



Date: March 1, 2025

To: Board of Directors

From: David Aranda, Interim General Manager

Presented by: Board Presidents, Levine and Spath

Subject: Review Draft Reorganization Resolution of Application, Latent Powers Application, Questionnaire for Annexations, and Plan for Service

Recommendation

This again is an opportunity to ask questions and see that all issues are addressed so that each board will be able to approve the documents at their respective board meetings in March.

Background

The KPPCSD and KFPD have invested a good amount of time and energy in determining if it would be beneficial to become an agency to serve the residents of Kensington with Fire and Police along with Parks/Recreation and Solid Waste. The financial analysis provided a very positive answer regarding the financial benefits of the two agencies becoming one. There are many other benefits that have been discussed at prior meetings to the Fire District dissolving and becoming part of the KPPCSD (as noted in the prior agenda item the name would be changed to better reflect all the services the district provides).

THIS IS A DISCUSSION ITEM ONLY. The documents attached involve the required paperwork that needs to be submitted to the Local Agency Formation Commission or LAFCO who has the authority to approve the proposed change of allowing the Fire District to dissolve and the fire services being moved over to the Community Services District.

Keep in mind that these are all draft documents and additional work, or changes may need to be made as each board moves toward approving the documents at the respective March regular board meetings. Input from the residents, the LAFCO Executive Director and each of the respective directors for KPPCSD and KFPD will assist in allowing this process to take place so hopefully all the paperwork can be submitted to LAFCO on March 20, 2025.

The Plan for Service Document is a key in understanding the history of both districts and how the operations will work with the Community Services District taking on all aspects of fire service. Please

Draft Reorganization Resolution of Application, Latent Powers Application
and Plan for Service Subject

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keep in mind that there will be NO change in service for fire services and the contract that is currently in place with The City of El Cerrito for fire services will continue.

The resolutions by both boards are reflective of the agreements in place as we move forward with this change and the Latent Powers application is what will allow the Community Services District in Kensington to provide fire services.

Exhibits

- Draft of A Resolution Of Application By The Board Of Directors Of The Kensington Community Services District Requesting The Contra Costa Local Agency Formation Commission To Initiate Proceedings For The Dissolution Of The Kensington Fire Protection District And To Authorize The Kensington Community Services District To Exercise Fire Protection, Rescue, Hazardous Materials Emergency Response, And Emergency Medical Response Services
- LAFCO Application for Latent Powers
- Questionnaire for Annexations, Detachments and Reorganizations
- Draft Plan for Service for Proposed Reorganization

RESOLUTION NO. ____

A RESOLUTION OF APPLICATION BY THE BOARD OF DIRECTORS OF THE KENSINGTON COMMUNITY SERVICES DISTRICT REQUESTING THE CONTRA COSTA LOCAL AGENCY FORMATION COMMISSION TO INITIATE PROCEEDINGS FOR THE DISSOLUTION OF THE KENSINGTON FIRE PROTECTION DISTRICT AND TO AUTHORIZE THE KENSINGTON COMMUNITY SERVICES DISTRICT TO EXERCISE FIRE PROTECTION, RESCUE, HAZARDOUS MATERIALS EMERGENCY RESPONSE, AND EMERGENCY MEDICAL RESPONSE SERVICES

WHEREAS, the Kensington Community Services District (“KCSD”) was formed pursuant to the Community Services District Act, commencing with Section 61000 of the California Government Code, and the Kensington Fire Protection District (“KFPD”) was formed pursuant to the Fire Protection District Law of 1987, commencing with Section 13800 of the Health and Safety Code; and

WHEREAS, the KCSD and KFPD were each formed to provide services to the same community: Kensington; and

WHEREAS, KCSD and KFPD have a shared history of collaboration and cooperative efforts, including community outreach, community risk reduction, and public safety initiatives; and

WHEREAS, KCSD desires to initiate, jointly with KFPD, proceedings, pursuant to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, Division 3, commencing with Section 56000 of the California Government Code (the “Act”), for reorganization that includes the dissolution of KFPD and exercise by KCSD of the fire protection, rescue, hazardous materials emergency response, emergency medical response, and other services provided by KFPD (“Reorganization”); and

WHEREAS, KFPD also desires to initiate proceedings, pursuant to the Act, for the Reorganization and on the same terms and conditions as proposed by KCSD; and

WHEREAS, KCSD has given notice of intent to adopt this resolution of application to KFPD pursuant to Government Code section 56654(c); and

WHEREAS, the territory proposed to be reorganized is inhabited and a map of the boundaries of the territory is included in the Plan for Services attached as Exhibit “A” and incorporated herein by reference; and

WHEREAS, reasons for the reorganization of KCSD and KFPD into one entity, the

Kensington Community Services District, are to enhance the efficiency, effectiveness and economy of services of the reorganized district, better meeting the fire, police, and emergency medical services needs of the Kensington community, as described in the Plan for Services attached to this Resolution and incorporated by reference as Exhibit “A”; and

WHEREAS, KCSD desires to activate its latent powers under Government Code section 61100(d) and (n) to provide fire protection, rescue, hazardous materials emergency response, and emergency medical services within its boundaries as part of the Reorganization; and

WHEREAS, KCSD shall serve as the lead agency for this project for purposes of the California Environmental Quality Act (CEQA), commencing with California Public Resources Code Section 21000, on behalf of the two districts; and

WHEREAS, the Reorganization is categorically exempt from CEQA pursuant to Class 20, Title 14, Chapter 3, Section 15320(b) of the California Code of Regulations, as a change in organization of local agencies and as a project determined not to have a significant effect on the environment; and

WHEREAS, in accordance with Section 56853 of the California Government Code, the legislative bodies of the two districts intend to adopt substantially similar resolutions of application for this reorganization.

NOW, THEREFORE, BE IT RESOLVED, by the Board of Directors of the Kensington Community Services District resolves, as follows:

SECTION 1. Recitals. The Recitals set forth above are found to be true and correct and are incorporated herein by reference.

