

**KENSINGTON FIRE PROTECTION DISTRICT  
AGENDA OF A MEETING OF THE  
BOARD OF DIRECTORS**

Date of Meeting: February 13, 2019  
Time of Public Meeting: 7:00 p.m.  
Place of Meeting: **Kensington Public Safety Building**  
217Arlington Avenue, Kensington, CA 94707

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Please Note: Copies of the agenda bills and other written documentation relating to each item of business referred to on the agenda are on file in the office of the Kensington Fire Protection District Administration Office, 217 Arlington Avenue, Kensington, and are available for public inspection. A copy of the Board of Directors packet can be viewed on the internet at [www.kensingtonfire.org/meetings](http://www.kensingtonfire.org/meetings).

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the Manager, 510/527-8395. Notification 48 hours prior to the meeting will enable the Kensington Fire Protection District to make reasonable arrangements to ensure accessibility to this meeting (28 CFR 35.102-35.104 ADA Title 1).

7:00 p.m.      **CALL TO ORDER**

1.      **ADOPTION OF CONSENT ITEMS.** Items 3, 4, 5, 6 & 7

All matters listed with the notation "CC" are consent items, which are considered to be routine by the Board of Directors and will be enacted by one motion. The Board of Directors has received and considered reports and recommendations prior to assigning consent item designations to the various items. Copies of the reports are on file in the Fire Protection District Administrative Office at 217 Arlington Avenue and are available to the public. The disposition of the item is indicated. There will be no separate discussion of consent items. If discussion is requested for an item, that item will be removed from the list of consent items and considered separately on the agenda. PLEASE NOTE: Public review copy of the agenda packet is available at the Directors' table at the Board meetings.

2.      **ORAL COMMUNICATIONS.** (This place on the agenda is reserved for comments and inquiries from citizens and Board members concerning matters that do not otherwise appear on the agenda. Speakers shall be requested to provide their names and addresses prior to giving public comments or making inquiries.)

CC      3.      **APPROVAL OF THE MINUTES.** Approval of the minutes of the regular meeting of January 9, 2019 (APPROVE)

CC      4.      **APPROVAL OF MONTHLY FINANCIAL REPORT.** December 2018/January 2019 (APPROVE)

CC      5.      **APPROVAL OF MONTHLY TRANSMITTAL #8.** February 2019 (APPROVE)

CC      6.      **ACCEPTANCE OF INCIDENT ACTIVITY REPORT.** January 2019 (ACCEPT)

CC      7.      **ACCEPTANCE OF ACTUARIAL VALUATION** Measurement Date June 30, 2017, revised January 30, 2019 (ACCEPT)

**PRESENTATION**

8.      Contra Costa County Emergency Planning Guidelines: Introduction by Emergency Planning Coordinator Meredith Gerhardt, Office of the Sheriff, Emergency Services Division

**NEW BUSINESS**

9. Review and Accept Fiscal Year 17-18 Financial Statements and Independent Auditor's Report presentation by Bilal Milak, MUN CPAs (ACTION)
10. **FIRE CHIEF'S REPORT**
  - a. Review of operations.
  - b. Regional issues and developments.
11. **PRESIDENT'S REPORT**
  - a. El Cerrito Contract Negotiation Committee Appointment: Stein and Dommer

**NEW BUSINESS CONTINUED**

12. Proposed Amendments to Policy 1140: Committees of the Board of Directors submitted by Padian (First reading for review, Policy 1010.30)
13. Discussion on Whether Board Wants to Amend Policy 1020: Code of Conduct requested by Kosel

**14. BOARD REPORTS**

Informational reports from Board members or staff covering the following assignments:

- a. Finance Standing Committee (Stein, Dommer): Report on January 29, 2019 meeting; draft May 31, 2018 minutes
- b. Building Committee (Dommer, Nagel)
- c. Emergency Preparedness Committee (Padian, Nagel): Email from Cambridge Avenue Citizens for Wildfire Readiness and Response dated 1/26/19 and response from President Stein dated 1/28/19
- d. Demonstration Garden Committee (Kosel, Staff):
- e. California Special Districts Association Representatives:
  - i. County (Nagel): Quarterly Meeting Minutes of January 28, 2019
  - ii. State Professional Development and Membership Services Committees (Kosel)
- f. Diablo Fire Safe Council Representative (Nagel, Staff): Report on January 17, 2019 meeting
- g. East Bay Regional Parks District Liaison (Nagel)

**Correspondence:** Holiday greetings from 41 Highland; Goodbye email from Battalion Chief Larry Carr dated 12/28/19; Email from John Gaccione, et al dated 2/2/19 and response from President Stein dated 2/2/19; Email from Gail Feldman, KPOA dated 2/7/19; Email from Garen Corbett dated 2/7/19; Email from Charles Toombs dated 2/7/19; Email from Lillian Braudy dated 2/7/19; Email from Griffin Dix dated 2/7/19; Email from Christine Ford dated 2/7/19; Email from Bob Glidden dated 2/7/19; Record of conversation with Mary Hammond dated 2/7/19; Email from Marilyn Stollon dated 2/7/19; Email from Mary Chafe-Powles; Email from Valerie Meyers dated 2/7/19

**ADJOURNMENT.** The next regular meeting of the Board of Directors of the Kensington Fire Protection District will be held on Wednesday, March 13, 2019, at 7:00 p.m. at the Kensington Public Safety Building, 217 Arlington Avenue, Kensington, CA 94707.

