



**TO:** Board of Directors  
Kensington Fire Protection District

**DATE:** September 9, 2020

**RE:** Public Safety Building Shared Financing: Decision Plan and Draft Proposal for Board Review

**SUBMITTED BY:** Mary A. Morris-Mayorga, Interim General Manager

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**Recommended Action**

Discuss the proposed public safety building renovation financing, decision plan for potential occupancy by KPPCSD, and project schedule. Take action as deemed appropriate by the Board of Directors:

- Provide staff direction on financing;
- Provide staff direction on terms to incorporate in a letter or memorandum of understanding for KPPCSD potential occupancy, if the Board desires.

**Background**

Ross Drulis Cusenbery Architecture (RDC) is in the process of seeking determination by the County of Contra Costa (CCC) on the conceptual design plan for the potential public safety building renovation. While initial verbal feedback through meetings indicated that the it may be possible for approval excluding the elevator, during recent follow-up conversations CCC confirmed that they believe an elevator will be required. Due to current project workload they will not be able to provide an official determination for several weeks (attached).

RDC and the Interim General Managers of KFPD and KPPCSD held a meeting to discuss options for proceeding. In light of the likelihood that an elevator will be required, it is prudent for RDC to develop a final revision of the conceptual design with input from the Police and Fire Chiefs to demonstrate the District’s due diligence. This will provide a comprehensive decision-making package for presentation to the Boards.

The Interim General Managers for both KFPD and KPPCSD have been continuing to discuss the remaining schedule. The proposed project decision process and plan includes the major steps with tentative dates for purposes of providing an overall schedule, updates will be provided as they occur. Some steps assume that KPPCSD will occupy space in the building which could change dependent upon whether the conceptual design will accommodate and decision by either or both Boards. IT may be advisable to establish a Memorandum of Understanding outlining the terms for a smooth and timely decision-making process.

Decision Process and Project Plan

Determination of Financing

Final Conceptual Design

Presentation of Design to KFPD/KPPCSD Boards/Joint Meeting

KFPD Board Discussion/Decision on Joint Occupancy

Meeting	Date
Regular	9/9/2020
Regular	10/14/2020
N/A	September 2020
Special	Week of 9/28/2020
Regular	10/14/2020

Public Safety Building Shared Financing: Decision Plan and Draft Proposal for Board Review

KPPCSD Board Discussion/Decision on Joint Occupancy	Regular	10/15/2020 or 10/29/2020
<i>(updated schedule in progress)</i>		
Construction Drawings		TBD
Plan Check		TBD
Project Bidding		TBD
Award Construction Project		TBD
Construction Begins		TBD
Project Completion		TBD

The overall cost of the project, and allocation to each agency in the event shared occupancy is determined, is estimated to be:

<u>Construction/Temporary Space</u>	<u>Total</u>	<u>KFPD</u>	<u>KPPCSD</u>
Construction (Based on Conceptual Design Estimate)	\$ 4,579,000	\$ 3,746,000	\$ 833,000
Soft Costs	1,144,750	936,500	208,250
Temporary Space	972,000	972,000	
	<u>\$ 6,695,750</u>	<u>\$ 5,654,500</u>	<u>\$ 1,041,250</u>
Example of Amortized Cost Over 15 Years at 5%		Annual	\$ 100,316
		Monthly	\$ 8,360

Since the District owns the building, the KPPCSD allocation would typically be paid over time as a component of leasing the space or per other agreement. To reflect the commitment of KFPD to renovate the space allocated to KPPCSD an agreement laying out the lease terms would be initiated prior to proceeding. This would include a termination clause in the event KPPCSD plans to terminate occupancy. The potential cash flow has been incorporated into the reserves schedule below. While there would be available Operating Reserves to fund the gap in Capital Outlay Reserves, securing some form of short-term financing from programs such as through the California Special Districts Financing Corporation is an option. Staff is currently gathering information on this program.