SECTION 2. Adoption of Resolution of Application. This Resolution of Application is hereby adopted and approved by the Board of Directors of the Kensington Community Services District. The Contra Costa Local Agency Formation Commission (“LAFCO”) is hereby requested to: (1) dissolve the Kensington Fire Protection District; and (2) authorize the Kensington Community Services District to exercise the power to provide fire protection, rescue, hazardous materials emergency response and emergency medical response, and other services provided by Kensington Fire Protection District (“Fire Services”), pursuant to Government Code section 61100(d) and (n), according to the terms and conditions stated below and in the manner provided by the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000.

SECTION 3. Terms and Conditions. KCSD requests that, under the Contra Costa Local Agency Formation Commission’s conditioning powers under Government Code section 56886, the reorganization described above be subject to the following terms and conditions:

(a) **Successor Agency.** Effective September 1, 2025 and contingent upon Contra Costa LAFCO’s final and complete approval of the dissolution of KFPD and KCSD’s assumption of the duties and obligations of KFPD (the “Effective Date”), KCSD shall be the successor to KFPD. Upon the Effective Date, all rights, responsibilities, properties, contracts,

assets and liabilities, and functions of KFPD are to be transferred to KCSD as the successor to KFPD.

(b) Maintenance of Reserve Accounts. KCSD shall maintain the reserve accounts presently maintained by KFPD, including a capital outlay reserve for future rolling stock purchase and an El Cerrito contract projected 50% reserve.

(c) Employees. No employees of KFPD will become employees of the successor KCSD.

(d) Retiree Health Benefits. From and after the Effective Date, the KCSD, as the successor agency, shall ensure that all retirees of the KFPD who retired prior to the Fire Protection Services Agreement with the City of El Cerrito continue to receive the same healthcare benefits, including medical, vision, and dental insurance, to which they were entitled prior to reorganization.

(e) Latent Powers. Subject to LAFCO approval, KCSD's powers to perform the Fire Services shall automatically activate within the KCSD territory on the Effective Date, so that on the Effective Date, KCSD will provide the Fire Services previously provided by KFPD, subject to Contra Costa County LEMSA regulation and oversight and subject to existing agreements.

(f) Revenue Transfer. Upon completion of the LAFCO proceedings and the recording of the LAFCO Certificate of Completion, KCSD shall levy, collect, track, expend and administer all revenue, income, and previously authorized charges, fees, assessments, funds, and taxes currently in effect, levied, or collected by KFPD, including, but not limited to, property and other taxes in accordance with the authorizing actions of such financial mechanisms.

(g) Board of Directors. On the Effective Date, KCSD's Board of Directors shall be expanded to eleven total members, in accordance with Government Code 61030(a). The Board will be composed of all five current Directors of KFPD and all five current Directors of KCSD. The eleventh member shall be elected or appointed pursuant to Government Code section 1780 and shall serve until the 2026 general election. In 2026, the terms of seven of the eleven members will expire, and only three of those seven offices shall be available for election, reducing the Board size to seven members. In 2028, the terms of four members will expire, and only two of those offices shall be available for election, permanently reducing the Board size to five members.

(h) Standing Committees. The standing committees of KFPD entitled "The Finance Committee" and "The Emergency Preparedness Committee" shall continue in existence under KCSD with the membership of those committees to be determined by the full Board of Directors of KCSD following the reorganization.

(i) Property Rights. The Reorganization does not change the rights the Kensington Fire Protection District had in the lands in its respective territory immediately prior to the

Reorganization. Those rights run with the land and will become KCSD rights as the successor agency. All KFPD property, whether real or personal, shall be transferred to KCSD.

(j) Use of Funds. KCSD will ensure all funds received from the Kensington Fire Special Tax derived from the territories of the former KFPD are accounted for and expended within the geographic areas they were derived from, in compliance with applicable statutes and regulations.

(k) Preservation of Fund Balances. KFPD will ensure all personnel-related expenses impacting the use of fund balance or reserve funds, beyond those approved prior to the date of this Resolution, are mutually agreed upon with KCSD prior to expending those funds.

(l) Fire Station 65. KCSD shall operate the facility in accordance with the existing Fire Protection Services Agreement between KFPD and the City of El Cerrito.

(m) Organizational Structure and Bylaws. Upon reorganization, KCSD's Board of Directors shall adopt a mission statement and objectives as part of its organization structure or bylaws.

SECTION 4. Other Acts. The Officers and staff of KCSD are hereby authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all documents which, in consultation with District Counsel, they may deem necessary or advisable in order to effectuate the purposes of this Resolution, and any and all such actions previously taken by such Officers or staff members are hereby ratified and confirmed.

//

PASSED, APPROVED, AND ADOPTED at a regular meeting of the Board of Directors of the Kensington Community Services District, on this ___ day of _____, 2025.

Ayes:

Noes:

Abstentions:

Absent:

President, Board of Directors
Kensington Community Services District

ATTEST:

Clerk of the Board of Directors
Kensington Police Protection and
Community Services District

Attachments:

Exhibit A – Plan for Services

DRAFT

CONTRA COSTA LOCAL AGENCY FORMATION COMMISSION

Application to Exercise Latent Power

1. District: Kensington Police Protection and Community Services District (KPPCSD)
2. Function or class of service to be provided:
Fire protection and emergency medical services.
3. Describe in detail how the new service will be provided:
The Kensington Fire Protection District (KFPD) will dissolve, but all personnel, contracts and operations will simply be shifted over to the KPPCSD. There will be no change in service.
4. Effect on growth or land use changes - Describe the effect of the new service on growth inducement or land use changes:
The new service by KPPCSD will not have any effect on growth inducement or land use changes.
5. Estimated costs and sources of revenues to provide new service - Describe total estimated cost to provide new or different function or class of services within the district. Identify sources and estimated amount of revenue to finance the new service. Estimate financial cost of the new service to existing or new district customers; costs may be identified by class or type of customer.
The existing revenue generated by property taxes and special assessments for fire protection will continue to exist but will be moved over from the dissolving of the KFPD to the KPPCSD. Certain measures will be put into place via resolution protecting fire protection services. There are no new customers, but the existing customers served by the KFPD will now be served by KPPCSD. The annual cost to operate the fire protection services will be \$5,219,807.
6. Existing service providers - Identify existing providers, if any, of the new service proposed to be provided and the potential fiscal impact to the customers of those existing providers:
The current provider for fire services in the community of Kensington is the Kensington Fire Protection District (KFPD). KFPD will dissolve and the existing services will then be provided by KPPCSD. The customers will see no changes in their services, nor will there be any fiscal impact on the residents of Kensington.
7. Financing plan - Describe the plan for financing the establishment of the new service:
Financing the additional services of fire and medical operations by KPPCSD will be simply a transfer of existing property taxes and fire-designated special assessments from the dissolving KFPD to the KPPCSD.
8. Alternatives for providing new service - Describe any reasonable alternatives for providing new service:

There are no reasonable and safe alternatives to providing these services.