The deadline for agenda items to be included in the Board packet for the next regular meeting of 3/13/19 is Wednesday, 2/27/19 by 1:00 p.m. The deadline for agenda-related materials to be included in the Board packet is Wednesday, 3/6/19 by 1:00 p.m., Fire Protection District Administration Office, 217 Arlington Ave., Kensington.

IF YOU CHALLENGE A DECISION OF THE BOARD OF DIRECTORS IN COURT, YOU MAY BE LIMITED TO RAISING ONLY THOSE ISSUES YOU OR SOMEONE ELSE RAISED AT THE BOARD MEETING OR IN WRITTEN CORRESPONDENCE DELIVERED AT, OR PRIOR TO, THE BOARD MEETING

# **CONSENT CALENDAR**

**MINUTES OF THE JANUARY 9, 2019 MEETING OF THE BOARD OF DIRECTORS  
OF THE KENSINGTON FIRE PROTECTION DISTRICT**

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**PRESENT:**      Directors:      Don Dommer, Janice Kosel, Larry Nagel, Kevin Padian and Julie Stein  
                                 Staff:                      Chief Michael Pigoni and Manager Brenda Navellier

**CALL TO ORDER:**

President Stein called the meeting to order at 7:02 p.m. and announced that all Directors and staff were present. Stein took roll call.

**APPROVAL OF CONSENT ITEMS:**

President Stein called for the approval of the consent calendar (items 3, 4, 5, 6 & 7), consisting of approval of the minutes of November 14, 2018, approval of the minutes of December 12, 2018, approval of the November/December 2018 financial reports, approval of monthly transmittal #7, and acceptance of the December 2018 incident activity report. Director Nagel made a motion to approve the Consent Calendar items as submitted. Director Padian seconded the motion. The motion passed unanimously.

AYES:	Dommer, Kosel, Nagel, Padian, Stein
NOES:	None
ABSTAIN:	None

**ORAL COMMUNICATIONS:**

Director Kosel reported that former KFPD Director Gilbert Bendix recently passed away. Bendix lead the District through the water system improvements that has made the community infinitely safer. Kosel asked that the meeting be adjourned in Bendix's honor and memory. Kosel also reported that she, Manager Navellier and legal counsel attended mediation in December with CalPERS. A confidential agreement was reached. Kosel will report at the February meeting once the agreement has been signed. Kosel reminded everyone that the Board members are required to take ethics and sexual harassment training every two years. Training is provided through CSDA and ethics training is free to the Board members if completed within the next month.

Director Dommer commented on last month's discussion of the contract with El Cerrito. He does not believe any of the Directors are thinking about terminating. He thinks the service is wonderful, the organization is great, we have an almost 25 year relationship and the price is reasonable.

Director Padian asked for direction from Navellier on the required CSDA training which she will provide.

Rodney Paul said he gave public comment a few months ago about the paths. He has formed a group called the Kensington Path Keepers. He named several of the group members. The group is trying to get public ownership of the paths; they view them as important evacuation routes. Paul said he is not asking anything from the Board at this point but wished to give an update on the Path Keepers activities. They will be publishing an article in the upcoming Outlook, they are working on a brochure and poster, will be conducting public outreach at the farmer's market, and conducting presentations to local "K groups". They are trying to raise public awareness and, if there is public ownership, they could apply for grants. They are also talking to the path neighbors. The Path Keepers goal at this point is to keep KFPD in the loop.

Paul Dorroh thanked the Board and Navellier for the minutes in the Board packet. He said they were thorough, accurate and very informative.

**FIRE CHIEF'S REPORT:**

Chief Pigoni gave the annual fire department statistics for 2018 which were included in the packet. There were 348 calls in Kensington in 2018 and 644 total calls that E65 responded to. Chief Pigoni has been hearing comments from people that are concerned about the volume of calls E65 responds to outside of Kensington. Out of the 348 Kensington calls, the Kensington crew only missed 18 of those (were responded to by another engine). Five of the 18 were a second call within the District. Dispatch has Automatic Vehicle Location so they know where the closest engine is to a call. Obviously residents want the closest engine to them and not just the engine of the jurisdiction that you are in. That is what El Cerrito-Kensington provides. Five of the out of District calls were to Berkeley due to mutual aid and Berkeley has also assisted Kensington. During the last working structure fire in Kensington, Kensington's E65 was first on scene and were assisted by E71 and E72 of El Cerrito, a Richmond engine and ladder truck, the El Cerrito and Richmond Battalion Chiefs, and a Berkeley engine. Those are the

resources that respond to Kensington every time there is a major call. That is all part of auto and mutual aid. That is how the system works. The Kensington community has an ISO rating of "2" largely due to the available resources, the water main upgrades, the District has very good equipment, and fulfillment of mandatory training. Kensington is closest to some of the outlying El Cerrito areas.

Chief Pigoni reviewed the promotions that took place with the retirements of Chief Maples and B/C Carr. Chief Pigoni was promoted to Chief, Captain Grupalo was promoted to Battalion Chief/Training Officer, Captain Castrejon was promoted to C Shift Battalion Chief, Battalion Chief/Training Officer Janes went back to the line to be B Shift Battalion Chief, Engineer/Paramedic Yun was promoted to E65 C Shift Captain, Engineer/Paramedic Carrion was promoted to Captain/Fire Prevention Officer, Firefighters Thatcher and Dawson were both promoted to Engineer. The department also has two potential new hires in the background phase.

Chief Pigoni reported that the 2018 CERT program was a big success. The department held three full sessions and two boot camps and graduated more people than the previous year. Three more sessions will be held in 2019. One just started, one starts in March and the last starts in August. There is a spring and fall boot camp. Pigoni referred everyone to the El Cerrito website to sign up for CERT or to contact the office. The classes are very informative and neighbors will need to take care of neighbors during a disaster and to help prevent crime.

