

**Meeting Minutes for 6/22/17**

A Special Meeting (Closed Session) of the Board of Directors of the Kensington Police Protection and Community Services District was held Thursday, June 22, 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	Ann Danforth, District's Legal Counsel
Eileen Nottoli, Vice President	Deborah Russell, District's CPA
Len Welsh, Director	Linda Lipscomb
Sylvia Hacaj, Director	Karl Kruger
Vanessa Cordova, Director (by phone)	Jim Watt
	Pat Gillette
<u>Staff Members</u>	Andrew Gutierrez
Anthony Constantouros, GM	Larry Nagel
Rickey Hull, ICOP	
Lynn Wolter, District Administrator	
<u>Press</u>	
Linnea Due	

President Sherris-Watt called the meeting to order at 6:39 P.M. President Sherris-Watt, Vice President Nottoli, Director Welsh, Director Hacaj, GM Constantouros, ICOP Hull, and District Administrator Wolter were present. President Sherris-Watt announced that Director Cordova would be participating, by phone, from Via Ghibellina 42, Florence, Italy.

**CLOSED SESSION PUBLIC COMMENTS**

None.

The Board entered into Closed Session at 6:40 P.M.

**CLOSED SESSION**

- a. Conference with legal counsel – anticipated litigation: Significant exposure to litigation pursuant to paragraph (2) of subdivision (d) of California Government Code Section 54956.9 (one potential case).
- b. Public Employee, employment, discipline, or dismissal: The Board was briefed on personnel matters pursuant to Government Code Section 54957(b)(1). Three items.

The Board returned to Open Session at 7:43 P.M.

President Sherris-Watt took roll call. She, Vice President Nottoli, Director Welsh, and Director Hacaj were present. Director Cordova participated by phone from Via Ghibellina 42, Florence, Italy.

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

ICOP Hull reported that the video equipment wasn't working, so only an audio recording would be made.

### PUBLIC COMMENTS

Larry Nagel, a Fire District Director reminded everyone that there would be a presentation on Saturday, June 24, 2017, to discuss the plans for Kensington's firehouse. He said it would be a "monumental undertaking."

Linda Lipscomb announced that Pat McLaughlin had passed away. Ms. Lipscomb said Ms. McLaughlin had been a pillar of the community, having served on the KPPCSD Board and on many community committees. She said that Ms. McLaughlin had worked for Pillsbury Madison and Sutro, and had raised a daughter, Cathy, who had been born with Down syndrome and had lived much longer than thought because of Ms. McLaughlin's good care. Ms. Lipscomb concluded by saying that Ms. McLaughlin was an adept Board and committee member and was worthy of respect and gratitude and that she hoped everyone would remember her.

Director Welsh noted that Ms. McLaughlin made wise contributions to meetings and that he would miss her.

Karl Kruger said that there had not been a financial statement at the last meeting and that there was not one in this evening's packet. He said that it made him nervous not to have a financial statement and that the last one provided had been in April. He noted that, if he were sitting at the Board table he'd be really nervous. He asked when people could look forward to receiving the next financial statement. President Sherris-Watt responded that there should be one in the July packet.

Jim Watt said he commented, at the Board's prior meeting, that there were many aspects of the Fire District's plans that should be discussed by the KPPCSD Board, given that the Fire Board expected the KPPCSD to pay for one-third of the cost. He said he'd asked that a discussion of these plans be placed on the agenda, in accordance with Section 5020 of the Policy Manual, which allowed members of the public to ask for items to be placed on the agenda, with the final decision made by the GM. He said that his item hadn't been placed on the agenda and that he wasn't pleased with the way it had been handled. He provided his perspective about the Fire District's plans. He noted there was information in the June Outlook, on the Fire District's website and presented at the Kensington Property Owners' Association's Board meeting:

- Cost of the proposed building could be as much as \$12 million, with the KPPCSD expected to pay \$4 million of this.
- Annual cost to the KPPCSD: \$317,000, which it could not afford without making cuts in police service or seeking taxpayer help.

He suggested that an alternative would be upgrading the existing structure. He noted that the Outlook article had reported that it would not be possible to bring the existing building into seismic compliance. But, he said the seismic analysis on the Fire District's website indicated that these repairs could be made and that this could make the building available for immediate occupancy, following a seismic event. He said reports had indicated that the building didn't meet ADA requirements but that no ADA analysis had been done. He noted the first and second floor were accessible. He said the Outlook article had

reported that the building didn't meet current operational needs, but that he thought many of the changes were unnecessary. He cited that a seismic upgrade would cost \$750,000 and would total about \$1 million, including soft costs: Thus, the KPPCSD would be responsible for about \$330,000 of this, or about \$25,000 annually.

