

**KENSINGTON POLICE PROTECTION &
COMMUNITY SERVICES DISTRICT
Consolidation/Reorganization Committee**

Report of Findings and Recommendations
January 16, 2025

Summary of Findings

The Committee finds that the benefits to Kensington of combining the Kensington Police Protection and Community Services District with the Kensington Fire Protection District are substantial and recommend that the board consider doing so

Key Committee Recommendations

- “Reorganization” via annexation/dissolution over a “consolidation”
- A combined board will be established initially made up of 11 members. All board members from KFPD & KPPCSD be transferred to/serve on the combined board with the additional member appointed the existing board members. The board will later shrink with 3 seats up for election in 2026 and 2 in 2028
- Both districts include a commitment to continue to maintain and seek to improve services currently provided in any resolution put forward
- Adopt the staffing structure agreed to by both boards at the June 5, 2024 Joint Meeting
- Notify KFPD, the City of El Cerrito and other interested parties at least 21 days prior to a vote on applying to LAFCO for reorganization
- Suggest the name of the combined district be the Kensington Community Services District or the Kensington Public Safety and Community Services District

Considerations related to combining districts

- **Financial savings:** a professional third-party analysis of combining the districts indicated savings of ~\$120,000-300,000 per year, totaling over \$1.8m over 9 years
- **Improved staffing support:** the combined district would support multiple full-time positions, including General Manager and Finance Manager, focused exclusively on Kensington, allowing for more efficient and greater service, more robust responses to issues
- **Organizational resilience:** the vast majority of both districts' management is reliant on one individual. Having multiple staff members with distributed responsibilities allows the organization to better accommodate turnover in staff or absences
- **Improved government access:** rather than multiple, separate local governments, members of the public would have one local government to bring concerns to and hold to account. Unclear jurisdictional boundaries are removed.

Considerations related to combining districts

- **Improved board efficiency:** local government decisions can be adjudicated with respect to all local municipal services, without the need for intergovernmental liaising. There is one ultimate authority for decision-making, accountable for local efforts and public priorities regarding Public Safety and Emergency Preparedness in Kensington.
- **Increased board scope:** the board will be responsible for more services in the combined district, requiring either more time or less individualized attention.
- **Reduced budgetary pressure:** currently, only the KPPCSD is faced with budgetary constraints and tight fiscal management (third-party analysis indicates it has been successful), while KFPD has greater fiscal flexibility. In a combined district, that budgetary pressure is alleviated. However, fiscal responsibility still must be maintained via good governance.
- **Increased budgeting flexibility:** the combined district would be able to allocate funds to local needs as determined by the board of directors (consistent with public priorities); this may result in a different breakdown in spending from current levels.

What are Consolidation and Reorganization?

Two processes for combining, both result in a Community Services District:

1. Consolidation - Both districts are dissolved and their functions, services, assets, liabilities, contracts, boards of directors, etc. are transferred to a newly created CSD
2. Reorganization (Dissolution/Annexation) - The KFPD is dissolved and annexed by the KPPCSD with all of its functions, services, assets, liabilities, contracts, boards of directors etc. transferred to the KPPCSD

Recommend Reorganization

Reorganization	Consolidation
Much more frequently employed process; Contra Costa LAFCO has extensive experience	No consolidation in County for over 20 years. More cumbersome process
Simplified - KFPD merges into KPPCSD	Re-creation/set up of new district
Lower anticipated legal costs as assets, liabilities, contracts, etc. of only the KFPD need to be transferred to another organization	Higher anticipated legal as assets, liabilities, contracts, etc. of both KFPD and KPPCSD need to be transferred to new district
No new CalPERS contract would be required	New district inherits KPPCSD's CalPERS contract in short-term though required to replace it with a new contract in long-term; no increase to CalPERS costs, but requires additional legal costs and staff time

Key distinction between Consolidation and Reorganization

While the directors currently serving on the KFPD and KPPCSD would serve equally in a “reorganized” district, the initial organizational structure and bylaws will be that of the KPPCSD, modified as required by the reorganization process.

A consolidated district would be a true “clean slate” from which to start - but require additional time and effort to build from scratch.