9. What environmental review has been conducted? - If exempt, please provide a copy of the district's Notice of Exemption.
Notice of Exemption attached.

Who should be contacted if there are questions about this application?

<u>Name</u>	<u>Email</u>	<u>Address</u>	<u>Phone</u>
David Aranda General Manager	daranda@kppcsd.org	10940 San Pablo Ave. El Cerrito, CA 94530	661/3001231

Applicant's Certification - I hereby certify that the information contained in this application and accompanying documents is true, correct, and accurate to the best of my knowledge. In addition, I hereby agree to pay all required filing and processing fees required by the State of California and Contra Costa LAFCO, including any expenses for preparation of environmental documentation and any special studies needed to complete this application.

Signature _____ Date _____

CONTRA COSTA LOCAL AGENCY FORMATION COMMISSION

Questionnaire for Annexations, Detachments and Reorganizations (Attach additional sheets as necessary)

1. Name of Application: Kensington Fire Protection District
2. Describe the acreage and general location; include street addresses if known:
The general area of the proposed reorganization is:
 Kensington Community Services District
 Kensington Fire Protection District
3. List the 10-digit Assessor's Parcels within the proposal area: Available on request.
4. Reasons for the proposal: Please refer to Attachment A - Plan for Services
5. Land Use and Zoning - Present and Future
 - A. Describe the existing land uses within the proposal area. Be specific.
Not applicable.
 - B. Describe any changes in land uses that would result from or be facilitated by this proposed boundary change.
No changes in land use are proposed or anticipated.
 - C. Describe the existing zoning designations within the proposal area.
Not applicable.
 - D. Describe any proposed change in zoning for the proposal area. Do the existing and proposed uses conform to this zoning?
Not applicable.
 - E. (For City Annexations) Describe the prezoning that will apply to the proposal area upon annexation. Do the proposed uses conform to this prezoning?
Not applicable.
 - F. List all known entitlement applications pending for the property (i.e., zone change, land division or other entitlements).
None are known.

Describe the area surrounding the proposal

In Table A at the end of this questionnaire, describe existing land uses, general plans and zoning designations for lands adjacent to and surrounding the proposal area. The application is incomplete without this table. *Not applicable.*

6. Conformity with Spheres of influence

A. Is the proposal area within the sphere of influence (SOI) of the annexing agency?

Yes

B. If not, include a proposal to revise the SOI. Per Commission policy, SOIs generally will not be amended concurrently with an action on the related change of organization or reorganization.

Not applicable.

7. Conformity with an Urban Limit Line/Urban Growth Boundary

Is the proposal area within an Urban Limit Line or Urban Growth Boundary? If not, please explain. Yes.

8. Conformity with County and City General Plans

A. Describe the existing General Plan designation(s) for the proposal area.

Not applicable.

B. (For City Annexations) Describe the City General Plan designation(s) for the area.

Not applicable.

C. Do the proposed uses conform to these plans? If not, please explain.

Yes

9. Topography and Natural Features

A. Describe the general topography of the proposal area and any significant natural features that may affect the proposal.

The district's topography is steep, with canyons and swales, and contains many roads which are narrow. This does not affect the proposal.

B. Describe the general topography of the area surrounding the proposal.

See above.

10. Agricultural Land

- A. Does the proposal area include any agricultural land as defined in Gov. Code §56016, or prime agricultural land as defined in Gov. Code §56064? If so, please describe.
Yes, the proposed reorganization will not have any bearing on zoning or agricultural land designations or uses.
- B. Will the proposal result in the conversion of agricultural land to non agricultural uses (i.e., immediately, over time, etc.)?
No.
- C. Is there any local agency (i.e., county, city, district) adopted agricultural preservation policy relating to this area? If so, please describe.
Not applicable.
- D. Does the proposal area include any agricultural preserve areas? If so, please describe.
Not applicable.
- E. Describe any agricultural lands adjacent to the proposal area.
Not applicable.
- F. Is any portion of the proposal area within a Land Conservation (Williamson) Act contract? *Not applicable.*
- 1) If “yes,” provide the contract number and date the contract was executed.
 - 2) If “yes”, has a notice of non-renewal been filed? If so, when? If applicable, provide date of Williamson Act contract expiration/cancellation.
 - 3) If this proposal is an annexation to a city, provide a copy of any protest filed by the annexing city against the contract when it was approved.
- G. Please describe mitigation measures applicable to the loss of agricultural lands resulting from approval of this proposal (e.g., agricultural easements, agricultural buffers, exchange of land to be preserved for land that may be urbanized, etc.).
Not applicable.

11. Open Space Land

- A. Does the proposal area include Open Space land as defined in Government Code Section 65560? If so, please describe.

Yes, the proposed reorganization will not have any bearing on open space land.

B. Does the proposal area have an open space easement? If so, please describe.
Not applicable.

C. Is the proposal area within or adjacent to an approved greenbelt? If so, please describe.
Not applicable.

12. Agricultural and Open Space Impact Assessment

This section applies to applications that include, or are contiguous to, open space and/or agricultural land as defined in the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (“CKH”).