Mr. Watt said that the proposed plan would double the building's current size, from about 5,800 square feet to about 11,800 square feet and would reduce the number of parking spaces. He said the plans called for three bays, although the Fire District owned only two fire trucks. He asked if the building should include a large public conference room, when the KPPCSD had plans to upgrade the Community Center. And, he suggested consolidating restrooms into gender-neutral ones. He said this could reduce the number of square feet to about 7,000: With costs averaging about \$1 million per square foot, this could result in significant savings. He concluded by encouraging the Board to do more homework.

Pat Gillette said she echoed Jim Watt's comments and added that the two Districts were obligated to serve the residents and ensure financial security. She said she hoped there would be public discussion among the KPPCSD Board because she wanted to know what the Board's position on it was. She added that this proposed project threatened the financial security of the District, that she hoped this wasn't what the Board wanted, and that this wasn't the will of the community. She said she hoped there would be consideration of other, less expensive, alternatives such as relocating or retrofitting and concluded by saying she hoped the KPPCSD Board wouldn't be passive and let this happen.

Andrew Gutierrez welcomed Tony Constantouros and said that the transition to a GM had been a long time coming. He said that, twelve years earlier, during former IGM/COP Barry Garfield's tenure, the issue of the combined GM/COP position had been raised several times. But, he said the issue of cost had been a concern. He cited drawbacks of the positions being combined:

- High legal costs
- Lack of Police oversight
- Scandal
- Credit card misuse
- High garbage rates
- Poor traffic enforcement
- Rancorous meetings
- Important issues being discussed in secret because of the Police Officers' Bill of Rights

He said he was pleased that Rickey Hull had accepted the position of IGM/COP. He added that people should be thankful that he had accepted the job. He noted that some were of the opinion that IGM/COP Hull was unqualified by reason of education and that he'd not been properly vetted and noted that IGM/COP Hull's predecessors had been properly vetted. He said that ICOP Hull worked well with the Board, had 20 years of experience, was honest, showed good judgment, had common sense, got things done, and had shown commitment to the community. He said that some were pre-empting discussions on future police services, citing signs throughout the community that said to keep Kensington's police department independent. He said that this was a return to the "past mentality" and that civic-minded people were calling for a full analysis of what would be best for the community, in terms of cost and quality of police services. He noted that some had cited that Kensington was the fifth safest community in California but that three of those five communities had contracted out police services. He said fire services had been contracted out to El Cerrito and served as a good template. He concluded by saying he was confident that the Board would approach the Fire Building with the same openness and integrity it had with other issues.

### **BOARD COMMENTS**

President Sherris-Watt announced that the Finance Committee would meet the following Wednesday, at 7:00 P.M.

Director Welsh said it was essential for people to attend the June 24<sup>th</sup> meeting: It would be the first time the community would have a chance to engage with the Kensington Fire District. He said that the Community Center and the Public Safety Building were the two biggest capital projects for the community. He said that the two Districts needed to work together to manage the fiscal burden on the taxpayers and that, if the Districts didn't work together and there was a lopsided burden on one side, there would be a probability/possibility of having to go to the taxpayers to ask for more money. He said he looked forward to a reasoned discussion at the Saturday meeting.

### STAFF COMMENTS

ICOP Hull said that he'd met Pat McLaughlin in 1996, that they'd been friends, and that he hadn't known she'd passed away. He said the last time he'd seen her had been at the El Cerrito Plaza and he'd offered her a ride home.

President Sherris-Watt thanked people for their remembrances and said it had been very nice. She added that Pat McLaughlin had been a committed member of the Finance Committee and had made important contributions.

### CONSENT CALENDAR

President Sherris-Watt asked if anyone wanted to make corrections to the minutes.

A. Stevens Delk noted that the footer was incorrect and needed to be changed to June 8, 2018.

Director Welsh asked that, in the second paragraph under Board Comments on page six, the words "on the community as a whole" follow the words "least budgetary impact."

President Sherris-Watt noted that, with respect to page five, there had been an update, prior to the Board meeting, that had corrected Director Hacaj's location in the Czech Republic: The name of the city should have read "Cvrcovice" instead of "Curcovice." President Sherris-Watt clarified that District Administrator Wolter had copied this correctly from the first agenda, but there had been an update that had changed the "u" to a "v." President Sherris-Watt added that this location also appeared on page four.

Director Cordova said that the roster of attendance should have included Director Hacaj and herself as having attended by teleconference. She said that, according to Government Code 54953(b), teleconferencing was attending. She noted that she and Director Hacaj had commented and voted throughout the meeting.

**MOTION: President Sherris-Watt moved, and Director Welsh seconded, to approve the Consent Calendar, with the June 8, 2017 minutes as amended.**

**Motion passed: 5 – 0.**

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

### NEW BUSINESS

7. The Board considered and adopted Resolution 2017-16, prepared by NBS, confirming the assessment and ordering the levy for the Kensington Park Assessment District for fiscal year 2017-18.