	FY 2021 Budget	FY 2022 Budget	FY 2023 Budget	FY 2024 Budget	FY 2025 Budget
<u>Operating</u>					
Beginning Balance	\$ 5,413,569	\$ 5,305,337	\$ 5,900,016	\$ 4,023,147	\$ 4,652,048
Revenues	\$ 4,679,910	\$ 4,766,626	\$ 4,899,932	\$ 4,999,141	\$ 5,091,231
Expenditures	\$ (4,180,831)	\$ (4,014,636)	\$ (4,119,490)	\$ (4,212,929)	\$ (4,323,024)
Transfer In					
Transfer Out-Capital	\$ (607,311)	\$ (157,311)	\$ (157,311)	\$ (157,311)	\$ (157,311)
Transfer Out-PSB			\$ (2,500,000)		
<b>Ending Balance</b>	<b>\$ 5,305,337</b>	<b>\$ 5,900,016</b>	<b>\$ 4,023,147</b>	<b>\$ 4,652,048</b>	<b>\$ 5,262,944</b>
<b>EC Contract Reserve</b>	<b>(3,500,000)</b>	<b>(3,500,000)</b>	<b>(3,500,000)</b>	<b>(3,500,000)</b>	<b>(3,500,000)</b>
<b>Operating Reserves</b>	<b>\$ 1,805,337</b>	<b>\$ 2,400,016</b>	<b>\$ 523,147</b>	<b>\$ 1,152,048</b>	<b>\$ 1,762,944</b>
<u>Capital Outlay</u>					
Beginning Balance	\$ 4,047,723	\$ 4,207,654	\$ 919,665	\$ 393,182	\$ 555,604
Revenues	52,620	54,700	11,956	5,111	7,223
Expenditures	(500,000)	(3,500,000)	(3,195,750)		
Transfer In-Capital Funding	607,311	157,311	157,311	157,311	157,311
Transfer In-Operating			2,500,000		
Transfer Out					
<b>Capital Outlay Reserves</b>	<b>\$ 4,207,654</b>	<b>\$ 919,665</b>	<b>\$ 393,182</b>	<b>\$ 555,604</b>	<b>\$ 720,138</b>

**Fiscal Impact**

There is no fiscal impact at this time; however, once the Board takes action to proceed with the project budget amendments will include: capital project and funding; operating expenses; and KPPCSD lease revenue.

Kensington Fire Protection District  
Public Safety Building Renovation  
Financing

*Costs Have Been Updated Pursuant to Draft Project Budget*

<u>Total Renovation Cost</u>	Total	FY 2021	FY 2022	FY 2023
Design/Planning/Management	\$ 808,430	\$ 500,000	\$ 123,372	\$ 185,058
Construction	5,171,243		2,068,497	3,102,746
Project Contingency	725,831		290,332	435,499
Temporary Facility	974,500		974,500	
Additional Costs -Per Project Cost Report	304,137	91,241	106,448	106,448
<b>Total</b>	<b>\$ 7,984,141</b>	<b>\$ 591,241</b>	<b>\$ 3,563,149</b>	<b>\$ 3,829,751</b>

Financing Options

- Reserves 100%
- Reserves Combined with Construction Loan (CSDA Finance or Other)

KPPCSD Occupied Space (Option B potential)

Construction Cost - based on square footage	\$ 972,946
Soft Cost Estimate - 25%	243,237
<b>Total Estimated Construction Cost</b>	<b>\$ 1,216,183</b>

Options for Funding

- Lump Sum (reserves or loan from KFPD)
- Amortized Over 15-20 Years
- Incorporated into Monthly Lease Payment

Amortized (Rate = 5%)	15 Years	20 Years
Monthly	\$9,617.49	\$8,026.27
Annual	\$ 115,410.00	\$ 96,315.00

Kensington Fire Protection District  
 Projected Reserve Balances Including Project Cost Outflow