State law includes policies and priorities that guide development away from agricultural land and encourage development of land in existing boundaries and SOIs before annexing open space/agricultural land. Accordingly, Contra Costa LAFCO requires all proposals that include, or are contiguous to, agricultural and/or open space lands to include an Impact Assessment which shall address the following:

- A. How does the proposal balance the State’s interest in preserving open space and agricultural lands against the need for orderly development?
Not applicable.
- B. What is the effect of the proposal on maintaining the physical and economic integrity of agricultural lands?
Not applicable.
- C. Can the proposal reasonably be expected to induce, facilitate, or lead to the conversion of existing agricultural and/or open space land to other uses?
Not applicable.
- D. How does the proposal guide development away from agricultural and/or open space lands?
Not applicable.
- E. How does the proposal facilitate development of existing vacant or non agricultural and/ or non open space lands for urban uses within the existing boundary or SOI of a local agency?
Not applicable.
- F. What measures does the proposal contain that will protect the physical and economic integrity of adjacent agricultural and/or open space land uses?
Not applicable.

13. Relationship to Regional Housing Goals and Policies (City annexations only)

If this proposal will result in or facilitate an increase in the number of housing units, describe the extent to which the proposal will assist the annexing city in achieving its fair share of regional housing needs as determined by ABAG.

Not applicable.

14. Population

A. Describe the number and type of existing dwelling units within the proposal area.
Available upon request.

B. How many new dwelling units could result from or be facilitated by the proposal?

Single-family _____ Multi-family _____

C. What is the projected population growth due to the proposal?

15. Plan for Providing Services - Government Services and Controls (per §56653)

Please see Attachment A - Plan for Services.

A. Describe the services to be extended to the affected territory by this proposal.

B. Describe the level and range of the proposed services.

C. Indicate when the services can feasibly be provided to the proposal area.

D. Indicate any improvements or upgrading of structures, roads, sewers or water facilities or other conditions that will be required as a result of the proposal.

E. Identify how these services will be financed. Include both capital improvements and ongoing maintenance and operation.

F. Identify any alternatives for providing the services listed in Section (A) and how these alternatives would affect the cost and adequacy of services.

16. Ability of the annexing agency to provide services

Attach a statement from each annexing agency describing its ability to provide services that are the subject of the application, including the sufficiency of revenues (56668j).

Please see Resolutions and Plan for Services.

17. Dependability of Water Supply for Projected Needs (56653)

If the proposal will result in or facilitate an increase in water usage, attach a statement from the retail water purveyor that describes the timely availability of water supplies that will be adequate for the projected needs.

Not applicable.

18. Bonded indebtedness and zones – These questions pertain to long term debt that applies or will be applied to the affected property.

A. Do agencies whose boundaries are being changed have existing bonded debt? No _____. If so, please describe.

B. Will the proposal area be liable for payment of its share of this existing debt? No _____. If yes, how will this indebtedness be repaid (property taxes, assessments, water sales, etc.)?

C. Should the proposal area be included within any Division or Zone for debt repayment? No _____. If yes, please describe.

D. (For detachments) Does the detaching agency propose that the subject territory continue to be liable for existing bonded debt? No _____. If yes, please describe.

19. Environmental Impact of the Proposal

A. Who is the "lead agency" for this proposal? *KCSD*

B. What type of environmental document has been prepared?

Categorically Exempt -- Class 20 EIR _____ Negative Declaration _____
Mitigated ND _____ Subsequent Use of Previous EIR _____ Identify the
prior EIR. _____

C. If an EIR has been prepared, provide 6 disks and 10 hard copies of the Final EIR and one copy of the lead agency's resolution listing significant impacts, mitigation measures and, if adopted, a statement of overriding considerations.

Not applicable.

20. Boundaries

- A. Why are these particular boundaries being used? Ideally, what other properties should be included in and/or excluded from the proposal?
These are the existing district boundaries and no change is recommended or proposed as they are served by adjacent cities or the county.
- B. If any landowners have included only part of the contiguous land under their ownership, explain why the additional property is not included.
Not applicable.

21. Final Comments

- A. List any conditions LAFCO should include in its resolution of approval.
These are listed in the district resolutions.
- B. Provide any other comments or justifications regarding the proposal from any affected local agency, landowner or resident.
- C. Enclose all pertinent staff reports and supporting documentation related to this proposal. Note any changes in the approved project that are not reflected in these materials.
Please see attached.

22. Notices and Staff Reports - List up to three persons *with email addresses* to receive copies of the LAFCO notice of hearing and staff report.

Mary Morris-Mayorga, KFPD General Manager mmayorga@kensingtonfire.org
 Daniel Levine, KFPD Board President dlevine@kensingtonfire.org
 David Aranda, KPPCSD Interim General Manager daranda@kppcsd.org
 David Spath, KPPCSD Board President dspath@kppcsd.org

Who should be contacted if there are questions about this application?

<u>Name</u>	<u>Email</u>	<u>Address</u>	<u>Phone</u>
Mary Morris-Mayorga, KFPD General Manager	mmayorga@kensingtonfire.org		
David Aranda, KPPCSD Interim General Manager	daranda@kppcsd.org		

23. Applicant's Certification - I hereby certify that the information contained in this application and accompanying documents is true, correct, and accurate to the best of my knowledge. In addition, I hereby agree to pay all required filing and processing fees required by the State of California and Contra Costa LAFCO, including any expenses for preparation of environmental documentation and any special studies needed to complete this application.

Signature _____

Date _____

Information regarding the areas surrounding the proposal area

	Existing Land Use	General Plan Designation	Zoning Designation
East			
West			
North			
South			

Other comments or notations:

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Executive Summary (to be completed)

Background and Setting

Legal Context

Applicable Law

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

Environmental Documentation

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

Summary of Proposed Reorganization

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

Proposed Reorganization Conditions

1. Successor Agency. Effective September 1, 2025 and contingent upon Contra Costa LAFCO’s final and complete approval of the dissolution of KFPD and KCSD’s assumption of the duties and obligations of KFPD (the “Effective Date”), KCSD shall be the successor to KFPD. Upon the Effective Date, all rights, responsibilities, properties,

contracts, assets and liabilities, and functions of KFPD are to be transferred to KCSD as the successor to KFPD.