Jim Watt asked whether the \$37,000 in revenue was shown in the budget. District Administrator Wolter responded that this appeared in the revenue section as Account 424, was identified as the Landscape and Lighting District, and was for the new part of the park.

**MOTION: President Sherris-Watt moved, and Director Hacaj seconded, to adopt Resolution 2017-16 to confirm and order the assessment of the levy for the Kensington Park Assessment District for the fiscal year 2017-18.**

**Motion passed: 5 – 0.**

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

8. The Board considered and adopted Resolution 2017-15, authorizing General Manager Tony Constantouros to transfer monies from the Local Agency Investment Fund.

President Sherris-Watt introduced the item and said that the resolution named only Tony Constantouros and needed to match the adjoining form. Thus, she said that only Tony Constantouros would be authorized.

**MOTION: Director Welsh moved, and President Sherris-Watt seconded, to adopt Resolution 2017-15, authorizing General Manager Tony Constantouros to transfer monies from the Local Agency Investment Fund.**

**Motion passed: 5 – 0.**

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

9. The Board discussed and adopted Resolution 2017-12, the annually permitted CPI increase to the Measure G Special Supplemental Tax for its inclusion in the Fiscal Year 2017/18 Budget. The Board considered one of three actions: not increasing the tax; increasing the tax below its CPI maximum; or approving the maximum CPI addition.

President Sherris-Watt introduced the item by saying that Measure G contained a CPI and that, every year, the Board needed to decide whether to increase the tax to its maximum level, which for the current year was 3.789%; not to increase the tax; or to increase the tax to a level less than the maximum. She noted that, if the increase were not to be included, it could not be reclaimed at any point in the future.

Mabry Benson and A. Stevens Delk asked for clarification about the manner in which increases could be implemented. Legal Counsel Ann Danforth responded that Measure G had been implemented to address the tax lagging behind the rate of inflation but that increases were limited to the CPI from April to April: If the Board did not increase the tax in a particular year the Board could only consider the subsequent year's 12-month, April-to-April, CPI. She said there would be no possibility of a catch-up.

President Sherris-Watt reported that this issue had come before the Finance Committee and that there had been some disagreement about it: A minority of the Committee had voted against any increase because it didn't want to burden those taxpayers who had limited incomes. She said the majority of the Committee thought the revenue needs were such that the Board should look for revenue wherever it could.

Pat Gillette said it would be irresponsible of the Board not to pass this increase because of the District's significant financial challenges: the Community Center and, perhaps, the Public Safety Building. She added that those on limited incomes would want to know the District would be providing the expected level of service.

Director Cordova said that the CPI escalator was not compulsory and that part of the language of Measure G stated that the GM had to make a case that the additional revenue was needed. She said she'd read the GM's report but didn't see any persuasive argument for the increase. She asked to hear from the GM.

Legal Counsel Ann Danforth said the increase was not compulsory but said she didn't recall any language in the measure that required the GM to show necessity – she asked if Director Cordova could advise what the language was. Director Cordova responded that it was in Section 3 and that she'd provided this to the GM and Legal Counsel earlier in the day. President Sherris-Watt noted that Measure G funds could only be used for police protection service. Director Cordova said that there was a need to control costs instead of going to the taxpayers and that she didn't mind voting for it if there was a strategy to find cost savings. Director Welsh read Section 3. Director Cordova responded that the language to which she had referred was in Section 4, which Director Welsh then read: It stated that the GM needed to create a separate account into which the revenue raised was to be placed and to report, at least once a year, on the amount of funds collected and spent under the ordinance and the status of any project being carried out with funds collected under the ordinance.

President Sherris-Watt said that she was sympathetic to people on both sides of the argument, that she had voted against Measure G increases in the past, but that she was aware that the District had pressing issues. She said the Board had just hired a GM who had not yet had the chance to identify possible cost savings.

Director Welsh said that he was in agreement and that a good way to go about fiscal prudence was to keep pace with ongoing price increases, due to inflation. He also noted that it was less painful to pay tax increases incrementally each year than to hold back that then have to ask for a larger increase because of having fallen behind.

**MOTION: Director Welsh moved, and Director Hacaj seconded, to adopt Resolution 2017-12 the annually permitted CPI increase in the Measure G Special Supplemental Tax for inclusion in the Fiscal Year 2017-18 Budget and that the increase be approved at the maximum CPI addition.**  
**Motion passed: 4 – 1.**

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

10. The Board reviewed the adoption of a rental agreement between the KPPCSD and the Kensington Fire Protection District for the use of office and parking space at 217 Arlington Avenue.