Karl Kruger said there is a lot of residential development in El Cerrito. He asked where the fees for those developments will be allocated. Pigoni said other than fire plan check fees, the Fire Department does not receive anything and fees go into the general fund.

### **PRESIDENT'S REPORT:**

President Stein thanked Director Kosel for her service as President during 2018 and presented her with flowers on behalf of the Board. She also thanked Navellier for completing the December minutes in spite of the holidays. Navellier will be providing an orientation to Padian and Stein. Stein reported that she met with Chief Pigoni and he gave her a very useful and wide-ranging briefing on the services provided by ECFD to KFPD and also various aspects of emergency preparedness in particular the responsibilities of KFPD and those of KPPCSD during emergency issues. Stein also had an introductory conversation with El Cerrito City Manager Karen Pinkos. After speaking with Pigoni and Pinkos, Stein feels it is clear that there is very strong mutual appreciation for the long-standing relationship between KFPD and El Cerrito.

President Stein announced the appointment of Board committees and representatives. She said KFPD has two kinds of committees—temporary and standing. Temporary committees are appointed by the President and are not subject to the Brown Act. Stein queried all the Board members on their preference of areas to serve and heard back from most but not all Directors.

Building Committee: Directors Dommer and Nagel

Emergency Preparedness Committee: Directors Padian and Nagel

Demonstration Garden: Director Kosel

Stein added that she thought it was important to resurrect the Emergency Preparedness Committee in light of what's been learned from the recent fires in California. Stein also said there has been a long-standing Education Committee, even though it was a temporary committee, and she thought it would be a good time to take a step back and look at that committee's charge. Stein noted that both Directors Kosel and Nagel have resigned from the El Cerrito Contract Negotiation Committee. If the committee is still needed moving forward, Stein plans on asking the Finance Committee to handle any further negotiations with El Cerrito. Stein said it would be useful for each of the temporary committees to write up a brief charge or scope to be included in the next packet.

The Board's only standing committee is the Finance Committee. Per the Policy Manual Stein is asking the Board to approve her appointments to that Committee. Stein appointed herself and Director Dommer. Director Padian made a motion to approve the Finance Committee appointments. Director Dommer seconded the motion. Director Nagel said that about 95% of the institutional knowledge and finances resides in Director Kosel. He is leery that she is not being appointed to the Finance Committee since she understands it so well. Nagel thinks Kosel should at least stay on the Finance Committee long enough to educate the President about the District's finances. He added that there will now be time spent hashing out items on the Board that the Finance Committee should be able to hash out. Director Padian said it would be good if the knowledge was embodied in more than one person.

David Spath said it would be good to broaden the breadth of knowledge on the Board both for the Finances and the El Cerrito contract. Director Dommer said Director Kosel has done a really good job on the Finance Committee but the task should have been rotated. Karl Kruger doesn't understand why the Finance Committee only meets twice a year; they should at least meet quarterly. Celia Concus suggested to leave Director Kosel on the Committee and add President Stein for 2019 for some continuity and benefit of Kosel's experience. Director Padian said that contract negotiations are an important topic this year and neither Kosel nor Nagel want to serve on that committee so the Board needs to respect that. Mabry Benson asked if three of the Board members could serve on

the Finance Committee. The Board and staff explained it would violate the Brown Act and the Policy Manual. Padian restated his motion. President Stein took the vote by roll call.

AYES: Dommer, Kosel, Padian, Stein  
NOES: Nagel  
ABSTAIN: None

President Stein thanked Directors Kosel and Nagel for continuing with their roles on the California Special Districts Association. Director Kosel pointed out that she is appointed to the CSDA Committees by the CSDA, not by the District.

Diablo Fire Safe Council: Director Nagel

East Bay Regional Park District Liaison: Director Nagel

Chief Pigoni said that he is meeting with the EBRPD park representative and fire department along with resident Ciara Wood tomorrow at the trailhead the following day. It is not an official meeting but more of a "meet and greet" for him as a new Chief. In response to a question from the public, Pigoni said anyone was welcome to attend. Director Dommer said he thinks that Director Nagel attending EBRPD meetings is a really good idea and they need to be pushed to have more fire breaks. Arrietta Chakos suggested that if the Board ever held a special study session, working with EBRPD could be a topic. She appreciates the Board addressing the "nuts and bolts" of how they will be proceeding over the year but she hopes the Board can do a deeper dive into some of the issues that are crucial to the safety of the community. Director Padian asked if Nagel was appointed by the County to the chapter CSDA? Nagel said he was not, he is the District's liaison at the quarterly chapter meetings. Nagel said the entire Board is invited to attend the CSDA meetings and it is very beneficial to learn about other special districts.

#### **NEW BUSINESS:**

Donation to Butte County Fire Relief Proposed at \$5,000 submitted by Padian: Director Padian said the California Fire Foundation is an organization of firefighters that gives to their own communities and it seemed to be the most appropriate organization, the most direct and had the least overhead. The funds raised by the SAVE program go right into the community. He is proposing the figure of \$5,000 as a start which is about how many residents Kensington has. Director Nagel said he appreciates the thought but what is being proposed is illegal. A special district cannot donate money to organizations that don't directly relate to the fire protection of Kensington. Director Kosel said it is unconstitutional to make a gift of public funds. Any Director that votes for it could become personally liable for the donation. Padian asked if a K-group could make a donation to which Nagel answered yes. Director Dommer suggested the Outlook could write an article on organizations that could take donations for the communities devastated by the fires. Director Padian made a motion to include information on the CA Fire Foundation if KFPD writes a future article for the Outlook. Director Dommer seconded the motion. Director Kosel suggested that a more direct way to address the issue would be for Director Padian to write an article for the Outlook about CA Fire Foundation. Padian agreed. Both the motion and the second to the motion were withdrawn.

