



KENSINGTON FIRE PROTECTION DISTRICT

DATE: September 7, 2023
TO: Finance Committee
RE: Financial Forecast Update
SUBMITTED BY: Mary A. Morris-Mayorga, Interim General Manager

Recommended Action

This item is provided for discussion, feedback, and direction prior to advancement to the Board of Directors.

Background

The Financial Forecast was developed by Bill Zenoni, Consultant, and presented to the Finance Committee on June 6, 2023. The committee provided feedback and direction for presentation to the Board of Directors on June 21, 2023.

Since that time, staff has made the following updates:

- revenues were updated for June 30 actuals - property tax and CERBT disbursement;
- expenditures were updated for June 30 actuals – retiree health benefits and capital/public safety building (PSB);
- expenditure budget estimates were updated – audit, firesafe planting grants, and PSB.

Fiscal Impact

The long-term financial forecast demonstrates that the District can sustainably maintain operations and complete the PSB project with reserves remaining following completion.

Attachment: Financial Forecast

KENSINGTON FIRE PROTECTION DISTRICT

FIVE YEAR FINANCIAL FORECAST - Summary

September 2023

| | FY 2022-23 Budget | FY 2022-23 Projected | FY 2023-24 Budget | FY 2024-25 Projected | FY 2025-26 Projected | FY 2026-27 Projected | FY 2027-28 Projected |
|--|-----------------------|-------------------------|-----------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| REVENUE | | | | | | | |
| Property Taxes | \$ 4,739,500 | \$ 5,264,470 | \$ 5,475,049 | \$ 5,694,051 | \$ 5,921,813 | \$ 6,158,685 | \$ 6,405,033 |
| Special Taxes | 200,752 | 200,752 | 201,000 | 201,000 | 201,000 | 201,000 | 201,000 |
| Other Taxes (HOPTR) | 24,000 | 24,000 | 25,000 | 25,000 | 25,000 | 25,000 | 25,000 |
| Lease Income | 3,050 | 3,050 | 3,050 | - | - | - | - |
| Investment Income | 20,000 | 250,000 | 216,110 | 138,285 | 137,168 | 144,715 | 147,723 |
| CERBT Disbursement | 80,000 | 67,617 | 68,000 | 68,000 | 68,000 | 68,000 | 68,000 |
| Other Revenue | - | - | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 |
| Grant Revenue | - | - | - | - | - | - | - |
| TOTAL REVENUE | \$ 5,067,302 | \$ 5,809,889 | \$ 5,990,208 | \$ 6,128,335 | \$ 6,354,981 | \$ 6,599,400 | \$ 6,848,755 |
| EXPENDITURES | | | | | | | |
| <u>Salaries and Benefits</u> | | | | | | | |
| Office Wages and Related Costs | 196,052 | 172,266 | 177,606 | 189,810 | 197,403 | 205,299 | 213,511 |