	FY 2021 Budget	FY 2022 Budget	FY 2023 Budget	FY 2024 Budget	FY 2025 Budget
<b>Operating</b>					
Beginning Balance	\$ 5,413,569	\$ 5,305,337	\$ 5,901,203	\$ 3,626,357	\$ 4,260,296
Revenues	\$ 4,679,910	\$ 4,767,813	\$ 4,901,955	\$ 5,004,179	\$ 5,096,335
Expenditures	\$ (4,180,831)	\$ (4,014,636)	\$ (4,119,490)	\$ (4,212,929)	\$ (4,323,024)
Transfer In					
Transfer Out-Capital	\$ (607,311)	\$ (157,311)	\$ (157,311)	\$ (157,311)	\$ (157,311)
Transfer Out-PSB			\$ (2,900,000)		
<b>Ending Balance</b>	<b>\$ 5,305,337</b>	<b>\$ 5,901,203</b>	<b>\$ 3,626,357</b>	<b>\$ 4,260,296</b>	<b>\$ 4,876,296</b>
<b>EC Contract Reserve</b>	<b>(3,500,000)</b>	<b>(3,563,145)</b>	<b>(3,500,000)</b>	<b>(3,500,000)</b>	<b>(3,500,000)</b>
<b>Operating Reserves</b>	<b>\$ 1,805,337</b>	<b>\$ 2,338,058</b>	<b>\$ 126,357</b>	<b>\$ 760,296</b>	<b>\$ 1,376,296</b>
<b>Capital Outlay</b>					
Beginning Balance	\$ 4,047,723	\$ 4,116,413	\$ 764,092	\$ 5,585	\$ 162,969
Revenues	52,620	53,513	9,933	73	2,119
Expenditures	(591,241)	(3,563,145)	(3,825,751)		
Transfer In-Capital Funding	607,311	157,311	157,311	157,311	157,311
Transfer In-Operating			2,900,000		
Transfer Out					
<b>Capital Outlay Reserves</b>	<b>\$ 4,116,413</b>	<b>\$ 764,092</b>	<b>\$ 5,585</b>	<b>\$ 162,969</b>	<b>\$ 322,399</b>
<i>Options to Funding Include Short-Term Loan Through CSDA Program</i>					



# CSDA Finance Corporation



1112 I Street, Suite 200  
 Sacramento, CA 95814  
 t: 916.442.7887 f: 916.442.7889  
 www.csdafinance.net

PREPARED BY CSDA FINANCE CORPORATION

DATE: September 21, 2020

**PROPOSED LEASE PURCHASE FOR: Kensington Fire Protection District**

**RE: Building Renovation**

NOTE: TERMS ARE BASED UPON LEASE BEING BANK QUALIFIED

Purchase Option amount is exclusive of the rental payment due on same date.

Interest rate quote is valid for an acceptance within 15 days and lease funding within 60 days.

Payments: Annually in arrears	<b>Financing Amount</b> <b>\$2,000,000</b>	<b>Interest Rate</b> <b>2.35%</b>	<b>Term</b> <b>5 Years</b>
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PMT #	Due Date	Rent Payment	To Principal	To Interest	Purchase Option
1		\$428,636.59	\$381,636.59	47,000.00	
2		428,636.59	390,605.05	38,031.54	
3		428,636.59	399,784.27	28,852.32	844,533.57
4		428,636.59	409,179.20	19,457.39	427,170.79
5		428,636.59	418,794.89	9,841.70	0.00

TOTALS:	<u>\$2,143,182.95</u>	<u>\$2,000,000.00</u>	<u>\$143,182.95</u>
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**Approved and agreed to: Kensington Fire Protection District**

By: \_\_\_\_\_

Date: \_\_\_\_\_

Title: \_\_\_\_\_



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NOTE: TERMS ARE BASED UPON LEASE BEING BANK QUALIFIED

Purchase Option amount is exclusive of the rental payment due on same date.

Interest rate quote is valid for an acceptance within 15 days and lease funding within 60 days.