President Sherris-Watt reported that she had been authorized by the Board to negotiate with the Kensington Fire Protection District (KFPD). She said that the Board Packet contained documents from prior years' budgets and that line item 830 – Police Building Lease, in the 2012-13 Budget, had been \$30,596. She noted that this amount had increased by 3% the following year to \$31,514. For the subsequent three years, she reported the rent had dropped to \$1.00 per year. She said that she'd also reviewed the minutes of both Boards and that the KFPD minutes from June 2014 had indicated, under new business, that it had approved a three-year lease with the KPPCSD: The minutes cited the KPPCSD's financial difficulties as the reason for this lease and that it was not that Board's intention to continue the \$1.00 per year rent beyond the three-year period.

President Sherris-Watt said that, when she began meeting with KFPD Vice President Janice Kosel, the KFPD had no intention of continuing the \$1.00 per year lease. She reported that the KPPCSD occupied 2,900 square feet of the 5,800 square foot building. She said she'd looked at Kensington commercial rental properties, but none had been available; thus, she'd looked to modular space companies and had received a quote of about \$26,000 per year, amortized over three years. However, she said, this would have been for 1,000 fewer square feet, without any parking. She said \$26,000 had been her opening offer and the KFPD's opening offer had been \$60,000. The amount settled upon was an annual lease of

\$35,468.05, which had been derived by applying 3% increases to each of the three years during which \$1.00 had been paid, with a term of 18 months paid on a month-to-month basis. All other terms, she said, would remain the same as they had been in the past. She added that the term was meant to take both Boards to the start of the Public Safety Building renovation.

Director Welsh asked if the KFPD had taken a vote on this proposal yet. President Sherris-Watt responded that the KFPD Board had voted upon and rejected her \$26,000 proposal unanimously. She added that the KFPD had voted in favor of the \$35,468.05 annual lease amount and that, if the KPPCSD Board voted to approve – pending legal approval, the document would become effective July 1, 2017.

Director Welsh said this was penny-wise and pound-foolish because the Districts needed to think about the single community, and how best to serve it, and to stop thinking in terms of “turf.” He said the Boards needed to start thinking about the upcoming expenses and to provide the best possible single governmental presence. He said he wouldn’t vote against the proposal but asked that the Fire Board members think more about the future and “get off this rental thing.”

President Sherris-Watt said she disagreed and said the Districts were two separate entities – the Fire District has its own legal counsel, its own manager, and its own Chief. She added that she didn’t see this as a loss of funds as a community member: It was moving categories. She added that she would fight for the KPPCSD’s dimes and budget. But, she said that she didn’t feel the discussion about rent was outside the norm and that the lease amount was below the market rate for commercial real estate. She also said she understood the need to indemnify because of the possibility of a slip-and-fall.

Karl Kruger said that the community owned the building and that it was not a fire station: It was a safety building that had been paid for and belonged to the community. But, he said there were annual maintenance costs, which were budgeted at \$18,140 (including water and gardening services) for the upcoming fiscal year. He said that, if the KPPCSD had to pay anything, it should be a percentage of the annual maintenance costs. He noted that all the fire department was going to do was give this money to El Cerrito. He said that the KFPD Board had voted a week earlier to increase the amount paid to El Cerrito for the fire service contract by 10.7% and that El Cerrito had given its firefighters a 3% pay increase. In the previous year, he said the KFPD had increased its payment to El Cerrito for the fire service contract by 7.79% - in a year when inflation had been 2.7%. He said he didn’t like subsidizing El Cerrito because the KFPD wasn’t willing to stand up to it. Thus, he said that he didn’t want the KPPCSD to pay any more than \$1.00 but that, if the Board wasn’t willing to do that, then it should pay only a percentage of the annual maintenance costs.

Director Cordova said that she had spoken with the Fire District Manager earlier in the day and that she’d been told that the 20-year average for capital improvements had been approximately \$103,000 per year. She noted that the Kensington Police Department occupied 35% of the building. She said this manager also informed her that these kinds of capital lease obligations between government agencies were common throughout the County. She added that most agencies that charged back to other agencies did so at market rate.

President Sherris-Watt said that, with respect to the repairs mentioned by Mr. Kruger, there had been \$40,000 of damage to the evidence room the prior year. Thus, she said that if the KPPCSD had been asked to pay for that it would have been costly. However, she said the KFPD had indicated it thought there would be few repairs in the coming year.

Celia Concus said that the Fire District had big expenses and needs and should be reimbursed for its maintenance costs.