Proposed Amendments to Policy 1140: Committees of the Board of Directors submitted by Padian, Stein: President Stein reiterated that the Board currently has one standing committee that is subject to the Brown Act which is the Finance Committee. The purpose of the proposed amendment is to add an additional standing committee to focus on emergency preparedness and early warning systems. Stein said the current Policy Manual is silent on whether residents can serve on standing committees. Out of caution, she and Padian have proposed language to include residents on this particular committee. Proposed policy manual amendments require two readings. The agenda packet has the existing language, the proposed language and KPPCSD's standing committee language in its policy manual. Discussion followed on temporary and ad-hoc committees, the Brown Act and including residents. Director Padian said the issue is not going away so it should be a standing committee. He thinks that emergency preparedness will require far more work than two Board members can accomplish alone. A standing committee could allow that members of the public could be appointed with the approval of the Board. The alternative would be to hire consultants for everything which may be inevitable for some things. It will also provide more transparency. Director Kosel asked if this item was discussed with KPPCSD President Nottoli. Kosel finds it peculiar that KFPD's President can appoint residents to the committee but KPPCSD's President cannot. Nottoli said she was not consulted. President Stein clarified that this proposal has nothing to do with the KPOA's request for a 2 x 2 committee. This is a stand alone proposal for KFPD only to have a standing committee. If the two districts meet in the future on this topic that could be a consequence but not what is being proposed. Director Dommer said residents serving on the committee would not be able to vote to which President Stein agreed. Director Padian said again that there is a lot of work to be done and a lot of expertise in the community. The issue is not going away and the community is facing the danger of a major conflagration more than ever. Director Dommer suggested a cluster

of ad hoc committees. Mabry Benson said that if the committee members, aside from the two Directors, can't vote then they are just bystanders not real committee members. KFPD can divide up the work to the committee members but any real decisions have to go to the Board. Padian said the committee would reach consensus/recommendation to the Board. Kosel said she doesn't understand why they would be called members of a committee if they are non-voting. Simply post the agenda and ask members of the public to attend and participate. David Spath gave further explanation on KPPCSD's procedures. Director Nagel said that residents could be voting members of the committee to make recommendations. Stein said there are three proposed additions to the manual: 1) the committee be formed; 2) new standing committees can be formed at any time of the year subject to the Board's approval; and 3) the mission/charge of the committee. Padian summarized the charge as provided in the packet and said it expected that KFPD will use residents for community expertise. Kosel asked if two emergency preparedness committees are being contemplated – the one proposed for KFPD and also one jointly with KPPCSD? Padian said that is not what he is proposing right now. Stein noted that she did already appoint a temporary committee for this subject so that Padian and Nagel can start their work since a policy manual change will take at least two months. The temporary committee would be dissolved if a standing committee is approved. Nagel suggested that the language in the proposed changes be modified to reflect all emergencies and not just conflagrations. Arietta Chakos thinks the Board should consider professional expertise on the matter of emergency preparedness that will approach the subject as multi-hazard. Kosel said the policy should also clarify if the members of the public are voting or non-voting. Sylvia Elsbury suggested the language of "advisory" could be used. President Stein said there would be a new first reading with the new language at the next meeting. She reiterated that the language in 1140.60 should be changed to reflect multi-hazard emergencies and clarification be given on the voting status of the committee members. Dommer thinks consensus language should be fine. Stein said the residents on the committee would be formally appointed and subject to approval by the Board. Padian said he would rework the language under 1140.30.

**OLD BUSINESS:**

Request from KPPCSD to Fund Fire Alarm for Community Center Remodel: KPPCSD Director Hacaj presented this request at the last Board meeting. There is not a specific dollar amount to the request but Hacaj to provide the estimates for the alarm including labor to be \$30,950. Director Dommer offered to meet with Hacaj and find out KPPCSD's needs for the building. He still has a question about including sprinklers at the community center. Sprinklers are not required but that doesn't mean you don't want to do them. Director Kosel made a motion to honor the KPPCSD's request and fund the alarm system at the community center at a cost not to exceed \$35,000. Director Nagel seconded the motion. Director Stein has a concern that this would set precedent for entities that manage other public buildings to approach KFPD for funding their fire alarms. Dommer said he did not believe so. Dommer said the building code is a minimum code. KFPD's Fire Marshal recommended that a fire alarm system be installed. He did not recommend a sprinkler system in writing. Discussion followed on plan check authority and whether it is the County or El Cerrito-Kensington. Neither the alarm nor the sprinkler system are required. The sprinkler system is not on the agenda.

Sylvia Elsbury recommended that Directors Dommer and Hacaj meet before the Board vote on the alarm. David Spath said that KFPD is responding to KPPCSD's request/recommendation to fund the alarm. Eileen Nottoli said they can be approached as two independent items. Mabry Benson asked if the two items can be approved separately? Dommer said a decision would need to be made prior to construction. Director Kosel called for the question and repeated her motion which Director Nagel again seconded. President Stein took the vote by roll call.