Payments: Annually in arrears	<b>Financing Amount</b> <b>\$2,000,000</b>	<b>Interest Rate</b> <b>2.75%</b>	<b>Term</b> <b>10 Years</b>
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PMT #	Due Date	Rent Payment	To Principal	To Interest	Purchase Option
1		\$231,479.44	\$176,479.44	55,000.00	
2		231,479.44	181,332.62	50,146.82	
3		231,479.44	186,319.27	45,160.17	
4		231,479.44	191,443.05	40,036.39	
5		231,479.44	196,707.74	34,771.70	1,089,072.24
6		231,479.44	202,117.20	29,362.24	882,912.69
7		231,479.44	207,675.42	23,804.02	671,083.77
8		231,479.44	213,386.50	18,092.94	453,429.54
9		231,479.44	219,254.62	12,224.82	229,789.82
10		231,479.44	225,284.14	6,195.30	0.00

TOTALS:	<u>\$2,314,794.40</u>	<u>\$2,000,000.00</u>	<u>\$314,794.40</u>
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**Approved and agreed to: Kensington Fire Protection District**

By: \_\_\_\_\_

Date: \_\_\_\_\_

Title: \_\_\_\_\_

Cost Model Manager - Preliminary Project Cost Report

SUMMARY	Estimated Budget 15-Sep-20	Anticipated Cost (AC) \$ / GSF	Comments
Land Acquisition	\$0	\$0	Not Applicable
Entitlements & Permits	\$67,238	\$10	Planning, Building fees
Design, Planning and Management	\$808,430	\$125	Architects, Engineers, Project/Construction Management
Construction and Related Costs	\$5,171,243	\$798	Construction, Utilities, Inspections, Change Order Contingency
Telephone and Data Systems	\$102,200	\$16	Servers, racks, communication equipment etc
Furnishings, Fixtures and Equipment	\$99,700	\$15	Chairs, tables, sleeping quarter furnishings, lounge area furnishings etc
Audio Visual and Security	\$35,000	\$5	TVs, Security equipment
Owner Costs	\$974,500	\$0.00	Temporary facility costs
Project Contingency	\$725,831	\$112	10% of above costs
<b>TOTAL PROJECTED PROJECT BUDGET</b>	<b>\$7,984,141</b>	<b>\$1,082</b>	



Cost Model Manager - Preliminary Project Cost Report

ENTITLEMENT & PERMITS	Estimated Budget 15-Sep-20	Anticipated Cost (AC) \$/ GSF	Comments
Entitlement Planning Fees	10,000	1.54	Allowance
		-	
Permit Building Permit	57,238	8.83	Allowance @ 1.25% of construction cost
PW Permit		-	
Fire		-	
Encroachment		-	
<b>Total - Entitlement &amp; Permits</b>	<b>67,238</b>	<b>\$ 9</b>	



Cost Model Manager - Preliminary Project Cost Report

DESIGN, PLANNING & MANAGEMENT	Estimated Budget 15-Sep-20	Anticipated Cost (AC) \$/ GSF	Comments
Design Professionals			
Architect	549,480	84.80	Allowance at 12% of construction cost
Landscape Architect		-	
Structural engineer		-	
Electrical		-	
Mechanical		-	
Plumbing		-	
Civil Engineer		-	
Data, Audio Visual, Security		-	
Food Service - kitchen design		-	
Specialty Consultants		-	
Project/Construction Management	228,950	35.33	Allowance at 5% of construction cost
Reimbursables	10,000	1.54	Allowance
Owner Direct Consultants			
Geotech	10,000	1.54	Allowance
Environmental - Hazmat	5,000	0.77	Allowance
Topo and Alta surveys	5,000	0.77	Allowance
<b>Total - Design, Planning &amp; Management</b>	<b>808,430</b>	<b>\$ 125</b>	