2. Maintenance of Reserve Accounts. KCSD shall maintain the reserve accounts presently maintained by KFPD, including a capital outlay reserve for future rolling stock purchase and an El Cerrito contract projected 50% reserve.
3. Employees. No employees of KFPD will become employees of the successor KCSD.
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5. Latent Powers. Subject to LAFCO approval, KCSD's powers to perform the Fire Services shall automatically activate within the KCSD territory on the Effective Date, so that on the Effective Date, KCSD will provide the Fire Services previously provided by KFPD, subject to Contra Costa County LEMSA regulation and oversight and subject to existing agreements.
6. Revenue Transfer. Upon completion of the LAFCO proceedings and the recording of the LAFCO Certificate of Completion, KCSD shall levy, collect, track, expend and administer all revenue, income, and previously authorized charges, fees, assessments, funds, and taxes currently in effect, levied, or collected by KFPD, including, but not limited to, property and other taxes in accordance with the authorizing actions of such financial mechanisms.
7. Board of Directors. On the Effective Date, KCSD's Board of Directors shall be expanded to eleven total members, in accordance with Government Code 61030(a). The Board will be composed of all five current Directors of KFPD and all five current Directors of KCSD. The eleventh member shall be elected or appointed pursuant to Government Code section 1780 and shall serve until the 2026 general election. In 2026, the terms of seven of the eleven members will expire, and only three of those seven offices shall be available for election, reducing the Board size to seven members. In 2028, the terms of four members will expire, and only two of those offices shall be available for election, permanently reducing the Board size to five members.
8. Standing Committees. The standing committees of KFPD entitled "The Finance Committee" and "The Emergency Preparedness Committee" shall continue in existence under KCSD with the membership of those committees to be determined by the full Board of Directors of KCSD following the reorganization.
9. Property Rights. The Reorganization does not change the rights the Kensington Fire Protection District had in the lands in its respective territory immediately prior to the Reorganization. Those rights run with the land and will become KCSD rights as the successor agency. All KFPD property, whether real or personal, shall be transferred to KCSD.
10. Use of Funds. KCSD will ensure all funds received from the Kensington Fire Special Tax derived from the territories of the former KFPD are accounted for and expended within the geographic areas they were derived from, in compliance with applicable statutes and regulations.
11. Preservation of Fund Balances. KFPD will ensure all personnel-related expenses impacting the use of fund balance or reserve funds, beyond those approved prior to the

date of this Resolution, are mutually agreed upon with KCSD prior to expending those funds.

12. Fire Station 65. KCSD shall operate the facility in accordance with the existing Fire Protection Services Agreement between KFPD and the City of El Cerrito.
13. Organizational Structure and Bylaws. Upon reorganization, KCSD's Board of Directors shall adopt a mission statement and objectives as part of its organization structure or bylaws.

History of the Reorganizing Districts

Kensington Fire Protection District

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

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

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

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

Governance

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

District Services

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

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

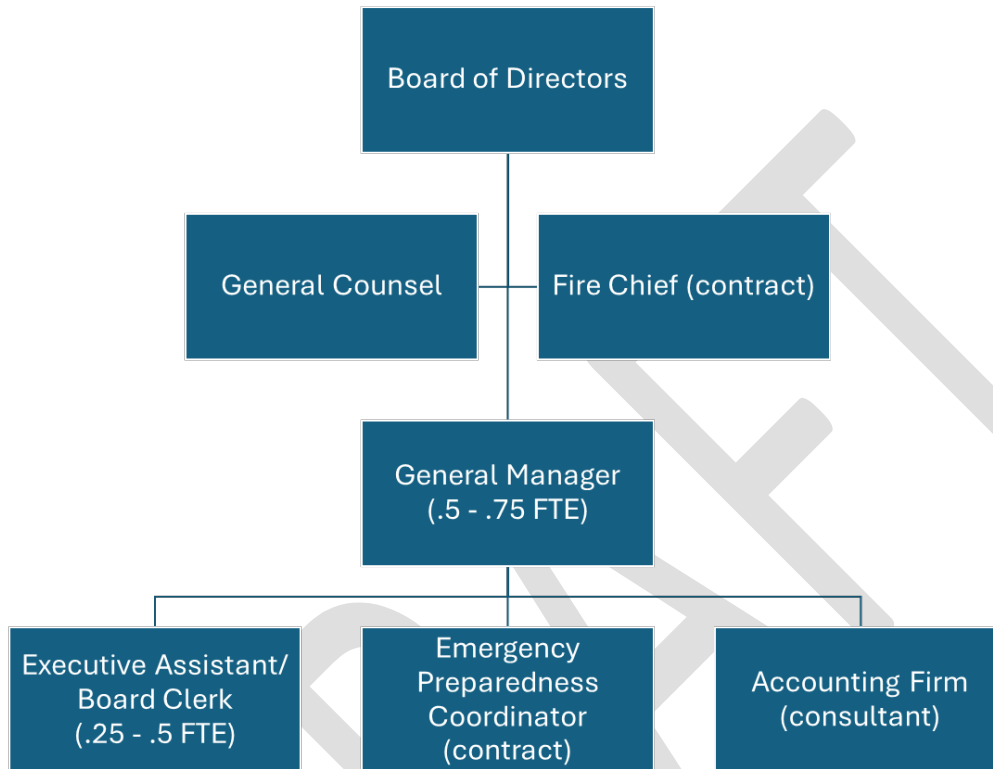
The City provides the services with City staff, with the goal of one three-person engine company operating out of the District's fire station at all times. To provide for adequate supervision and staffing, the City is required to use its best efforts to staff the District with the following categories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

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

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

Organizational Structure

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



Kensington Community Services District

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

The district's current boundaries extend north of the Contra Costa-Alameda County line along Arlington Avenue, to just north of the intersection of Arlington Avenue and Highland Boulevard, and west from Wildcat Canyon Regional Park to west of the Sunset View Cemetery. The

boundary area includes the EBMUD reservoir located west of Grizzly Peak Blvd. and south of Beloit Ave. Its SOI is coterminous with the District's boundary. The District has a boundary area of about one square mile, with 2,188 parcels and an estimated 2023 population of 5,428 people.