AYES: Kosel, Nagel, Padian  
NOES: Dommer, Stein  
ABSTAIN: None

Vida Dorroh urged the Board to increase their donation and install sprinklers at the community center. In case of a fire, she said the fire alarm would do no good. She clarified that in case of a community-wide fire the alarm system would not help her but sprinklers could keep her safe if she could get to the community center. Chief Pigoni explained that is not how sprinklers work. Sprinklers are designed to put out a fire inside the building. In case a major wildfire, the building will burn from the outside in. Director Padian said this would need to be decided upon by KPPCSD, not KFPD.

Draft Construction Documents for Kensington Park Fire Demonstration Garden – Comments/Questions submitted by Padian: Stein said there were Board and public comments at the last meeting but the only motion made was to table. Director Padian has submitted comments and questions about the garden that are included in the packet. Director Padian made a motion that the construction documents for the demonstration garden not be sent out to bid at this time. Director Kosel it would be easier to frame the motion in the affirmative. Director Kosel moved a

substitute motion to send the demonstration garden documents out to bid. Director Padian accepted Kosel's substitute motion. Director Nagel seconded the substitute motion. Cyrus Modavi asked if there was any conclusion on whether the demonstration garden would go into the community center after construction. Stein said there was a suggestion made about that. Padian said people made lots of suggestions but that is not the current motion. Cyrus Modavi asked that the idea of the demonstration garden around the community center be brought up more formally. The community as a whole would benefit from that.

AYES: Kosel  
NOES: Dommer, Nagel, Padian, Stein  
ABSTAIN: None

Third Contract Amendment to Agreement for Services By and Between the Kensington Fire Protection District and the City of El Cerrito: President Stein said this item was on the December agenda as an intended first reading and is on this agenda with the intention of a vote. Director Kosel made a motion to adopt the contract amendment with the City of El Cerrito as presented in the packet. Director Nagel seconded the motion. Director Dommer said he hasn't had a chance to review the contract. He wants to take the set-aside taken out of the language and other minor issues might come up. He intends to vote "no". Director Nagel said that he and Kosel spent some time going over the pros and cons of the contract. The contract may not be perfect but if it is not approved, a new negotiating committee will need to be appointed, the contract will need to be opened up for negotiation and all indications the previous committee received were that El Cerrito would want changes that would be equitable to them, specifically the percentage amounts. That would raise the contract by about \$500,000 a year. Is tidying up the contract worth that risk? Or is it wiser to adopt the contract at no fee increase to the residents of Kensington? Nagel believes that he and Kosel negotiated a contract which is as good as it's going to get. Vida Dorroh said it was not negotiated, only the date was changed. She said no one is unhappy with the service received from El Cerrito but if there is ambiguity in the contract what is wrong with cleaning up the language? Paul Dorroh clarified what KFPD's attorney stated at the December meeting since there was confusion regarding the termination clause. Chief Pigoni also clarified language on what happens if El Cerrito walks away from the contract. Stein said that KFPD needs to continue to negotiate in good faith with El Cerrito. The termination clause is actually an early termination clause and it is creating some confusion. Chief Pigoni said that new City Manager Pinkos is of the same mind set as the former City Manager regarding the contract. If the Board wants to open up the contract and start negotiating fee structures, then personnel costs will go up to 1/3. Dommer said that sounds like a threat.

Celia Concus said that the community has a serious problem with preparing for an emergency. Our fire services are working very well and she is not aware of anyone that is not satisfied with the services. There is no reason to go back and risk renegotiating. If it ain't broke, don't fix it. Paul Dorroh said that the negotiating was supposed to start in January 2018 and for some reason it didn't get started until November. Now the message is to hurry up. Only two Board members are privy to the negotiations and everyone else is in the dark. With respect to Chief Pigoni, Dorroh said if Pigoni was taking sides he would be taking El Cerrito's side. Chief Pigoni stated that he was the Fire Chief of the El Cerrito and Kensington Fire Department and he represents everyone. Kosel said former Chief Maples affirmed that opening up the contract would risk the personnel costs rising to 1/3. Dorroh wants some verification of El Cerrito's position. There is plenty of time before the contract expires to sit down and talk to El Cerrito. Karl Kruger said he is not happy with the fire service. Kensington is 40 seconds slower in response times than El Cerrito. Kruger went to the last Finance Committee meeting and feels El Cerrito has been treating Kensington poorly for some time and it is not a win-win situation. Raising the personnel costs to 1/3 might be the starting point for negotiations but it's not the ending point. Jim Watt said the Board absolutely needs to exercise this agreement tonight. There are no other options. El Cerrito is in the driver's seat. If they raise the price and KFPD doesn't like it, they are responsible for the 9 firefighters hired. KFPD cannot afford to run its own department. If the price is raised to the 1/3 of personnel and goes up \$500,000, every Board member that delays the decision tonight should step down. No one else is interested in contracting with Kensington. It's a decent deal. El Cerrito makes a little money and Kensington saves a lot instead of running its own department like it once did. Director Padian said he believes Watt's argument to be a false dichotomy since no one is talking about breaking relations. Padian said negotiations should have started over a year ago and items need to be ironed out. If they can't be discussed now, when do they get resolved? The contract will be in place for 10 years. The Board should have started earlier. David Spath said the issue about the percentage cost for personnel has been brought up but that shouldn't be on the table. Don's question about the set-aside should be asked of the City Manager. That's not unreasonable to ask and it does not affect the bottom line. Nagel said the negotiating committee already met with El Cerrito and agreed. Now KFPD would be going back and making lots of changes after agreeing. Nagel and Spath went back and forth. Paul Dorroh said he wants to hear directly from El Cerrito and not the former negotiating committee or staff. Sylvia Elsbury said it sounds like if KFPD wants to correct a typo in the contract, it will cost us \$500,000 a year. Nagel said he has heard several issues brought up that aren't typos. Yes, a new negotiating team