Cost Model Manager - Preliminary Project Cost Report

CONSTRUCTION COSTS and RELATED COSTS	Estimated Budget 15-Sep-20	Anticipated Cost (AC) \$/ GSF	Comments
Construction	4,579,000	706.64	Per estimate
Public Art	0	-	Not included
Related Costs of Construction			
Hazmat Abatement	0	-	Included in construction budget
Contractor Labor & Performance Bond	0	-	Included in construction budget
SWPPP	0	-	Not required
Utility Fees	100,000		Allowance
Fire Service	0	-	Included in utility fee
Potable, irrigation	0	-	Included in utility fee
PG&E	0	-	Included in utility fee
Cable/Telecommunications	0	-	Included in utility fee
Insurance - Builder's Risk	0	-	Not included
Testing & Inspections	34,343	5.30	Allowance @ 0.75% of building and site development cost
Change Order Contingency	457,900	70.66	Allowance @ 10% of construction cost
<b>Total - Construction Costs</b>	<b>5,171,243</b>	<b>783</b>	

Cost Model Manager - Preliminary Project Cost Report

<b>TELEPHONE and DATA SYSTEMS</b>	<b>Estimated Budget 15-Sep-20</b>	<b>Anticipated Cost (AC) \$ / GSF</b>	<b>Comments</b>
Cabling	0	-	Included in construction budget
Telecom, Server, Network Switches, Comm. Equipment	97,200	15.00	Allowance, reuse existing?
Desktop/laptop computers	5,000	0.77	Allowance, reuse existing?
<b>Total - Telephone and Data Systems</b>	<b>102,200</b>	<b>16</b>	
<b>FURNISHINGS, FIXTURES &amp; EQUIPMENT</b>	<b>Estimated Budget 15-Sep-20</b>	<b>Anticipated Cost (AC) \$ / GSF</b>	<b>Comments</b>
Furnishings	97,200	15.00	Allowance, reuse existing?
Owner Supplied Breakroom Equipment	2,500	0.39	Allowance, reuse existing?
<b>Total - Furnishings, Fixtures and Equipment</b>	<b>99,700</b>	<b>15</b>	
<b>AUDIO VISUAL and SECURITY</b>	<b>Estimated Budget 15-Sep-20</b>	<b>Anticipated Cost (AC) \$ / GSF</b>	<b>Comments</b>
Public announcement system	0	-	Not included
Audio Visual Systems	10,000	1.54	Allowance, reuse existing?
Assisted Listening Devices	0	-	Not included
Security System - CCTV, Card Keys etc.	25,000	3.86	Head in equipment costs allowance
<b>Total - Audio Visual and Security</b>	<b>35,000</b>	<b>5</b>	

Cost Model Manager - Preliminary Project Cost Report

OWNER COSTS	Estimated Budget 15-Sep-20	Anticipated Cost (AC) \$/ GSF	Comments
Legal	0	-	Not included
Staff Cost	0	-	Not included
Temp Facility	972,000	-	Preliminary budget for 14 months
Financing Fees	0	-	Not included
Ground Breaking, Project Opening etc	2,500	-	
<b>Total - Owner Costs</b>	<b>974,500</b>	<b>0.00</b>	

**GENERAL CONCEPT PLAN ASSUMPTIONS:**

THE ATTACHED DRAWINGS ARE CONCEPTUAL IN NATURE AND ARE BASED ON PRELIMINARY FACTORS/ASSUMPTIONS THAT INCLUDE:

1. THE EXISTING BUILDING DOCUMENTATION IS INCOMPLETE. THE CURRENT LAYOUTS ARE BASED ON PAPER-DRAWINGS PROVIDED BY THE DISTRICT, BUT HAVE NOT BEEN CROSS-REFERENCED BY CONDITIONS IN THE FIELD. DETAILED AS-BUILT DRAWINGS ARE REQUIRED TO VALIDATE CURRENT CONDITIONS.

2. THE MAJORITY OF THE MECHANICAL EQUIPMENT IS ASSUMED TO BE RELOCATED TO THE ROOF OR OTHER AREA EXTERIOR TO THE MAIN BUILDING.