Linda Lipscomb said that in one town there would be interdepartmental charges. The difference, she said, was that, in such a case, there was a single revenue source and a single board deciding where those funds should be allocated. She said that, in Kensington, there were two separate Districts but that she thought there should be one town, with one revenue stream, headed up by a GM, and decisions made in the best interests of the allocation of the revenues for fire and police protection and for the park and

recreation. She said both Districts faced significant costs with respect to the Public Safety Building and the Community Center. She noted that, on pages 31 – 39 of the document the Fire District had posted on its website, it said the Public Safety Building was “in generally good shape” from a seismic standpoint. She noted that 40% of the services performed out of the Public Safety Building went to El Cerrito – something she said was not unusual among communities when done under various compacts on an as-needed basis. However, she said this was a regular occurrence: Thus, Kensington taxpayers were paying two separate service districts that should comprise one town’s services. She said she was glad the lease would be for only eighteen months because she would like to see it revisited – it should be a \$1.00 per year lease. She said that, if the KPPCSD failed to pay the \$35,000 the Fire District wouldn’t expel the KPPCSD and rent the space to someone else. She said Kensington taxpayers owned the building and were on both ends of the deal. She urged the Board to consider the one-town concept in order to stop this provincialism.

Leonard Schwartzburd said that he hadn’t seen any analysis where the efficiencies would be, whether things were done one way or another. He said he didn’t envy this Board because it was having to rehabilitate of the KPPCSD because there had been a great deal of mistrust in the past. He noted that, historically, the KPPCSD Board had operated inefficiently, whereas the KFD Board had operated efficiently. He said there appeared to be an effort to subsume the Fire Board. He said it was audacious for a group that had operated inefficiently to make that kind of demand. He said that the Board needed to be given time in its rehabilitation project and that he trusted the process by which Tony Constantouros had come to the community. He noted that people and institutions didn’t change over night.

Pat Gillette said she agreed with Linda Lipscomb, Director Welsh, and Karl Kruger. She urged the Board to think about this carefully because she thought the majority of Kensington residents would be shocked to hear that taxpayers were charging taxpayers rent. She said she wondered if it might be a gift of public funds for the KPPCSD to pay the KFD. She said she was disappointed that the KPPCSD had started negotiations at \$26,000: Negotiations should have started at \$1.00. She said there needed to be consideration of what was best for the community. She noted that the Fire District received \$0.31 on the dollar, while the KPPCSD received \$0.13 on the dollar: The Fire District received more money than the KPPCSD. She added that Kensington received less service from the fire department than it received from its police department because most fire calls were going to El Cerrito, not to Kensington. She said the two Boards should be working for what was best for the community: The KPPCSD should not be taking \$35,000 out of its budget and paying the Fire District. She asked if there wasn’t another way to accomplish this. She said the Fire District was also asking the KPPCSD to contribute 30% to the new building and then asking it still to pay rent. She cited that the community owned the building, not the Fire District, and suggested that another option should be considered that wouldn’t stretch the KPPCSD’s budget further than it was already. She asked what the Fire District would do if the KPPCSD didn’t pay – would the KPPCSD be kicked out? She said that it was Kensington’s Public Safety Building, that this was what the building should be used for, and that the community shouldn’t be paying rent to itself.

A. Stevens Delk said that \$35,000 represented a little over 1% of the KPPCSD’s budget. She said that, as a taxpayer, she wanted this money to go to the Fire District. She said she was tired of hearing that the Fire District received 30% and the KPPCSD received 13%. She noted that this was only the ad valorem tax money. She reported that the Fire District received about \$3 million in ad valorem money and the KPPCSD received about \$1.3 million; in addition the KFPD received special tax money of about \$200,000 per year. She reported that the KPPCSD had two special taxes that netted about \$1 million per year. Thus, she said that ad valorem taxes plus special taxes totaled \$3.2 million for the KFPD and \$2.5 million for the KPPCSD. Furthermore, she said the KPPCSD had an assessment to purchase the park that totaled \$200,000 but never showed up on the KPPCSD’s ledger, and a Landscape and Lighting District tax. She said Kensington taxpayers also paid \$1.2 million for garbage and recycling service – another amount that didn’t show up on the KPPCSD’s ledger: It went directly to Bay View Refuse and Recycling. Combined, she said that KPPCSD received slightly more per year: Ad valorem taxes, plus special taxes, plus the Bay View rate that didn’t actually flow through the



KPPCSD. She concluded by saying that the Fire District received twice as much in property taxes than the KPPCSD but not in the total amount of money.

In response to A. Stevens Delk's comment about the park purchase money that doesn't show on the District's books, Deborah Russell said that this was listed as a fiduciary account in the audit but that it didn't appear in the budget.

Director Welsh said that, two years earlier, he'd asked to have a joint finance meeting with the Fire District and that he'd like to renew this request. He said it would be good if both finance committees could sit down, go over the costs of each District, talk about revenue – thinking about it as one community – how the costs and revenues best line up. He said this should not be a fight: It should be working together.