can go back and talk to the new City Manager but KFPD is taking a risk. Stein asked for a clarification on what level in El Cerrito was this contract offered? Nagel responded the City Manager who said he would recommend it to the City Council as is. Padian asked at what point can things be changed? Mabry Benson pointed out that the new City Manager has been Assistant City Manager for many years so she is part of the same program. It seems the issues that are bothering people are very minor in comparison to the chance of having to pay an additional \$500,000. Karl Kruger said Kensington has 5,000 people and El Cerrito has 23,000 people. There are three fire stations and Kensington pays 27.75%. Nagel and Kosel kick-out the \$500,000 like it's nothing. He wouldn't want to put too much pressure on El Cerrito because they already have lots of financial problems. El Cerrito has set-up a very high payroll cost structure in the fire department so they have every reason to negotiate with KFPD.

Director Kosel called for the question and restated her motion. Director Nagel seconded the motion again. Director Dommer made a motion to table Director Kosel's motion. Director Padian seconded Director Dommer's motion. President Stein took a vote on the motion to table by roll call.

AYES: Dommer, Padian, Stein  
NOES: Kosel, Nagel  
ABSTAIN: None

Procedural discussion followed on next steps for the Board to consider the contract. The negotiating committee will meet with El Cerrito with a specific list of proposed changes. Residents gave their advice.

**BOARD REPORTS:**

Finance Committee: The committee will meet on January 29<sup>th</sup> at 2:30 p.m.

Public Safety Building: Dommer said he would meet with Sylvia Hacaj of KPPCSD and he would also meet with Nagel to get going on the Public Safety Building. He has expressed unhappiness to KPPCSD that a year has been lost in this process.

CSDA: The next meeting of the Contra Costa chapter CSDA is on 1/28/19 and Nagel invited all Board members to attend.

DFSC: The next meeting is Thursday, 1/17/19. Nagel will attend along with the new Fire Prevention Officer.

Correspondence: Stein noted there is correspondence from Elsbury, Bailey and Consey in the packet as well as a proposal from KPOA for a 2 x 2 committee between KFPD and KPPCSD.

**ADJOURNMENT:** The meeting was adjourned at 9:34 p.m. in honor of former KFPD Board member Gilbert Bendix.

MINUTES PREPARED BY: Brenda J. Navellier

These minutes were approved at the regular Board meeting of the Kensington Fire Protection District on February 13, 2019.

Attest:

\_\_\_\_\_  
Board Secretary

**Kensington Fire Protection District**  
**Balance Sheet**  
As of January 11, 2019

	Jan 11, 19
<b>ASSETS</b>	
<b>Current Assets</b>	
Checking/Savings	
Petty Cash	200.00
KFPD Revolving Acct - Gen Fund	20,368.25
General Fund	2,513,874.19
Special Tax Fund	131,768.48
Capital Fund	6,806.77
<b>Total Checking/Savings</b>	<b>2,673,017.69</b>
Accounts Receivable	
Due from County for Reimb.	18,434.01
Accounts Receivable	2,546.37
Interest Receivable	5,479.19
Advance on Taxes	1,810,873.39
Advance on Supplemental Taxes	59,827.33
<b>Total Accounts Receivable</b>	<b>1,897,160.29</b>
Other Current Assets	
Prepaid Services - EC	1,282,887.34
Prepaid CERBT - Retiree Trust	1,068,749.08
Investments	
Capital Replacement Funds	3,754,173.00
Fire Protect. Contract Reserves	3,078,929.57
Investments - Other	-1,627,454.66
<b>Total Investments</b>	<b>5,205,647.91</b>
<b>Total Other Current Assets</b>	<b>7,557,284.33</b>
<b>Total Current Assets</b>	<b>12,127,462.31</b>
<b>Fixed Assets</b>	
Land	5,800.00
Equipment	1,446,911.62
Accumulated Depreciation-Equip	-746,593.15
Building and Improvements	2,391,581.26
Accumulated Depreciation - Bldg	-1,000,180.00
Current Capital Outlay	
Firefighters Qtrs/Equip	6,513.30
<b>Total Current Capital Outlay</b>	<b>6,513.30</b>
<b>Total Fixed Assets</b>	<b>2,104,033.03</b>
<b>TOTAL ASSETS</b>	<b>14,231,495.34</b>
<b>LIABILITIES &amp; EQUITY</b>	
<b>Liabilities</b>	
<b>Current Liabilities</b>	
Accounts Payable	
Due to Revolving Acct - Gen Fnd	18,434.01
Due to Other - Issued by CCC	253,890.62
<b>Total Accounts Payable</b>	<b>272,324.63</b>
Other Current Liabilities	
El Cerrito Service Contract Pay	1,282,887.27
Wages & PR Taxes Payable	2,992.32
<b>Total Other Current Liabilities</b>	<b>1,285,879.59</b>
<b>Total Current Liabilities</b>	<b>1,558,204.22</b>
<b>Total Liabilities</b>	<b>1,558,204.22</b>
<b>Equity</b>	
Fund Equity - General	4,848,934.26

**Kensington Fire Protection District**  
**Balance Sheet**  
As of January 11, 2019

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	Jan 11, 19
Fund Equity - Capital Projects	1,219,288.00
Fund Equity - Special Revenue	12,769.00
Fund Equity - Gen Fixed Asset	2,403,012.00
Fund Equity	1,835,922.75
Net Income	2,353,365.11
Total Equity	12,673,291.12
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>14,231,495.34</b>