| Retiree Medical Benefits | 90,600 | 67,618 | 68,000 | 68,000 | 68,000 | 68,000 | 68,000 |
| Total Salaries and Benefits | \$ 286,652 | \$ 239,884 | \$ 245,606 | \$ 257,810 | \$ 265,403 | \$ 273,299 | \$ 281,511 |
| <u>Outside Professional Services</u> | | | | | | | |
| El Cerrito Contract Fees | 3,843,483 | 3,843,483 | 4,146,968 | 4,478,725 | 4,837,023 | 5,223,985 | 5,641,904 |
| El Cerrito Reconciliation | 123,165 | 123,165 | 77,554 | 125,000 | 125,000 | 125,000 | 125,000 |
| Other Outside Professional Services | 348,925 | 361,258 | 327,133 | 315,000 | 322,852 | 335,519 | 344,424 |
| Total Outside Professional Services | \$ 4,315,573 | \$ 4,327,906 | \$ 4,551,655 | \$ 4,918,725 | \$ 5,284,875 | \$ 5,684,505 | \$ 6,111,328 |
| Community Service Activities | \$ 72,200 | \$ 38,262 | \$ 63,120 | \$ 33,294 | \$ 33,521 | \$ 33,702 | \$ 33,912 |
| District Activities | \$ 61,500 | \$ 60,105 | \$ 23,500 | \$ 29,380 | \$ 24,500 | \$ 30,674 | \$ 25,000 |
| Office Expenses | \$ 15,500 | \$ 15,500 | \$ 72,785 | \$ 15,279 | \$ 15,737 | \$ 16,209 | \$ 16,695 |
| Building Maintenance | \$ 24,000 | \$ 19,665 | \$ 6,400 | \$ 13,685 | \$ 13,805 | \$ 14,495 | \$ 14,495 |
| Building Utilities/Service | \$ 17,000 | \$ 19,123 | \$ 22,360 | \$ 23,914 | \$ 25,614 | \$ 27,475 | \$ 29,514 |
| Contingency | \$ 25,000 | \$ 25,000 | \$ 20,000 | \$ 20,000 | \$ 20,000 | \$ 20,000 | \$ 20,000 |
| TOTAL OPERATING EXPENDITURES | \$ 4,817,425 | \$ 4,745,445 | \$ 5,005,426 | \$ 5,312,086 | \$ 5,683,455 | \$ 6,100,359 | \$ 6,532,455 |
| NET OPERATING SURPLUS/(SHORTFALL) | \$ 249,877 | \$ 1,064,444 | \$ 984,783 | \$ 816,249 | \$ 671,526 | \$ 499,041 | \$ 316,301 |
| Capital Expenditures - Rolling Stock Set-aside | \$ - | \$ 202,800 | \$ 210,912 | \$ 719,348 | \$ 228,122 | \$ 237,247 | \$ 246,737 |
| Capital Expenditures - Equip/Furniture | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Capital Expenditures - Public Safety Building | \$ 3,606,440 | \$ 2,221,222 | \$ 5,725,081 | \$ - | \$ - | \$ - | \$ - |
| Debt Service | \$ - | \$ - | \$ 87,912 | \$ 141,570 | \$ 141,525 | \$ 141,478 | \$ 141,428 |
| TOTAL EXPENDITURES | \$ 8,423,865 | \$ 7,169,467 | \$ 11,029,331 | \$ 6,173,005 | \$ 6,053,101 | \$ 6,479,084 | \$ 6,920,620 |
| CHANGE IN FUND BALANCE | \$ (3,356,563) | \$ (1,359,578) | \$ (5,039,122) | \$ (44,669) | \$ 301,879 | \$ 120,317 | \$ (71,864) |
| Building Loan Drawdown | - | 1,926,120 | - | - | - | - | - |
| FUND BALANCE (June 30) | \$ - | \$ 10,570,506 | \$ 5,531,384 | \$ 5,486,714 | \$ 5,788,594 | \$ 5,908,910 | \$ 5,837,046 |