**MOTION: President Sherris-Watt moved, and Director Welsh seconded, that the Board adopt the rental agreement between the KPPCSD and the Kensington Fire Protection District for use of space at 217 Arlington Avenue for an eighteen-month lease of \$35,468.05 per annum, paid in monthly installments, pending approval by general counsel.**

**Motion passed: 5 – 0.**

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

Director Hacaj noted that the Fire District had said it would not consider \$1.00 rent.

11. The Board reviewed and considered adopting the 2017/18 Preliminary Budget for the KPCSD, as prepared by IGM Rickey Hull. This was the second reading.

President Sherris-Watt said this was the second reading; the Board had first discussed it in May.

ICOP Hull said there were some big items involved with the budget that had been summarized on pages 45 – 46. He noted that one of the big items was the dispatch transition from Richmond to Albany and that this transition would eventually save approximately \$30,000 per year. He noted that, when the budget had been compiled, the Public Safety Building rent had not been known. President Sherris-Watt clarified that the Finance Committee had asked that this amount remain at \$1.00 until the negotiations had been completed. ICOP Hull also said that the increase that had been used for Measure G had been 3% instead of 3.789% and that this larger amount had not been incorporated in all parts of the budget. He said the District would be negative due to some of the big-ticket items such as the OPEB payment and the renovations.

President Sherris-Watt added that this budget had been passed by a 3 – 2 vote of the Finance Committee. She said there had been concern about the allocation for long-term capital projects and funding sources. She noted it was difficult to develop a budget when one didn't have all the numbers, but this needed to be done before the start of the new fiscal year. She said the Finance Committee had approved the dramatic increase in OPEB funding, which had been set based on a recent actuarial report that had shown the KPPCSD to be behind in its funding. She said the District was waiting for the new CalPERS healthcare premium amounts, which should be ready by the end of June.

Jim Watt said there were a number of cleanup items that needed to be attended to.

- 521 A and R Medical – the 2018 premium costs were needed
- 564 Communications – he said he disagreed with Deborah Russell: The \$139,000 needed to be added back in because it likely would be spent in the current fiscal year. Ms. Russell responded that she'd been told that the check would need to be written in Fiscal Year 2016-17 but that the contract wouldn't start until July 1<sup>st</sup>. Thus, she said this would be a pre-paid expense for Fiscal Year 2017-18 and explained that the amount had been added back in for the cash carryover from the current year into the next. She confirmed that the entry was correct.

- 865 Building Lease – needed to be increased to reflect the new agreement.
- 890 Waste/Recycling – showed no expenditures. If some of the franchise fees were to be used in the upcoming fiscal year, this line would need to be changed. Ms. Russell said that, if the District were to spend franchise fees for an allowed expense, it would show in this line item. Director Hacaj noted that franchise fees could be used for about \$10,000 of construction debris removal costs associated with the Community Center renovation. She added that some of the expense might occur in the upcoming fiscal year and some in the following year and said she would be comfortable waiting to amend the amount, until more information was available. Vice President Nottoli said that another possible expense item would be garbage cans for the Colusa Circle area. Director Welsh asked whether a portion of the District’s administrative expenses – those associated with waste management – could be paid for by the franchise fees and whether Vice President Nottoli and GM Constantouros would look into this. Legal Counsel, Ann Danforth, noted that a decision about a current California Supreme Court could shed light on what these fees could be used for. Vice President Nottoli said that she’d spoken with the consultant who’d done the 2014 survey, that he’d provided an estimate for an RFP of \$70,000, and that money would be needed to cover the costs of negotiating a contract. She also said that she’d learned at a recent meeting that some cities were using franchise fees to pay staff for time spent on solid waste issues. Ms. Russell asked if such pay could be retroactive. Vice President Nottoli responded that this would be a question for legal counsel.
- Measure G – the amount should be increased to \$547,947, based on the Board’s approval to increase the amount collected.
- 409 Asset Seizure – Ms. Russell said that the amount had just been received and that she would need to reflect the change. Mr. Watt noted this would increase the District’s fund balance by \$143,000.
- 424 Taxes L&L – needed to be changed to \$37,503.
- 448 Franchise Fees – the County expected to receive \$38,000 from the District. But, he said the budget indicated that the District would pay \$48,000 to the County. He noted that the County had indicated that Kensington was paying Bay View Refuse approximately \$1,250,000. A 7% fee would equal about \$89,000, which meant the amount going to the County would be about \$38,000. He said the numbers didn’t jive. Ms. Russell responded that the amount had been a “guestimate.”
- 502 Police Salaries – at the Finance Committee meeting, there had been a discussion about the amount shown: It had been based on a spreadsheet prepared by Ms. Russell and showed each officer’s pay. At the bottom of the sheet, he said there were two vacancies: one to replace an officer who might retire and another to be filled on July 1<sup>st</sup>. However, he said that the budget didn’t show that this position would be filled and that this would be a tenth officer position, with a new officer on a full-time basis. He added that, when the Ad Hoc Committee had prepared its report on the pros and cons of bifurcation, it had been determined that bifurcation would be the preferred approach. But, it also had been determined that there would be costs associated with bifurcation because the GM would cost \$100,000. He said he was opposed to filling this tenth position because the GM cost needed to be offset. He added that the studies he’d done had shown there was no difference in the rate of crime, with or without a tenth officer and said ICOP Hull needed to increase the number of reserve officers. ICOP Hull responded that his goal was to budget for ten officers but to operate with nine. He noted that the department had not had even nine officers working for the prior two years. He said he wanted to see the effect that operating with nine, instead of ten, officers would have on the budget. He noted that what was lost in the arguments about staffing the department were quality of life issues for the officers and the residents. ICOP Hull said he had one reserve officer who was ready to come on board and two possible reserve officers in the background process. ICOP Hull added that patrol staffing was currently being done with a skeleton crew and that, as the on-duty officer count increased, overtime should decrease.

