45 – Covers employer’s financial statement for its post-employment medical benefit plan up to fiscal year ending June 30, 2017
- GASB 74 - Covers the CERBT financial statements beginning in fiscal year ending June 30, 2017
- GASB 75 - Covers employer’s financial statement for its post-employment medical benefit plan beginning in fiscal year ending June 30, 2018



## What is OPEB?

- Does not include pension liabilities (GASB 68)
- Includes post-retirement medical benefits
- The calculations are based on the net present value (NPV) of future premiums that KP will need to pay for retirees (subject to participation and assumptions about mortality rates, enrollment, retirement dates etc.)



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# Summary of Key Issues

- KP's unfunded Actuarial Accrued Liability (AAL) has risen from \$2.2 million in FY2009-10 to \$3.0 million in FY2016-17
- This is due to:
  - Changing assumptions used to calculate AAL amount
  - Implicit subsidy calculation beginning FY2016-17
  - Health care costs rising more than expected
- The FY 2016-17 balance sheet liability is \$4,078
- Effective FY 2017-18 with GASB 75, the full AAL of \$3.0 million will be posted as a balance sheet liability
- The Present Value of Future Benefits (PVFB) as of July 1, 2016 is \$5.2 million
- KP should expect an annual increase in AAL each year



# Actuarial Valuation Results as of July 1, 2016



# Valuation Results—Plan Liabilities

	(Thousands)	
	July 1, 2016	July 1, 2015
PV of Future Benefits		
• Active	\$2,826	\$994
• Retired	<u>2,405</u>	<u>1,885</u>
Total*	\$5,231	\$2,880
Actuarial Accrued Liability		
• Active	\$1,446	\$479
• Retired	<u>2,405</u>	<u>1,885</u>
Total*	\$3,852	\$2,365

\*May not add due to rounding

- **Present Value of Future Benefits (PVFB):** Cost of all benefits earned and in the future for all plan participants as of the valuation date
- **Actuarial Accrued Liability (AAL):** Cost of benefits earned as of today for all plan participants as of the valuation date





# Valuation Results—Funded Status and ARC

	(Thousands)	
	July 1, 2016	July 1, 2015
PV of Future Benefits	\$5,231	\$2,880
Actuarial Accrued Liability	\$3,852	\$2,365
Market Value of Assets	<u>805</u>	<u>631</u>
Funded Status*	\$3,047	\$1,734
Normal Cost	\$184	\$54
Amortization of Unfunded	<u>220</u>	<u>120</u>
Annual Required Contribution*	\$405	\$174

\*May not add due to rounding

- **Normal Cost (NC):** Cost of benefits earned during the current year
- **Annual Required Contribution (ARC):** Actuarially determined contribution
- While there is no requirement to prefund retiree medical plans, doing so adds flexibility in managing both the District’s Benefit Policy and cash flow



# Valuation Results—Assumption Changes

(Thousands)	Changes in AAL	Percent
<b>Expected Change in AAL</b>		
• Normal Cost, Interest, Benefit Payments	\$25	1%
<b>Key Changes</b>		
• Age-Related Implicit Subsidy	865	37%
• New Health Care Cost Trend Rates	375	16%
• New Retiree Contribution Provision	(263)	(11%)
• Other Assumption Changes	278	12%
<b>Experience from New Census</b>		
• Retirement, Mortality, Waive, etc.	<u>207</u>	<u>8%</u>
<b>Total Changes</b>	<b>\$1,487*</b>	<b>63%</b>

\*May not add due to rounding

- Table shows the key sources of change in the Actuarial Accrued Liability





# Key Assumptions

Assumptions	2016/2017	2015/2016
Discount Rate	7.28%	7.00%
Initial Trend Rates:	Pre-65: 8.00% Post-65:: 5.50%	4.00%
Ultimate Trend Rate:	Pre&Post-65: 5.00%	
Claims Cost	Age and Gender Adjusted Premiums	Premiums
Withdrawal Rates	CalPERS 2014 rates	CalPERS 2009 rates
Retirement Rates	CalPERS 2014 rates	CalPERS 2009 rates
Mortality	CalPERS 2014 rates with Scale MP-2014	CalPERS 2009 rates without Mortality Improvement

\* Ultimate health trend rate for Pre and Post-Medicare is reached by 2030 and 2019, respectively.