Governance

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

District Services

Police Protection Services

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

Parks and Recreation Services

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

Waste Management Services

Since Kensington is an unincorporated community, the County is ultimately responsible for solid waste collection and disposal. However, the District is authorized and empowered by State of California Community Services District Law, California Government Code section 61000 et seq., to collect and dispose of waste and garbage. The District contracts with Bayview Refuse

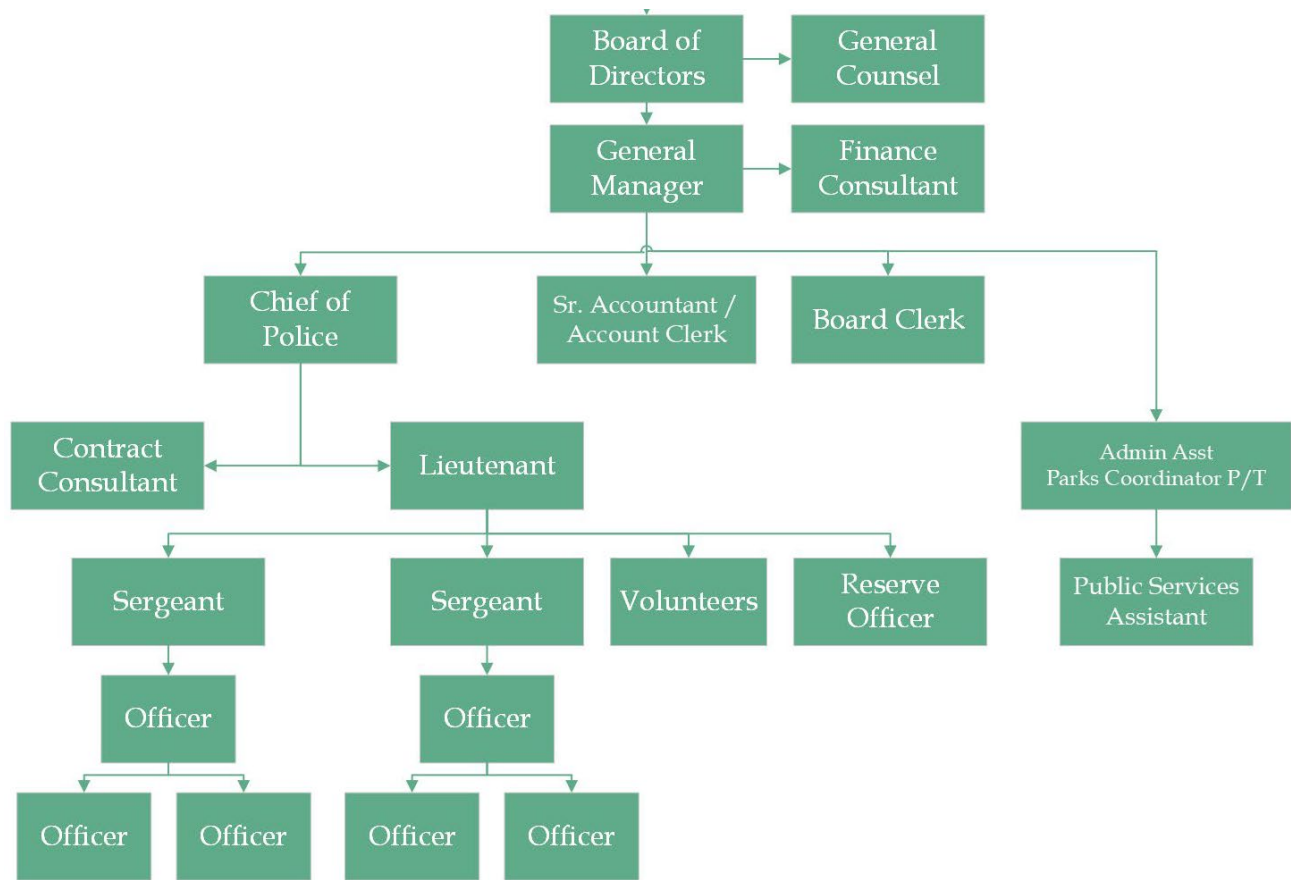
and Recycling Services to provide waste collection and disposal service via a franchise agreement with the District. The current franchise agreement will expire in 2026.

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

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

Organizational Structure

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



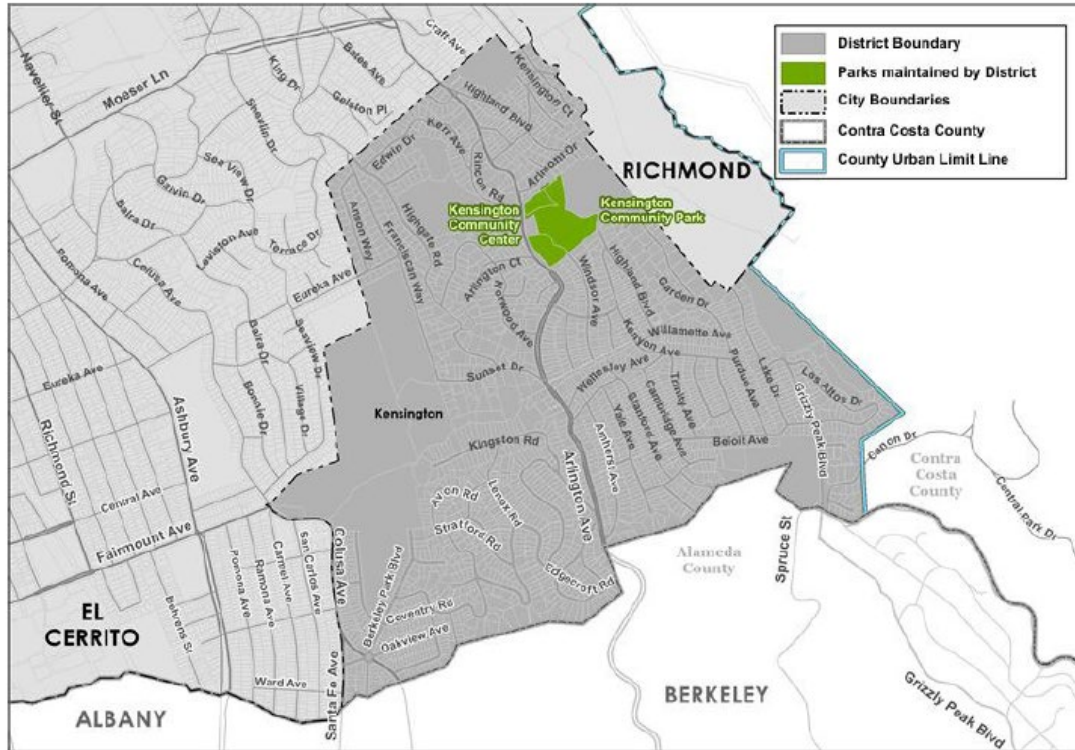
Proposed Annexation Territory Description