3. THE ELEVATOR ASSUMES A MACHINE ROOM-LESS (MRL) CONFIGURATION. THIS FEASIBILITY IS TO BE VERIFIED.

4. FURTHER VERIFICATION REQUIRED TO VALIDATE REDUCING THE SIZE OF THE ELECT/COMM/IT SPACE. A DETAILED AS-BUILT ASSESSMENT IS REQUIRED.

5. FURTHER ENGINEERING—INCLUDING STRUCTURAL DESIGN AND SHEAR WALL REQUIREMENTS—MAY IMPACT THESE SPACE LAYOUTS

**AREA CALCULATIONS**

FIRST FLOOR GROSS: 3,092sf  
 FIRST FLOOR F.D. NET: 1547sf  
 -includes elevator, stair, app. bays & support spaces  
 FIRST FLOOR P.D. NET: 859 sf  
 FIRST FLOOR SHARED NET: 297 sf  
 -includes lobby, secure hallway, restroom

SECOND FLOOR GROSS: 2,932sf  
 -excludes existing 327sf outdoor terrace  
 SECOND FLOOR F.D. NET: 2,796sf  
 SECOND FLOOR SHARED NET: 163 sf  
 -includes elec., mech & gen rooms

Net areas do not include interior partitions or exterior walls.

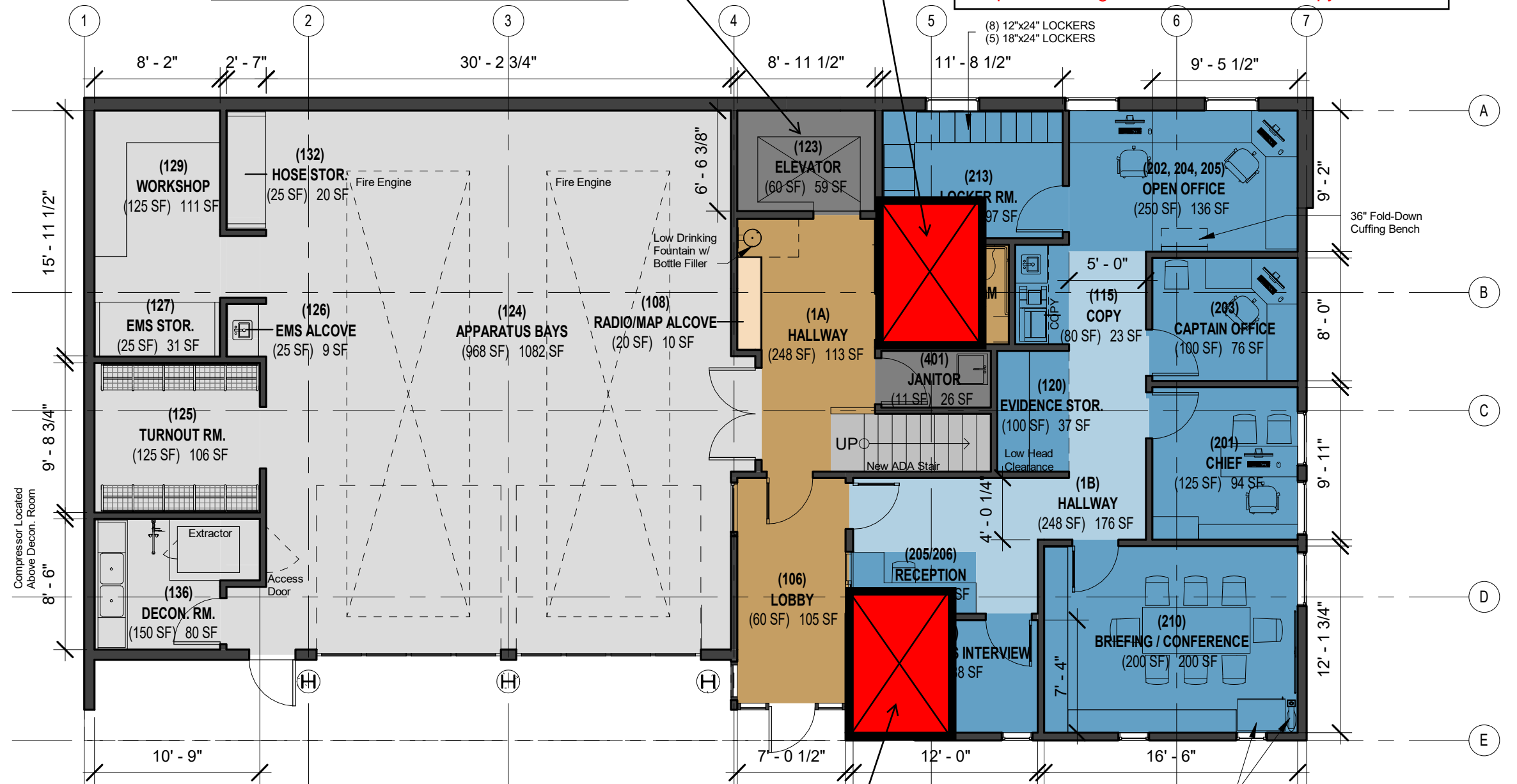
**RossDrulisCusenbery Architecture, Inc.**

