

Overview of Major Capital Improvements

The Board approved a preliminary budget for FY 24-25. This analysis assumes that revenues will total \$6,215,187 and expenditures \$5,063,52, leaving a net operating surplus of \$1,151,666 – see Exhibit A following. However, as also shown on Exhibit A, the KFPD is required to set aside in FY 24-25 \$219,348 to maintain a capital reserve account to replace fire engine equipment, and must pay \$141,570 annually to pay down the \$2.0 million loan to rebuild the PSB. When these two obligation are subtracted from the net operation surplus for FY 24-25, the KFPD will have \$790,748 in available cash.

Section 1150.10 of the KFPD's Policy Handbook states that "the general manager shall draft a proposed annual budget. **Such an annual budget shall be balanced.**" As indicated from the aforementioned paragraph and shown in Exhibit A, the current budget leaves the KFPD with an available surplus of \$790,748. It is recommended this surplus be designated for several fire protection measures as described below.

Reducing risk of a Tilden Park fire – East Bay Regional Park District (EBRPD) owns the land comprising the school trail from Grizzly Peak to Kensington Hilltop School and east into the park. The property from Kensington Hilltop north to the Kensington/El Cerrito boarder is owned by Richmond but part of EBRPD. This park land is heavily wooded, has not had a fire for at least 100 years, and is considered vulnerable to a fire originating from strong late season easterly winds blowing towards Kensington. Unfortunately a reduction in the fuel capacity of the Tilden Park hillside is not currently among the projects that EBRPD has scheduled for fuel reduction.

Because the process is cumbersome that EBRPD has to follow to thin out existing trees and shrubs, we can probably expect little help for several years. However, it may be possible to obtain EBRPD approval to remove dead wood and brush on the hillside perhaps to a distance of 400 feet from the school trail. This would be a start to reducing fire risk and should involve an ad hoc committee of one or two directors to commence discussions with EBRPD. **It is recommended that we set aside \$200,000 for use in this fuel reduction effort.**

Lake Drive cul-de-sac turn around – Lake Drive is a narrow, dead end street with no cul-de-sac turn around at the end. It also contains several fire hydrants, but fire trucks would find these hydrants difficult to use in the event of a Tilden Park fire because of the traffic problems and fact the hydrants are separated from the park by homes. A cul-de-sac would ease turn around problems and provide better fire truck access into the park. **It is recommended that studies be undertaken to implement a turn around and that \$150,000 be set aside to design and construct a cul-de-sac.**

Additional hydrants and fire truck access behind Kensington Hilltop School – On the south side of the school there is one fire hydrant located in the school's parking lot and none at the rear of the school and located at the kindergarten to 2nd grade playground. Since this is the back of the school and adjacent to Tilden Park a plan need to be prepared showing where hydrants could be located and more important how fire trucks can gain access to the back of the school. **It I recommended that \$150,000 be set aside to prepare plans on how this would layout.**

Widening selected streets for emergency vehicle access – Due to the small size of Kensington streets and since most allow parking on one

side, access from the Tilden Park ridge to the Arlington can be difficult and will be extremely bad if emergency vehicles, especially fire trucks need to reach the top of the hill. This is especially true of the likely emergency route from Arlington to Westminster, Kenyon, Perdue, Beloit arriving at Grizzly Peak. Studies should be undertaken to show how these streets could be widened, if only by a few feet, to enhance emergency vehicle access. **It is recommended that \$75,000 be set aside to commence these studies.**

Signal design and turn-around radius at Arlington/Sunset – The Emergency Preparedness Committee has been advocating that in the event of an emergency resident above the Arlington should drive to the Arlington then turn down Sunset Drive. However, in an emergency the Arlington will be very congested and turning down Sunset will be very difficult. Correcting this could involve a signal at the Arlington/Sunset intersection which would only be activated in the event of an emergency. While such a signal would be a county obligation to install, the KFPA could invest in an analysis to show the probable costs and layout of such a signal. **It is recommended that \$50,000 be set aside to study the best layout for a temporary signal at Arlington/Sunset.**

Further modifications to the Public Safety Building – Although construction of the PSB is almost complete the building has required upgrades about every 10 years. There is also a strong likelihood that some near term changes will be necessary once the firefighters settle in. obligations. **It is recommended that \$50,000 be set aside in 24-25 to meet this obligations.**

The total cost of these projects is \$575,000, consisting of the following;

Financial Plan

The District engaged NHA Advisors in October 2021 for strategic financial planning of the district's operational, capital, and emergency reserves. In 2023, Bill Zenoni developed a financial forecasting model and projection with staff able to update for changes as they occur and/or are needed for planning purposes. Bill Zenoni worked with staff on the additional update below.