## ASOP 6 Implicit Subsidy: A New Liability

- Actuarial Standard of Practice No. 6 (ASOP 6)
  - New requirement to reflect implicit subsidies in accounting liabilities
  - Effective for Fiscal Years beginning after 3/31/15
- What is an implicit subsidy?
  - Premiums paid for active and retiree benefits are calculated by CalPERS and PORAC
  - CalPERS and PORAC calculate a single flat premium rate unadjusted for age or gender
  - Older participants cost more than younger and males cost differently from females
  - Increased AAL by 865 thousand

# Valuation Results—Explicit vs. Implicit AAL

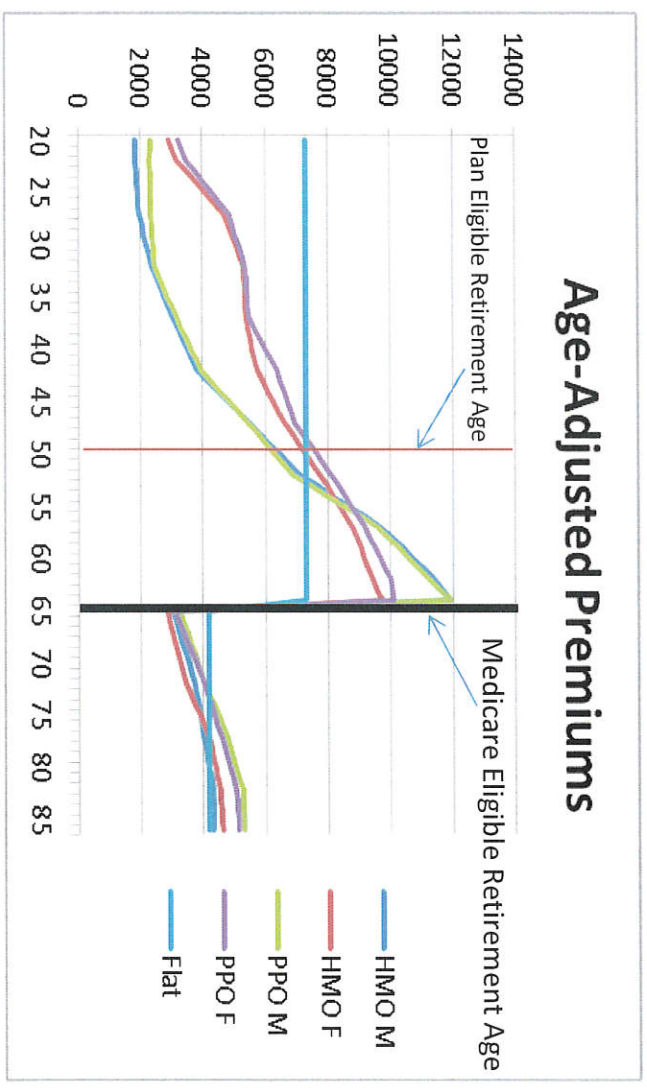
	(Thousands)	Explicit	Implicit	Total
PV of Future Benefits				
• Active		\$1,272	\$1,089	\$2,361
• Retired		<u>168</u>	<u>111</u>	<u>279</u>
Total		\$1,440	\$1,200	\$2,640
Actuarial Accrued Liability				
• Active		\$741	\$573	\$1,314
• Retired		<u>168</u>	<u>111</u>	<u>279</u>
Total		\$909	\$684	\$1,593

\*May not add due to rounding

- **Explicit Costs:** The Authority’s liability towards retiree health premiums
- **Implicit Costs:** The amount premiums understate the average cost of retiree claims



# Implicit Subsidy: Doesn't Increase Cash Cost



- The pre-Medicare retirement health plan is in-between the red and black vertical lines
- Accounting cost are based off of the curves instead of the flat blue line
- Implicit subsidy for retirees is paid for by active's premiums
- The average age of District employees is 43.5, so subsidy is paid for by other employers