Combined District – Name and Services

- To avoid an unreasonably long name, this committee recommends that the newly combined district be: Kensington Community Services District (KCSD)
- If explicitly calling out public safety services are desired: Kensington Public Safety and Community Services District
- This committee recommends that both districts include a commitment to continue to maintain and seek to improve the services currently provided by both districts in any consolidation or reorganization resolution.

Combined District – Board of Directors

Initial Composition

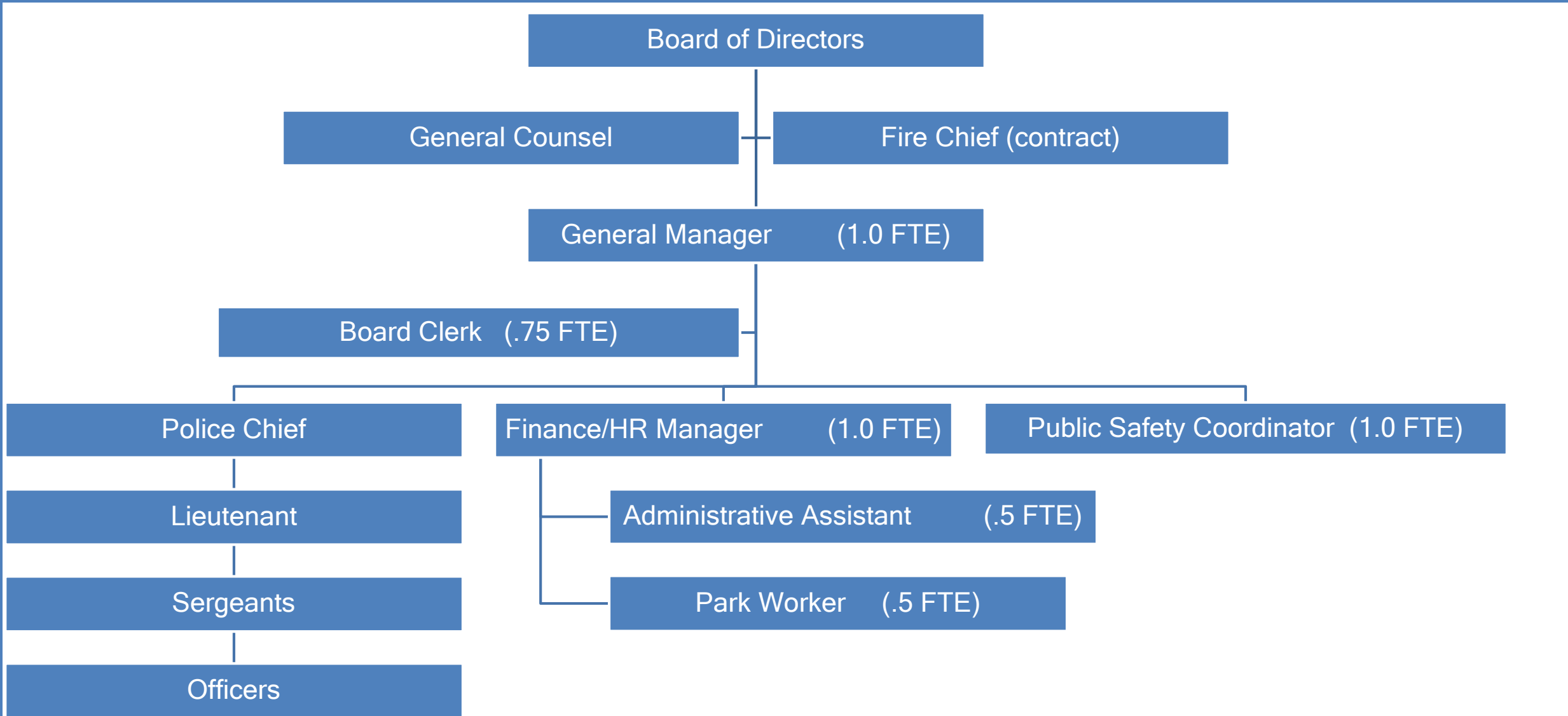
- Community Services Districts are limited to a 5 member board (GC 61040); can temporarily have an 11 member board made up of all currently serving directors from both boards (GC61030); the 10 directors would then select an 11th member via normal vacancy process (GC1780 board appointment or call a special election). This 11th board member would serve until the next even-year general election.