**Kensington Fire Protection District  
Revenue & Expense Prev Year Comparison**

July 1, 2018 through January 11, 2019

	Jul 1, '18 - Jan 11, 19	Jul 1, '17 - Jan 11, 18	\$ Change	% Change
<b>Ordinary Income/Expense</b>				
<b>Income</b>				
Property Taxes	4,045,677.52	3,633,365.41	412,312.11	11.4%
Special Taxes	200,453.30	200,395.20	58.10	0.0%
Lease Agreement	17,734.02	17,734.02	0.00	0.0%
Interest Income	33,868.59	19,338.07	14,530.52	75.1%
Salary Reimbursement Agreement	37,053.70	27,092.05	9,961.65	36.8%
Miscellaneous Income	0.00	1,181.74	-1,181.74	-100.0%
<b>Total Income</b>	<b>4,334,787.13</b>	<b>3,899,106.49</b>	<b>435,680.64</b>	<b>11.2%</b>
<b>Expense</b>				
<b>OUTSIDE PROFESSIONAL SERVICES</b>				
LAFCO Fees	2,278.47	2,122.85	155.62	7.3%
Contra Costa County Expenses	2,619.98	2,820.51	-200.53	-7.1%
EI Cerrito Contract Fee	1,796,042.27	1,413,453.60	382,588.67	27.1%
Fire Abatement Contract	665.00	0.00	665.00	100.0%
Fire Engineer Plan Review	0.00	333.50	-333.50	-100.0%
Risk Management Insurance	12,507.00	13,268.00	-761.00	-5.7%
<b>Professional Fees</b>				
Accounting	600.00	1,056.25	-456.25	-43.2%
Actuarial Valuation	0.00	5,500.00	-5,500.00	-100.0%
Audit	12,500.00	13,000.00	-500.00	-3.9%
Legal Fees	47,639.86	7,133.40	40,506.46	567.8%
<b>Total Professional Fees</b>	<b>60,739.86</b>	<b>26,689.65</b>	<b>34,050.21</b>	<b>127.6%</b>
Website Development/Maintenance	800.00	0.00	800.00	100.0%
Wildland Vegetation Mgmt	2,500.00	850.00	1,650.00	194.1%
<b>Total OUTSIDE PROFESSIONAL SER...</b>	<b>1,878,152.58</b>	<b>1,459,538.11</b>	<b>418,614.47</b>	<b>28.7%</b>
<b>RETIREE MEDICAL BENEFITS</b>				
PERS Medical	0.00	55,259.34	-55,259.34	-100.0%
Delta Dental	0.00	7,062.02	-7,062.02	-100.0%
Vision Care	0.00	2,238.00	-2,238.00	-100.0%
<b>Total RETIREE MEDICAL BENEFITS</b>	<b>0.00</b>	<b>64,559.36</b>	<b>-64,559.36</b>	<b>-100.0%</b>
<b>COMMUNITY SERVICE ACTIVITIES</b>				
Public Education	6,075.78	2,915.26	3,160.52	108.4%
Comm. Pharmaceutical Drop-Off	371.40	1,108.79	-737.39	-66.5%
Vial of Life Program	0.00	98.91	-98.91	-100.0%
CERT Emerg Kits/Sheds/Prepared	0.00	590.91	-590.91	-100.0%
Open Houses	261.28	307.13	-45.85	-14.9%
Community Shredder	1,155.00	1,308.97	-153.97	-11.8%
Demonstration Garden	2,097.11	0.00	2,097.11	100.0%
Community Sandbags	529.86	0.00	529.86	100.0%
<b>Total COMMUNITY SERVICE ACTIVITL...</b>	<b>10,490.43</b>	<b>6,329.97</b>	<b>4,160.46</b>	<b>65.7%</b>
<b>DISTRICT ACTIVITIES</b>				
Firefighters' Expenses	1,562.43	1,113.86	448.57	40.3%
Staff Appreciation	184.77	0.00	184.77	100.0%
Professional Development	1,638.79	1,117.02	521.77	46.7%
<b>Building Maintenance</b>				
Needs Assess/Feasibility Study	0.00	16,376.00	-16,376.00	-100.0%
Janitorial Service	630.00	735.00	-105.00	-14.3%
Medical Waste Disposal	2,465.44	2,753.51	-288.07	-10.5%
Building alarm	0.00	115.00	-115.00	-100.0%
Gardening service	360.00	360.00	0.00	0.0%
Miscellaneous Maint.	1,265.40	7,057.06	-5,791.66	-82.1%
<b>Total Building Maintenance</b>	<b>4,720.84</b>	<b>27,396.57</b>	<b>-22,675.73</b>	<b>-82.8%</b>
<b>Building Utilities/Service</b>				
Gas and Electric	3,391.06	4,244.65	-853.59	-20.1%
Water/Sewer	1,103.89	1,474.54	-370.65	-25.1%
<b>Total Building Utilities/Service</b>	<b>4,494.95</b>	<b>5,719.19</b>	<b>-1,224.24</b>	<b>-21.4%</b>
Memberships	7,390.00	7,008.00	382.00	5.5%
<b>Office</b>				
Office Expense	1,938.73	1,810.64	128.09	7.1%
Office Supplies	957.29	297.41	659.88	221.9%
Telephone	4,157.08	3,861.64	295.44	7.7%
<b>Total Office</b>	<b>7,053.10</b>	<b>5,969.69</b>	<b>1,083.41</b>	<b>18.2%</b>
<b>Total DISTRICT ACTIVITIES</b>	<b>27,044.88</b>	<b>48,324.33</b>	<b>-21,279.45</b>	<b>-44.0%</b>
<b>Staff</b>				
Wages	47,540.04	43,218.84	4,321.20	10.0%
Longevity Pay	1,000.00	1,000.00	0.00	0.0%
Overtime Wages	548.52	810.32	-261.80	-32.3%
Medical/dental ins compensation	5,028.00	4,095.00	933.00	22.8%
Retirement Contribution	3,612.96	3,284.64	328.32	10.0%
Payroll Taxes	4,236.29	3,995.68	240.61	6.0%
Workers Compensation/Life Ins	1,842.06	1,301.43	540.63	41.5%
Payroll Processing	917.40	823.08	94.32	11.5%