**OPTION D [Current Option]**

Current location of the elevator may have possible conflict with foundations of east wall.

**OPTION D [Alternative 01]**

- requires moving restroom to location to east, in the Option D elevator location.  
 - requires redesign of PD locker room & copy area

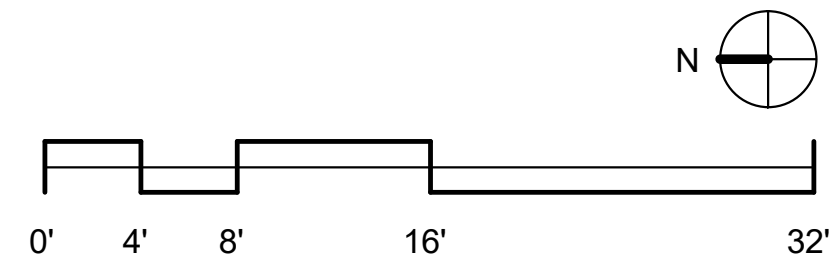


**OPTION D [Alternative 02]**

- requires redesign of PD reception and briefing.  
 - redesign the Option D elevator location for use as PD interview room or other PD use.

Conceptual alternative elevator location concepts are presented here for review.

**FIRST FLOOR OPTION D  
 With Elevator & Enclosed Deck**



**OPTION D [Current Option]**

The current location of the elevator displaces the existing mechanical equipment room. It is likely that some of this equipment will need to be relocated to the roof.

**OPTION D [Alternative 01]**

- requires redesigning access to the fitness room  
- reduces the size of the fitness room.