Boundaries and Sphere of Influence

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

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

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



Topography

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

Population and Growth

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

Justification

Administrative Economies of Scale

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

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

Enhanced Standardization and Coordination

Operational policies and procedures will become consistent and standardized under

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

Service Efficiency

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

Cost Savings

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

Plan and Description of Services

Current Service Delivery Levels

Service and Staffing Overview

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

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

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

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

The District currently has two paid positions:

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

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

Dispatch/Communications

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

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

Facilities

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

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

Apparatus & Vehicles

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

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

Automatic and Mutual Aid

All agencies participate in local automatic aid agreements.

Public Outreach/Education

All agencies provide public education in various forms based on their current staffing and organization. KFPD utilizes an Emergency Preparedness Coordinator through a consulting

contract and has robust public education programs emphasizing: the use of FireWise® defensible space, hazard reduction, and community information.

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

Proposed Service Delivery Plan

Service Overview

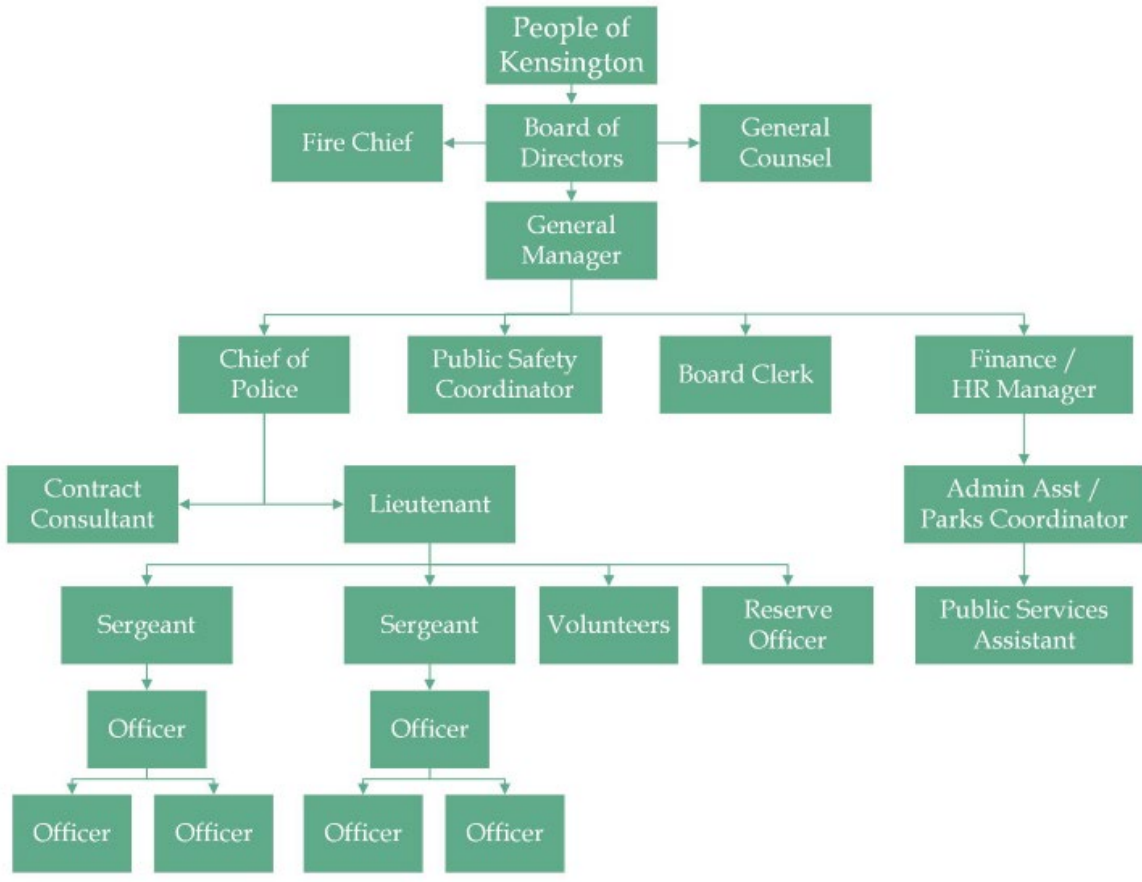
Under a reorganized district the same services currently provided by the KCSD and the KFPD would be continued. As such this plan for services draws heavily from municipal service reviews conducted of the individual agencies.

The KCSD would provide police protection, waste collection, park services, and fire services to the unincorporated community of Kensington. The KCSD consists of approximately one square mile in west Contra Costa County, bordered by the cities of Berkeley, Albany, El Cerrito, and Tilden Park. The District is located in the community of Kensington, which is an unincorporated area located south of the City of El Cerrito. Its Sphere of Influence (SOI) is coterminous with the District's boundary. According to the latest census, population within the District is 5,428¹.

Staffing and Administration

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

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



Dispatch/Communications

There would be no changes to dispatch and emergency communications.