KENSINGTON FIRE PROTECTION DISTRICT
FIVE YEAR FINANCIAL FORECAST - Line Item Detail

September 2023

| | FY 2022-23 Budget | FY 2022-23 Projected | FY 2023-24 Budget | FY 2024-25 Projected | FY 2025-26 Projected | FY 2026-27 Projected | FY 2027-28 Projected | <i>Assumptions Fiscal Years 2025-2028</i> |
|--|----------------------|-------------------------|----------------------|-------------------------|-------------------------|-------------------------|-------------------------|---|
| Legal Fees | 20,000 | 20,000 | 20,600 | 12,000 | 12,360 | 12,731 | 13,113 | 3% annual increase (reduce after PSB) |
| Operational Consultant | - | 19,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | |
| Recruitment | - | 23,975 | 14,925 | - | - | - | - | |
| Temporary Services | - | - | - | - | - | - | - | |
| Water System Improvements | 10,000 | - | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | Assume no additional costs |
| Website Development/Maintenance | 4,500 | 3,500 | 3,120 | 3,120 | 3,120 | 3,120 | 3,120 | Flat |
| Wildland Vegetation Maintenance | 7,600 | 7,600 | 7,828 | 8,063 | 8,305 | 8,554 | 8,810 | 3% annual increase |
| Other Outside Professional Services | - | - | - | - | - | - | - | |
| Emergency Preparedness Coordinator | 105,200 | 105,200 | 108,356 | 111,607 | 114,955 | 118,404 | 121,956 | 3% annual increase |
| Grant Writer/Coordinator | 50,000 | 31,000 | 15,000 | 15,000 | 15,000 | 15,000 | 15,000 | |
| Nixle (Everbridge) Fees | 4,000 | 4,000 | 4,120 | 4,120 | 4,120 | 4,120 | 4,120 | 3% annual increase |
| Long-Term Financial Planner | 5,000 | 5,000 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | |
| Total Outside Professional Services | \$ 4,315,573 | \$ 4,327,906 | \$ 4,551,655 | \$ 4,918,725 | \$ 5,284,875 | \$ 5,684,505 | \$ 6,111,328 | |
| <u>Community Service Activities</u> | | | | | | | | |
| Public Education | 30,000 | 20,000 | 20,000 | 15,000 | 15,000 | 15,000 | 15,000 | Reduce after FY 2023-24 |
| EP Coordinator Expense Account | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | Flat |
| Community Pharmaceutical Drop-Off | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | Flat |
| CERT Emergency Kits/Sheds/Prep | 4,000 | 4,000 | 4,120 | 4,244 | 4,371 | 4,502 | 4,637 | 3% annual increase |
| Open Houses | 1,800 | 1,800 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | Flat |
| Community Shredder | 5,000 | 5,000 | 5,500 | 5,500 | 5,500 | 5,500 | 5,500 | Flat |
| DFSC Matching Grants | - | - | - | - | - | - | - | |
| Firesafe Planting Grants | 25,000 | - | 25,000 | - | - | - | - | |
| Demonstration Garden | - | - | - | - | - | - | - | |
| Community Sandbags | 1,900 | 2,962 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | Flat |
| Volunteer Appreciation | 500 | 500 | 500 | 550 | 600 | 650 | 700 | |
| Community Service - Other | 500 | 500 | 500 | 500 | 550 | 550 | 575 | |
| Total Community Service Activities | \$ 72,200 | \$ 38,262 | \$ 63,120 | \$ 33,294 | \$ 33,521 | \$ 33,702 | \$ 33,912 | |
| <u>District Activities</u> | | | | | | | | |
| Equipment | - | - | - | - | - | - | - | |
| Vehicle Maintenance | - | - | - | - | - | - | - | |
| Professional Development | 10,000 | 10,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | |
| Election | 7,500 | 5,600 | - | 5,880 | - | 6,174 | - | 5% increase every other year |
| Firefighter's Apparel & PPE | 2,000 | 2,000 | 1,500 | 1,500 | 2,000 | 2,000 | 2,000 | |
| Firefighter's Expenses | 30,000 | 30,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | |
| Staff Appreciation | 3,000 | 3,000 | 2,500 | 2,500 | 3,000 | 3,000 | 3,500 | |
| Memberships | 9,000 | 9,505 | 9,500 | 9,500 | 9,500 | 9,500 | 9,500 | |
| Total District Activities | \$ 61,500 | \$ 60,105 | \$ 23,500 | \$ 29,380 | \$ 24,500 | \$ 30,674 | \$ 25,000 | |
| <u>Office</u> | | | | | | | | |
| Office Expenses | 5,000 | 4,811 | 58,000 | 5,200 | 5,356 | 5,517 | 5,682 | 3% annual increase |
| Office Supplies | 2,000 | 1,000 | 1,030 | 1,061 | 1,093 | 1,126 | 1,159 | 3% annual increase |
| Telephones | 8,000 | 8,000 | 8,240 | 8,487 | 8,742 | 9,004 | 9,274 | 3% annual increase |