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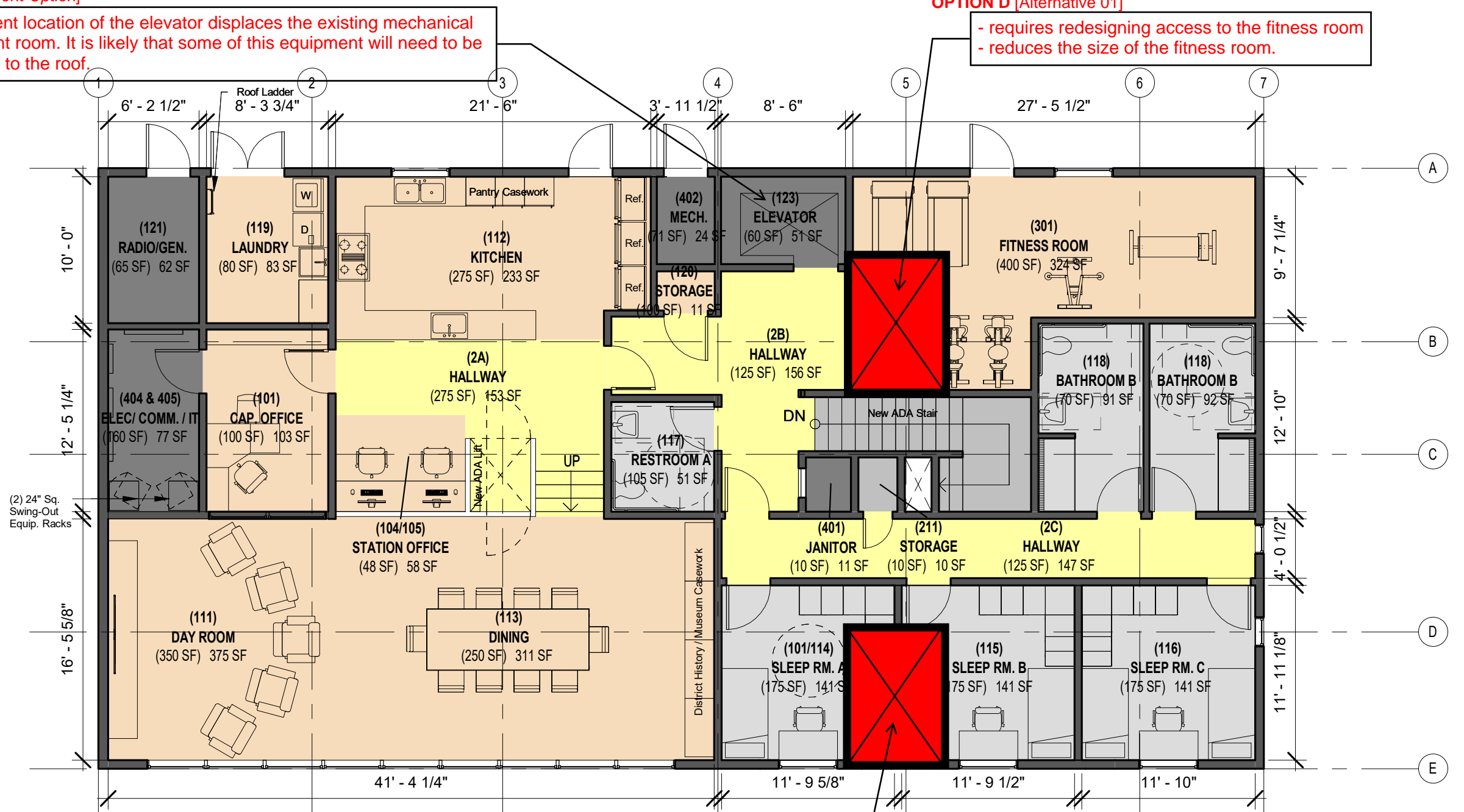
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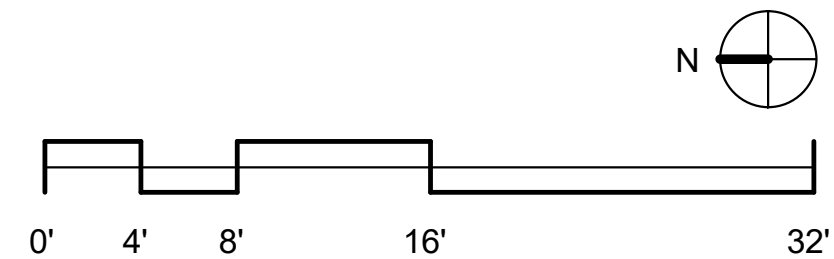
**RossDrulisCusenbery Architecture, Inc.**



**OPTION D [Alternative 02]**

- requires redesign of sleep rooms, bathrooms and fitness room.  
- requires redesign of hallways and circulation on second floor.

Conceptual alternative elevator location concepts are presented here for review.



**SECOND FLOOR OPTION D  
With Elevator & Enclosed Deck**

CONCEPTUAL SECOND FLOOR PLAN - RENOVATION