Elections

- As board members' terms expire, the board will shrink until it has 5 members; 2026 election would elect 3 directors to replace the 7 whose terms are expiring, resulting in a 7-member board. After the 2028 election (2 directors - replacing the 4 whose terms are expiring) there will be 5 board members as required.

Projected Evolution of Combined District Board of Directors

Post-reorganization/consolidation	2026 election	Post-2026 election	2028 election	Post-2028 election
Rick Artis (KFPD) Alexandra Aquino-Fike (KPPCSD) Cassandra Duggan (KPPCSD) Sarah Gough (KPPCSD) Sylvia Hacaj (KPPCSD) Daniel Levine (KFPD) Danielle Madugo (KFPD) David Spath (KPPCSD) Jim Watt (KFPD) KFPD appointee (KFPD) Board member 11 (KCSD)	Vote for 3	Rick Artis (KFPD) Sylvia Hacaj (KPPCSD) Danielle Madugo (KFPD) David Spath (KPPCSD) 2026 Elected 1 (KCSD) 2026 Elected 2 (KCSD) 2026 Elected 3 (KCSD)	Vote for 2	2026 Elected 1 (KCSD) 2026 Elected 2 (KCSD) 2026 Elected 3 (KCSD) 2028 Elected 1 (KCSD) 2028 Elected 2 (KCSD)



Combined District - Staffing Structure

Combined District – Standing Committees

- Finance Committee
- Emergency Preparedness Committee

Note: when the board has 11 members, up to 5 directors may serve on a committee; when the board reduces to 7 members, that reduces to 3; and with the 5 member board only 2 may serve.

Combined District – Tax Revenue

- Receives the sum of the two individual districts under reorganization or consolidation
- LAFCO will obtain confirmation of tax transfer
- Under reorganization KFPD property taxes and special taxes will be transferred to KPPCSD
- Under consolidation KFPD and KPPCSD property taxes, special taxes and fees will be transferred to the new district.
- LAFCO will include as part of the findings to consider at their first hearing

Combined District – Tax Revenue (con't)

- Discussions with Contra Costa LAFCO, the County Auditor's office, and Kensington's County Supervisor John Gioia indicate that all expect under reorganization or consolidation all tax revenues will be transferred, no more or less.
- This will be concretely set during the consolidation or reorganization process, after the districts apply to LAFCO, which will obtain confirmation of the tax transfer and include it as part of the findings considered at the first hearing on the matter.
- In such case that the amount of tax revenue would be reduced relative to the individual districts, the consolidation or reorganization process can be halted at that point and the districts would remain separate.

Combined District – Reserves

- Current reserves should remain in place, specifically:
 - KFPD Rolling Stock Reserve
 - KFPD El Cerrito Contract Reserve

Combined District – OPEB Trusts

- Both districts have fully funded Other Post Employment Benefit (OPEB) trusts
- Neither have OPEB trust policies governing usage of funds; however, the use is restricted in accordance with the Internal Revenue Code and cannot be used for any other purpose. The committee recommends that under a combined district an OPEB trust policy be created.
- The trusts may or may not need to be merged (to be determined). Should the trusts be merged the committee recommends that since KFPD's beneficiary pool is closed and ~160% funded, in a combined district's OPEB trust policy, KFPD OPEB costs would continue to be met from the OPEB trust before any other use of the OPEB trust funds.

Combined District – Board Officers

- After a reorganization, this committee recommends that the current KPPCSD Board officers (President and Vice President) resign so that the full board may elect the Board officers for the remainder of the calendar year in which reorganization occurs.
- After a consolidation, the board will hold an election for board officers immediately, as there would be no currently serving board officers.

Combined District – Staff

- Once reorganization/consolidation is approved, districts should begin staffing searches for full-time GM, Finance/HR manager, and Public Safety Coordinator
- KPPCSD's current GM (or interim GM if no GM has been appointed) would continue as the combined district's GM (or interim GM)
- KFPD's current GM would serve as a consultant for the combined district to assist in the transition until a full-time GM can be hired
- KFPD executive assistant/board clerk would also continue in the combined district, providing supplementary services as required until a new permanent board clerk position can be finalized

Process for Combining Districts

- Initial Application
- LAFCO Hearing Process
- Protest Process