# Prefunding Considerations



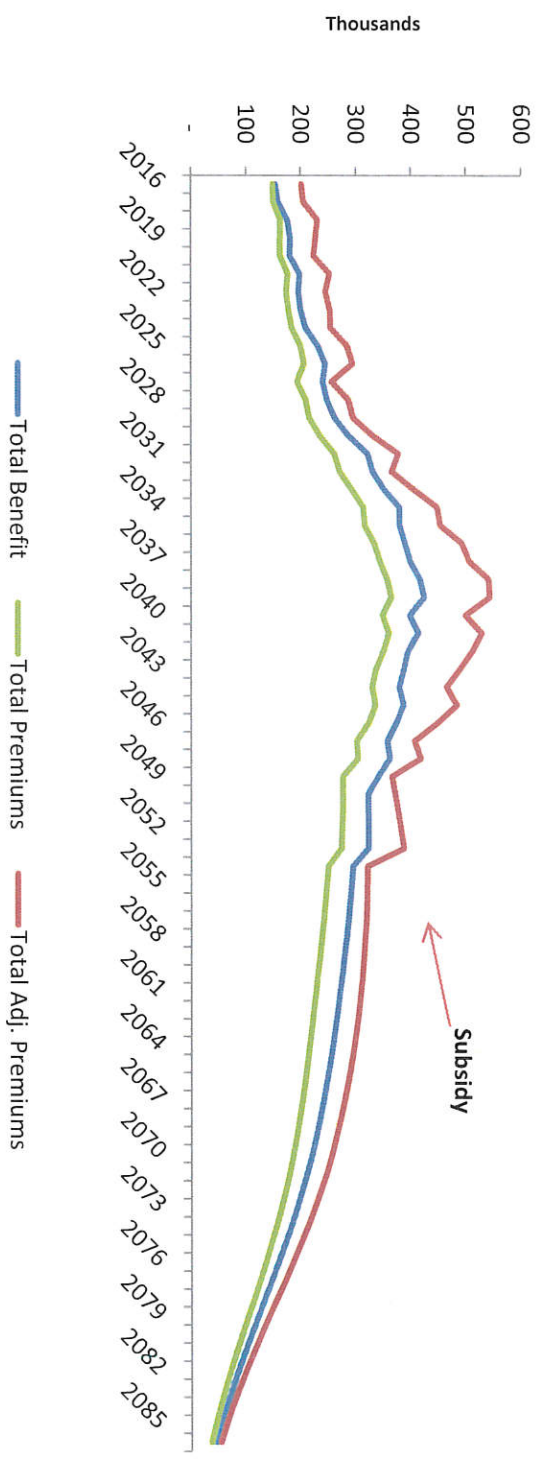


## Prefunding Considerations

- Prefunding the liabilities helps manage the impact of volatility on cash flow and lowers the balance sheet liabilities.
- Benefit payments average \$200,000 over the next 10 years
- Any meaningful asset build up will be due to contributions in excess of benefit payments over that period
- Annual Required Contribution (ARC) in FY 2016-17 is \$404,577
  - KP may not want to prefund some or all of the implicit subsidy, even though the GFOA recommends doing so
  - The implicit subsidy portion of the ARC is \$118,606

# Expected Future Premiums and Subsidies

Expected Future Payments



- The Retiree pays for the cost of premiums in excess of the Employer's cost
- The implicit subsidy is considered an Employer liability
- The implicit subsidy is "funded" through active premiums



# Discount Rate—No/Partial/Full ARC Funding

Funding Policy	Approximate GASB 45 Discount Rate
No Prefunding (i.e., Pay-go Funding Only)	4.25%
Partial Prefunding	5.75%
Full Prefunding (i.e., Explicit and Implicit Subsidies)	7.28%

- No Prefunding: Liability discounted using expected long-term rate of return on employer assets (4.25% assumed)
- Partial Prefunding: Liability discounted using a blend of No and Full prefunding rates of return
- Full Prefunding: Liability discounted using expected long-term rate of return on Trust assets (7.28% assumed)