Five-Year Financial Forecast

	FY 2022-23 Actual	FY 2023-24 Budget	FY 2023-24 Projected	FY 2024-25 Budget	FY 2025-26 Projected	FY 2026-27 Projected	FY 2027-28 Projected	FY 2028-29 Projected
REVENUE								
Property Taxes	\$ 5,264,470	\$ 5,475,049	\$ 5,475,049	\$ 5,694,051	\$ 5,921,813	\$ 6,158,685	\$ 6,405,033	\$ 6,661,234
Special Taxes	200,437	201,000	201,000	201,000	201,000	201,000	201,000	201,000
Other Taxes (HOPTR)	24,423	25,000	25,000	25,000	25,000	25,000	25,000	25,000
Lease Income	3,050	-	-	-	-	-	-	-
Investment Income	37,204	216,110	216,110	232,136	244,540	277,871	306,085	328,416
CERBT Disbursement	67,346	63,500	63,500	61,000	61,960	62,939	63,938	64,957
Other Revenue	163	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Grant Revenue	-	-	-	-	-	-	-	-
TOTAL REVENUE	\$ 5,597,092	\$ 5,982,658	\$ 5,982,658	\$ 6,215,187	\$ 6,456,312	\$ 6,727,495	\$ 7,003,055	\$ 7,282,607
EXPENDITURES								
Salaries and Benefits								
Office Wages and Related Costs	182,171	222,879	222,879	196,297	204,149	212,315	220,808	229,640
Retiree Medical Benefits	67,346	63,500	63,500	61,000	61,960	62,939	63,938	64,957
Total Salaries and Benefits	\$ 249,517	\$ 286,379	\$ 286,379	\$ 257,297	\$ 266,109	\$ 275,254	\$ 284,746	\$ 294,597
Outside Professional Services								
El Cerrito Contract Fees	3,843,483	4,146,968	4,146,968	4,320,657	4,666,310	5,039,615	5,442,784	5,878,207
El Cerrito Reconciliation	123,165	77,554	77,554	(42,866)	80,000	80,000	80,000	80,000
Other Outside Professional Services	279,998	364,154	349,154	389,324	333,743	341,510	354,706	363,528
Total Outside Professional Services	\$ 4,246,646	\$ 4,588,676	\$ 4,573,676	\$ 4,667,115	\$ 5,080,053	\$ 5,461,125	\$ 5,877,490	\$ 6,321,735
Community Service Activities	\$ 24,862	\$ 64,620	\$ 48,620	\$ 43,744	\$ 43,871	\$ 44,002	\$ 44,137	\$ 44,276
District Activities	\$ 45,525	\$ 23,500	\$ 23,500	\$ 29,358	\$ 23,500	\$ 29,651	\$ 23,500	\$ 29,959
Office Expenses	\$ 18,990	\$ 15,215	\$ 15,215	\$ 11,416	\$ 11,244	\$ 11,581	\$ 11,929	\$ 12,287
Building Maintenance	\$ 9,915	\$ 6,900	\$ 6,900	\$ 13,500	\$ 14,175	\$ 14,884	\$ 15,628	\$ 16,409
Building Utilities/Service	\$ 14,541	\$ 19,840	\$ 19,840	\$ 21,090	\$ 22,563	\$ 24,164	\$ 25,905	\$ 27,800
Contingency	\$ -	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000
TOTAL OPERATING EXPENDITURES	\$ 4,609,995	\$ 5,025,130	\$ 4,994,130	\$ 5,063,520	\$ 5,481,515	\$ 5,880,661	\$ 6,303,334	\$ 6,767,062
NET OPERATING SURPLUS/(SHORTFALL)	\$ 987,096	\$ 957,529	\$ 988,529	\$ 1,151,666	\$ 974,797	\$ 846,834	\$ 699,721	\$ 515,545
CAPITAL EXPENDITURES								
Capital Expenditures - Rolling Stock Set-aside	\$ 202,800	\$ 167,489	\$ 167,489	\$ 219,348	\$ 228,122	\$ 237,247	\$ 246,737	\$ 256,607
Capital Expenditures - Equip/Furniture	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital Expenditures - Public Safety Building	\$ 2,221,222	\$ 5,881,093	\$ 5,881,093	\$ 700,000	\$ -	\$ -	\$ -	\$ -
Debt Service	\$ -	\$ -	\$ -	\$ 141,570	\$ 141,525	\$ 141,478	\$ 141,428	\$ 141,377
TOTAL EXPENDITURES	\$ 7,034,017	\$ 11,073,712	\$ 11,042,712	\$ 6,124,439	\$ 5,851,162	\$ 6,259,386	\$ 6,691,499	\$ 7,165,047
CHANGE IN FUND BALANCE	\$ (1,436,926)	\$ (5,091,053)	\$ (5,060,053)	\$ 310,096	\$ 833,273	\$ 705,356	\$ 558,293	\$ 374,168
Building Loan Drawdown	1,926,120	-	-	-	-	-	-	-
FUND BALANCE (June 30)	\$ 10,695,958	\$ 5,772,394	\$ 5,803,394	\$ 6,113,490	\$ 6,946,763	\$ 7,652,119	\$ 8,210,412	\$ 8,584,580

June 14, 2024

Available operating surplus	\$790,748
Potential added capital expenditures	<u>675,000</u>
Remaining available capital	\$116,748