President Sherris-Watt paused the meeting to note that it was almost 9:45 P.M. and was time to vote on whether to extend the meeting.

**MOTION: Director Hacaj moved, and Vice President Nottoli seconded, to extend the meeting past 10:00 P.M.**

**Motion passed: 4 – 1.**

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

At 9:45 P.M. President Sherris-Watt noted that Director Cordova would need to leave.

Director Welsh noted that the District had been getting by for two years with a very reduced police staff, that this had been extremely hard on the officers, and that it wasn't sustainable.

Mabry Benson said she was opposed to providing a tenth officer in the proposed budget: The District had been making due with three officers out and crime rates weren't "skyrocketing." She said Kensington's isolation and confusing streets were the reason. She noted that Officer Wilkens had returned to work and ICOP Hull could devote all his time to police work. She said that, if someone were to be hired and the budget then showed the hire couldn't be sustained, then that person could be let go. She also said that, if the position were budgeted, it would be filled and noted that it would be less expensive to pay overtime than to have a full-time officer. She cited other looming expenses – for the Community Center and for the Public Safety Building. She said the District was paying for a GM, though she expected this to save money in the long run. The District, she said, needed the money for these issues and not for a tenth officer.

Karl Kruger said he had been one of the dissenting votes on the Finance Committee. He noted that, when the GM position had been discussed, there had not been discussion about an eleventh position. He said there was an operational problem – ICOP Hull didn't have enough people. But, he said this didn't mean that ICOP Hull should add someone to the budget. He said that the GM should look at operations and make a decision. Mr. Kruger said he also liked that item 865 (Building Lease) showed \$1.00.

Celia Concus said there should not be a tenth officer in the budget but that, if deemed necessary, it should be done mid-year. She said the culture within the police department needed to be examined – she wanted to know why more young people weren't interested in hiring into Kensington. She said there should be exit interviews when officers leave.

At 9:45 P.M., President Sherris-Watt noted that it was 7:00 A.M. for Director Cordova and that she had an 8:00 A.M. appointment. Thus, President Sherris-Watt said she would excuse Director Cordova from the meeting and thanked her for participating.

Director Hacaj said that an important part of GM Constantouros' job would be to look at operations and to make recommendations about them. She noted that one of the reasons the Board had selected GM Constantouros had been that he'd had a long history of overseeing police departments. She also noted that ICOP Hull hadn't yet had a chance to be a full-time ICOP and that the Department had been operating under difficult conditions. She noted that it would take four to six months to hire a new officer; thus, she suggested pushing a new hire to October 1<sup>st</sup>. She added that this should give GM Constantouros and ICOP Hull time to review operations. She said she expected to have another budget discussion in December in order to change the budget and make it more realistic. She also noted that ICOP Hull would have more time to do police work and that Officer Barrow was no longer participating in WestNet.

Vice President Nottoli said that during her meetings with the Chiefs of neighboring communities, they had commented that there was a shortage of police officers. She said fewer people were attending police academies and, of those, not all were graduating. Thus, she said the District would be lucky to get an officer by October.

ICOP Hull said that the budget showed only ten positions. He also said that the problem with young bright officers was that opportunities were wide open for them: Kensington's recent young officers had left for more opportunity, including higher pay, at other agencies. He cited that one of Kensington's former young officers would be making about \$180,000 because of overtime opportunities.

Director Hacaj asked if the budget could be amended to change the hire date to October 1<sup>st</sup>. ICOP Hull responded in the affirmative and added that, at the earliest, someone would be hired in January. Board consensus was that the hire date should be changed to January, because this would reflect when an officer would be retiring.