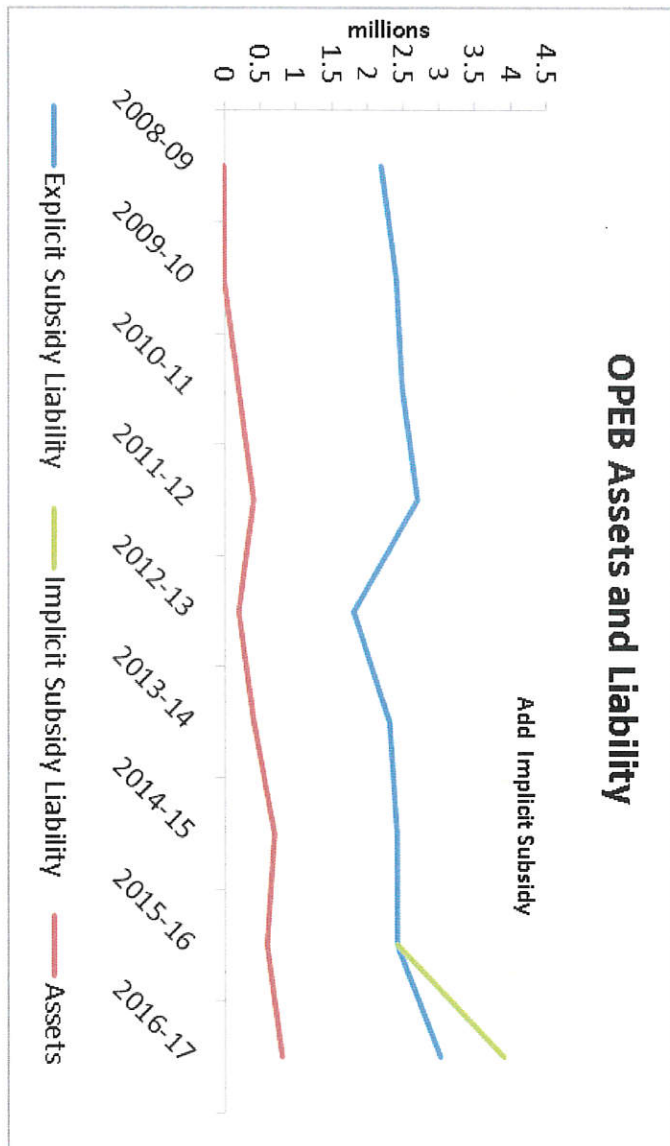


## Implicit Subsidy Funding Strategies

*If you don't want to prefund implicit subsidies, but want a higher accounting discount rate:*

- Consider shifting active employee implied subsidies from cash to (GASB 45/75) accrual accounting (no guidance if cross-employer)
- Consider a funding policy that over-funds the accounting explicit subsidy for good reason:
  - Targeted Funding Level: Set a target funding level, say 120% of the explicit subsidy liability, to act as a hedge against future losses (e.g., ad hoc maximum benefit limit increases, asset declines, system unsustainability, etc.)
  - Conservative Assumptions: Base funding policy on a more conservative set of valuation assumptions than your accounting policy to act as a hedge against future experience losses (fund at 4.0% discount rate and account at 7.0% discount rate)

# Pre-Funding Lowers the Liability and ARC



- Should you prefund the implicit liability if it isn't anticipated to be a cash cost?
- Declining to prefund a portion of the liability may mean a lower discount rate
- But the AAL, including implicit subsidies, is ~\$4 million





## GASB 75 Overview

GASB 75 is effective in FY's beginning after 6/15/17

- Puts the unfunded liability on the balance sheet
- Lowers the discount rate for unfunded liabilities
- Shortens the amortization of unanticipated costs, making accounting costs more volatile
- Greater need to manage risks via:
  - Investment Policy
  - Benefit Policy
  - Funding Policy
  - Accounting Policy

## Comparison of Discount Rates (GASB 45 and GASB 75)

Funding Policy	Approximate Discount Rate	
	GASB 45	GASB 75
No Prefunding (i.e., Pay-go Funding Only)	4.25%	3.00%
Partial Prefunding	5.75%	4.75%
Full Prefunding (i.e., Explicit and Implicit Subsidies)	7.00%	7.00%

- GASB 45: Unfunded liabilities are discounted using long-term return of employer assets (4.25% assumed)
- GASB 75: Unfunded liabilities are discounted using rate on 20-year, tax exempt general obligation municipal bonds rated AA/Aa or higher (3.00% assumed)
- GASB 45 and GASB 75: Pre-funded liabilities are discounted using Trust long term target return (7.00% assumed)

# KP Retiree Medical/OPEB Plans 7/1/16 GASB 45 Valuation