KENSINGTON FIRE PROTECTION DISTRICT
FIVE YEAR FINANCIAL FORECAST - Line Item Detail

September 2023

| | FY 2022-23 Budget | FY 2022-23 Projected | FY 2023-24 Budget | FY 2024-25 Projected | FY 2025-26 Projected | FY 2026-27 Projected | FY 2027-28 Projected |
|--|-----------------------|-------------------------|-----------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Office - Other | 500 | 500 | 515 | 530 | 546 | 563 | 580 |
| Office - Equipment | - | 1,189 | 5,000 | - | - | - | - |
| Total Office | \$ 15,500 | \$ 15,500 | \$ 72,785 | \$ 15,279 | \$ 15,737 | \$ 16,209 | \$ 16,695 |
| Building Maintenance | | | | | | | |
| Gardening Services | 4,000 | 500 | 500 | 2,400 | 2,520 | 2,646 | 2,646 |
| Building Alarm | 1,500 | 1,500 | 1,500 | 1,575 | 1,575 | 1,654 | 1,654 |
| Medical Waste Disposal | 7,500 | 7,500 | 2,200 | 2,310 | 2,310 | 2,426 | 2,426 |
| Janitorial Services | 2,000 | 800 | 200 | 2,400 | 2,400 | 2,520 | 2,520 |
| Miscellaneous Maintenance | 9,000 | 9,365 | 2,000 | 5,000 | 5,000 | 5,250 | 5,250 |
| Total Building Maintenance | \$ 24,000 | \$ 19,665 | \$ 6,400 | \$ 13,685 | \$ 13,805 | \$ 14,495 | \$ 14,495 |
| Building Utilities/Service | | | | | | | |
| Gas and Electric | 13,000 | 13,000 | 14,300 | 15,730 | 17,303 | 19,033 | 20,937 |
| Water/Sewer | 4,000 | 4,000 | 4,120 | 4,244 | 4,371 | 4,502 | 4,637 |
| Building Utilities/Services - Other | - | 2,123 | 3,940 | 3,940 | 3,940 | 3,940 | 3,940 |
| Total Building Utilities/Service | \$ 17,000 | \$ 19,123 | \$ 22,360 | \$ 23,914 | \$ 25,614 | \$ 27,475 | \$ 29,514 |
| Contingency | \$ 25,000 | \$ 25,000 | \$ 20,000 | \$ 20,000 | \$ 20,000 | \$ 20,000 | \$ 20,000 |
| TOTAL OPERATING EXPENDITURES | \$ 4,817,425 | \$ 4,745,445 | \$ 5,005,426 | \$ 5,312,086 | \$ 5,683,455 | \$ 6,100,359 | \$ 6,532,455 |
| NET OPERATING SURPLUS/(SHORTFALL) | \$ 249,877 | \$ 1,064,444 | \$ 984,783 | \$ 816,249 | \$ 671,526 | \$ 499,041 | \$ 316,301 |
| CAPITAL EXPENDITURES | | | | | | | |
| Rolling Stock Set-aside (Transfer from General Fund) | - | 202,800 | 210,912 | 219,348 | 228,122 | 237,247 | 246,737 |
| Equipment and Furniture | - | - | - | - | - | - | - |
| PSB - Temporary Facilities | 848,607 | 894,649 | - | - | - | - | - |
| PSB Renovation | 2,757,833 | 1,326,573 | 5,725,081 | 500,000 | - | - | - |
| Total Capital Expenditures | \$ 3,606,440 | \$ 2,424,022 | \$ 5,935,993 | \$ 719,348 | \$ 228,122 | \$ 237,247 | \$ 246,737 |
| DEBT SERVICE* | \$ - | \$ - | \$ 87,912 | \$ 141,570 | \$ 141,525 | \$ 141,478 | \$ 141,428 |
| TOTAL EXPENDITURES | \$ - | \$ 7,169,467 | \$ 11,029,331 | \$ 6,173,005 | \$ 6,053,101 | \$ 6,479,084 | \$ 6,920,620 |
| CHANGE IN FUND BALANCE | \$ (3,356,563) | \$ (1,359,578) | \$ (5,039,122) | \$ (44,669) | \$ 301,879 | \$ 120,317 | \$ (71,864) |
| Building Loan Drawdown | - | 1,926,120 | - | - | - | - | - |
| ENDING FUND BALANCE | \$ - | 10,570,506 | 5,531,384 | 5,486,714 | 5,788,594 | 5,908,910 | 5,837,046 |

Assumptions Fiscal Years 2025-2028

3% annual increase

5% increase every other year from 2025-26

5% increase every other year

5% increase every other year (from 2024-25)

5% increase every other year

5% increase every other year (from 2026-27)

10% annual increase

3% annual increase

Total FY 2021-22, 2022-23, 2023-24 = \$8,497,589

Total \$2,160,000 less capitalized interest (\$141,880) and costs of issuance (\$92,000)