President Sherris-Watt asked that Line 594 Community Policing be decreased from \$6,000 to \$2,400 because there would be a new website. District Administrator Wolter said she'd taken the Streamline Training a few days earlier and had learned that the District would still need Aaron Gobler to upload the video onto the website. Thus, she said there should be some accommodation for this in the budget. President Sherris-Watt responded that the Board would look into how this would be handled in the future. She said she would be comfortable increasing the amount to \$3,000. Director Hacaj asked that there be about \$5,000 for community outreach.

President Sherris-Watt also addressed 646 Community Center Repairs – she asked if the amount should be \$5,500 since the building would be renovated.

Director Hacaj said she wanted to make sure that Fiscal-Year 2016-17 funds that had not been spent would be rolled over to the Fiscal-Year 2017-18. Ms. Russell responded that money not spent in the prior fiscal year would roll over, but the line item for the upcoming fiscal year could be increased. Director Hacaj said she wanted this to be done for Line 972 Park Building Improvements. Ms. Russell said the amount budgeted for the upcoming year was \$250,000 and asked if the request was to increase this amount to \$300,000. Board consensus was that this was correct.

Jim Watt said the Board was missing \$200,000. He said that, at the Finance Committee meeting there had been discussion about adding \$200,000 – based on Director Hacaj's request at that meeting: Thus, the total should be \$350,000: The \$150,000 in reserves needed to be increased to \$350,000. Director Hacaj asked for confirmation that the budget didn't reflect what had happened at the Finance Committee meeting. Ms. Russell noted that she'd not been invited to the Finance Committee meetings; thus, she'd developed the budget based on notes she'd received. Board direction given to Ms. Russell was to increase the amount in reserves from \$150,000 to \$350,000 and to add \$50,000 to Account 972, which Ms. Russell said she'd already done.

Ms. Russell said she had comments of her own:

- Officer Wilkens had returned to active duty, so a reduction needed to be made to the amount of money she'd assumed the District would be receiving from Workers' Comp.
- Account 830 – she'd used the format provided by President Sherris-Watt but, perhaps, some things had not been coded correctly. The \$7,500 should be under 835 Consulting and one of the amounts was related to the Community Center. Director Hacaj confirmed that Ms. Propp had assisted with the Community Center contract. President Sherris-Watt said that Jeff Sloan's fees should be moved to policing because he dealt only with police matters and suggested creating a new category for this. Director Hacaj asked if there would be legal categories for police, District, and park. Ms. Russell responded that, if the legal expense were related to the building, it should be considered part of the cost of the building and that the franchise fee-related legal expenses were recorded separately. President Sherris-Watt suggested adding Judith Propp's fees to the parks and adding Jeff Sloan's expenses to police. She noted that Adam Benson was no longer with PLG and that she would suggest moving the amount for that service (\$5,200) to the amount shown for Jeff Sloan. Ms. Russell responded that this consulting service had been coded to 835 in the past. President Sherris-Watt said this expense should be coded to police for the upcoming fiscal year, suggested putting \$50,000 to police legal, and noted that Judith Propp's amount was probably correct and should go to parks, and said that \$30,000 should go to general counsel. Director Welsh asked if the Board should find

a replacement for Adam Benson because his work had all been budget-related. Ms. Russell noted that because there had been issues with legal expenses, the more detail the better. President Sherris-Watt suggested discussing the matter with GM Constantouros to see what he would find most effective. Director Hacaj said there needed to be more informative billing so the Board could track legal expenses more accurately. President Sherris-Watt responded that General Counsel Ann Danforth was already doing this and that she would ask PLG to do the same.

- 808 – District Salaries. Ms. Russell had amended this to reflect the CPI increase.

GM Constantouros noted that budget adjustments could be made in the future.

**MOTION: Director Hacaj moved, and Director Welsh seconded, to adopt the 2017-18 budget, as discussed and with changes and amendments as reflected in the record.  
Motion passed: 4 – 0.**

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

President Sherris-Watt announced that the District had an approved budget.


12. The Board received information from Vice President Nottoli concerning car sharing in Kensington. On Thursday, June 29, 2017, at 7:00 P.M., V.P. Nottoli would chair a meeting with residents at the Kensington Community Center to discuss possible locations and vendors for a car share program.

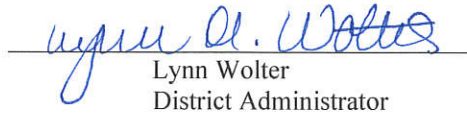
Vice President Nottoli announced that she would have a meeting on June 29<sup>th</sup> to talk about possibly getting a car-share, with one location in the Colusa Circle area. She said she was seeking providers and other locations.

**MOTION: President Sherris-Watt moved, and Director Hacaj seconded, to end the meeting.  
Motion passed: 4 – 0.**

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

The meeting was adjourned at 10:18 P.M.

  
Rachelle Sherris-Watt  
KPPCSD Board President

  
Lynn Wolter  
District Administrator