Level of Demand

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

Automatic and Mutual Aid

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

Public Outreach/Education

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

Apparatus, Vehicles, and Maintenance

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

Fire Prevention

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

Infrastructure Needs/Planned Improvements

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

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

DISTRICT PLANNING BOUNDARIES AND GROWTH

District Boundaries

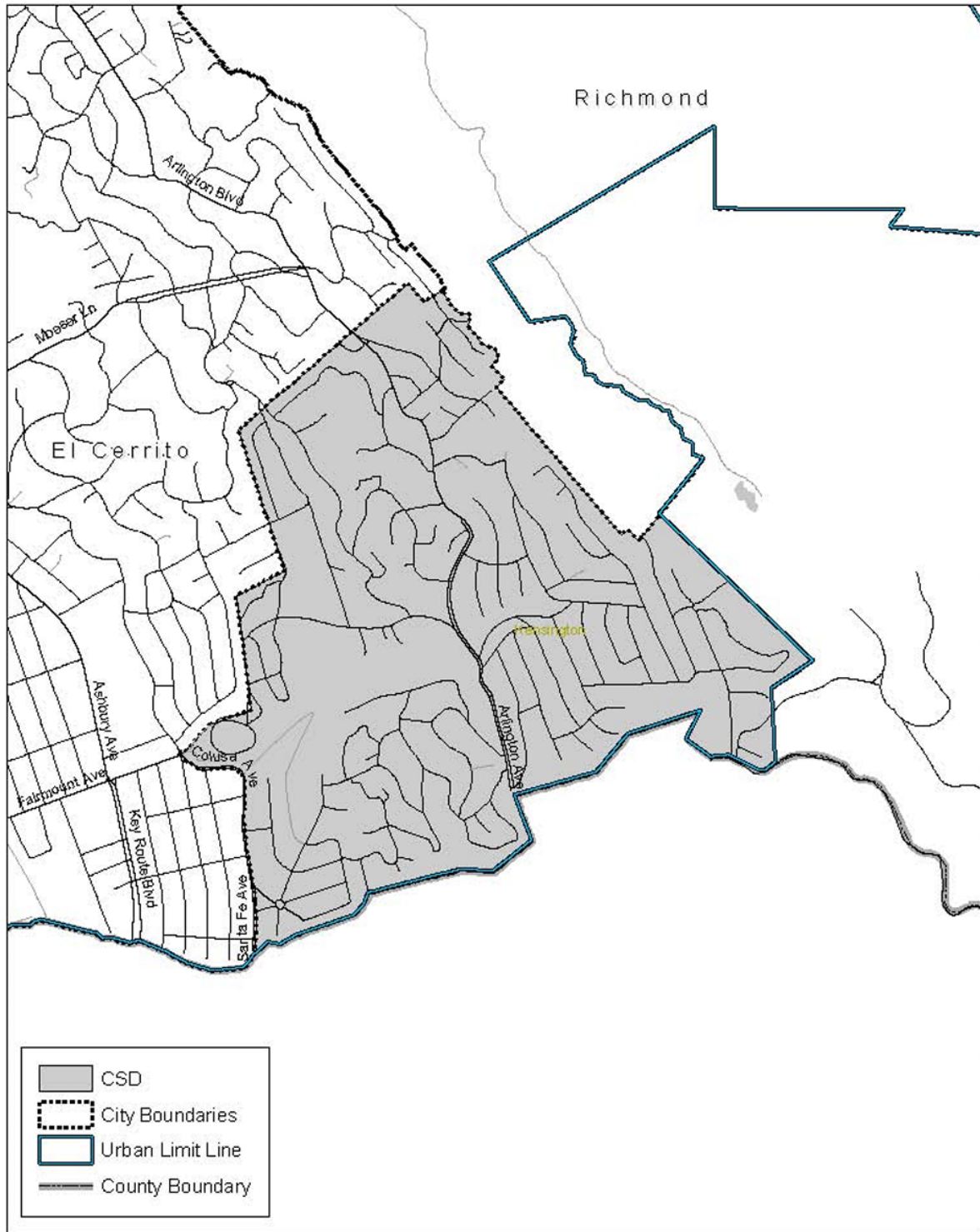


Figure 1. The boundaries of the KCS D (taken from https://www.contracostalafco.org/municipal_service_reviews/west_county_sub-

regional/WestCountySubregionalMSR_Final.pdf). The boundaries are the same for the proposed reorganized District.

Fiscal Analysis

Background

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

Revenue Sources

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

Post-Reorganization 5-Year Financial Projections

Operations

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

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

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

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

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

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

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

Revenue/Expense Projections

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

Salary & Benefits

The salary and benefit forecasts include base salaries, overtime, holiday pay, any incentive or additional pay items, FICA, uniform allowance, health (medical/dental/vision) benefits, workers

compensation insurance costs, and retirement costs. Annual escalation factors used were: a 1.7% increase per year for police staff, 5% for medical benefit costs with most other cost categories assumed to increase at an annual inflation rate of 3%. Retirement rates were projected based on actuarial projections from CalPERS applied to existing staff.

Retiree Health

KCSD eligible retirees employed on or before January 6, 2020 may enroll in any of the plans available through the CalPERS Program with the district contributing 90% of the cost of post-employment medical coverage up to a cap of the 2020 Kaiser Bay Area rates for the coverage selected. Eligible retirees hired on or after January 6, 2020 shall receive only the Public Employees' Medical and Health Care Act minimum for a retiree health benefit. KCSD does not provide post-employment dental and vision benefits for retirees.

Retiree health (medical, dental, and vision) will continue to be fully paid for existing KFPD retirees. As it is a closed plan, there are no active participants; therefore, there will be no future retirees.

Fire Department Fleet

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

Facility Maintenance & Utilities

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

Anticipated Annexation Expense

Kensington Consolidated District One-Time Consolidation Cost Estimate

Description	Amount
Management Search	\$25,000
LAFCO Fees	\$6,000
Legal Fees	\$25,000
Total	\$56,000

Source: KPPCSD, KFPD, and Ridgeline

Capital

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

Combined Reserve Balances

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

Findings

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

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

Fiscal Determinations

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

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

Appropriations Limit

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

Proposed Transition Plan

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

Reorganization Timeline

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

Implementation Plan

Facilities and Apparatus Transfer

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

Financial Transfer

Property Tax Sharing

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

Operating and Capital Reserve Funds

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

Other Assets and Liabilities

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

Governance Structure

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

Personnel and Employment Agreements

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

Conditions of Service Required by the Land Use Agency

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