Fund Balance Projection

| | <u>Revenue</u> | <u>Expenditures</u> | <u>Transfers In/ (Transfers)</u> | <u>Other Financing</u> | <u>Change in Fund Balance</u> | <u>Beginning Fund Balance</u> | <u>Ending Fund Balance</u> | |
|--------------------------------------|------------------|---------------------|--------------------------------------|----------------------------|-----------------------------------|-----------------------------------|--------------------------------|-----------------------------------|
| <u>FY 2021-22</u> | | | | | | | | |
| General Fund | 5,285,728 | 4,379,134 | 400,000 | - | 1,306,594 | 5,176,904 | 6,483,498 | |
| Special Tax Fund | 200,962 | 2,211 | (400,000) | - | (201,249) | 409,440 | 208,191 | |
| Capital Fund | 4,906 | 514,583 | - | - | (509,677) | 3,821,952 | 3,312,275 | |
| Total | 5,491,596 | 4,895,928 | - | - | 595,668 | 9,408,296 | 10,003,964 | ✓ |
| <u>FY 2022-23 (Projected)</u> | | | | | | | | |
| General Fund | 5,609,137 | 4,948,245 | 206,143 | - | 867,035 | 6,483,498 | 7,350,533 | |
| Special Tax Fund | 200,752 | - | (408,943) | - | (208,191) | 208,191 | - | |
| Capital Fund - PSB | - | 2,221,222 | 202,800 | 1,926,120 | (92,302) | 3,312,275 | 3,219,973 | |
| Total | 5,809,889 | 7,169,467 | - | 1,926,120 | 566,542 | 10,003,964 | 10,570,506 | |
| <u>FY 2023-24 (Budget)</u> | | | | | | | | |
| General Fund - Operating | 5,789,208 | 8,674,252 | (9,912) | - | (2,894,955) | 7,350,533 | 4,455,578 | |
| General Fund - PSB | - | 3,370,002 | - | - | - | - | - | |
| Special Tax Fund | 201,000 | - | (201,000) | - | - | - | - | |
| Capital Fund - PSB | - | 2,355,079 | 210,912 | - | (2,144,167) | 3,219,973 | 1,075,806 | \$1,075,806 Reserve-Rolling Stock |
| Total | 5,990,208 | 14,399,333 | - | - | (5,039,122) | 3,219,973 | 5,531,384 | |
| <u>FY 2024-25 (Projected)</u> | | | | | | | | |
| General Fund | 5,927,335 | 6,173,005 | (18,348) | - | (264,017) | 4,455,578 | 4,191,560 | |
| Special Tax Fund | 201,000 | - | (201,000) | - | - | - | - | |
| Capital Fund | - | - | 219,348 | - | 219,348 | 1,075,806 | 1,295,154 | Rolling Stock Reserve |
| Total | 6,128,335 | 6,173,005 | - | - | (44,669) | 5,531,384 | 5,486,714 | |
| <u>FY 2025-26 (Projected)</u> | | | | | | | | |
| General Fund | 6,153,981 | 6,053,101 | (27,122) | - | 73,757 | 4,191,560 | 4,265,318 | |
| Special Tax Fund | 201,000 | - | (201,000) | - | - | - | - | |
| Capital Fund | - | - | 228,122 | - | 228,122 | 1,295,154 | 1,523,276 | Rolling Stock Reserve |
| Total | 6,354,981 | 6,053,101 | - | - | 301,879 | 5,486,714 | 5,788,594 | |
| <u>FY 2026-27 (Projected)</u> | | | | | | | | |
| General Fund | 6,398,400 | 6,479,084 | (36,247) | - | (116,930) | 4,265,318 | 4,148,387 | |
| Special Tax Fund | 201,000 | - | (201,000) | - | - | - | - | |
| Capital Fund | - | - | 237,247 | - | 237,247 | 1,523,276 | 1,760,523 | Rolling Stock Reserve |
| Total | 6,599,400 | 6,479,084 | - | - | 120,317 | 5,788,594 | 5,908,910 | |
| <u>FY 2027-28 (Projected)</u> | | | | | | | | |
| General Fund | 6,647,755 | 6,920,620 | (45,737) | - | (318,601) | 4,148,387 | 3,829,786 | |
| Special Tax Fund | 201,000 | - | (201,000) | - | - | - | - | |
| Capital Fund | - | - | 246,737 | - | 246,737 | 1,760,523 | 2,007,260 | Rolling Stock Reserve |
| Total | 6,848,755 | 6,920,620 | - | - | (71,864) | 5,908,910 | 5,837,046 | |