**Kensington Fire Protection District  
Revenue & Expense Prev Year Comparison**

July 1, 2018 through January 11, 2019

	Jul 1, '18 - Jan 11, 19	Jul 1, '17 - Jan 11, 18	\$ Change	% Change
<b>Total Staff</b>	64,725.27	58,528.99	6,196.28	10.6%
<b>Total Expense</b>	1,980,413.16	1,637,280.76	343,132.40	21.0%
<b>Net Ordinary Income</b>	2,354,373.97	2,261,825.73	92,548.24	4.1%
<b>Other Income/Expense</b>				
<b>Other Income</b>				
Transfers In - Capital	577,843.12	297,874.00	279,969.12	94.0%
Transfers In - General	108,665.14	106,294.50	2,370.64	2.2%
<b>Total Other Income</b>	686,508.26	404,168.50	282,339.76	69.9%
<b>Other Expense</b>				
Transfers Out - Capital	18,634.26	11,294.50	7,339.76	65.0%
Transfers Out - Special	100,000.00	95,000.00	5,000.00	5.3%
Transfers Out - General	567,874.00	297,874.00	270,000.00	90.6%
<b>Total Other Expense</b>	686,508.26	404,168.50	282,339.76	69.9%
<b>Net Other Income</b>	0.00	0.00	0.00	0.0%
<b>Net Income</b>	2,354,373.97	2,261,825.73	92,548.24	4.1%

**Kensington Fire Protection District**  
**Revenue & Expense Budget vs. Actual**  
 July through December 2018

	Jul - Dec 18	Budget	\$ Over Budget	% of Budget
<b>Ordinary Income/Expense</b>				
<b>Income</b>				
Property Taxes	4,045,677.52	3,985,570.00	60,107.52	101.5%
Special Taxes	200,453.30	200,453.00	0.30	100.0%
Other Tax Income	0.00	0.00	0.00	0.0%
Lease Agreement	17,734.02	17,734.02	0.00	100.0%
Interest Income	33,868.59	19,750.00	14,118.59	171.5%
Salary Reimbursement Agreement	31,760.32	31,424.02	336.30	101.1%
Miscellaneous Income	0.00	0.00	0.00	0.0%
<b>Total Income</b>	<b>4,329,493.75</b>	<b>4,254,931.04</b>	<b>74,562.71</b>	<b>101.8%</b>
<b>Expense</b>				
<b>OUTSIDE PROFESSIONAL SERVICES</b>				
LAFCO Fees	2,278.47	2,200.00	78.47	103.6%
Contra Costa County Expenses	2,522.98	2,818.00	-295.02	89.5%
El Cerrito Contract Fee	1,539,464.81	1,539,465.00	-0.19	100.0%
Fire Abatement Contract	665.00	8,000.00	-7,335.00	8.3%
Fire Engineer Plan Review	0.00	999.98	-999.98	0.0%
Risk Management Insurance	12,507.00	14,500.00	-1,993.00	86.3%
<b>Professional Fees</b>				
Accounting	600.00	3,500.00	-2,900.00	17.1%
Actuarial Valuation	0.00	0.00	0.00	0.0%
Audit	12,500.00	18,000.00	-3,500.00	78.1%
Legal Fees	47,639.86	17,500.02	30,139.84	272.2%
<b>Total Professional Fees</b>	<b>60,739.86</b>	<b>37,000.02</b>	<b>23,739.84</b>	<b>164.2%</b>
Water System Improvements	0.00	10,000.00	-10,000.00	0.0%
Website Development/Maintenance	600.00	1,250.02	-650.02	48.0%
Wildland Vegetation Mgmt	2,500.00	4,000.00	-1,500.00	62.5%
<b>Total OUTSIDE PROFESSIONAL SER...</b>	<b>1,621,278.12</b>	<b>1,620,233.02</b>	<b>1,045.10</b>	<b>100.1%</b>
<b>RETIREE MEDICAL BENEFITS</b>				
PERS Medical	0.00	0.00	0.00	0.0%
Delta Dental	0.00	0.00	0.00	0.0%
Vision Care	0.00	0.00	0.00	0.0%
<b>Total RETIREE MEDICAL BENEFITS</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.0%</b>
<b>COMMUNITY SERVICE ACTIVITIES</b>				
Public Education	6,075.78	5,750.00	325.78	105.7%
Comm. Pharmaceutical Drop-Off	371.40	2,000.00	-1,628.60	18.6%
Vial of Life Program	0.00	200.00	-200.00	0.0%
CERT Emerg Kits/Sheds/Prepared	0.00	4,363.65	-4,363.65	0.0%
Open Houses	261.28	750.00	-488.72	34.8%
Community Shredder	1,155.00	1,375.00	-220.00	84.0%
DFSC Matching Grants	0.00	0.00	0.00	0.0%
Firesafe Planting Grants	0.00	1,000.02	-1,000.02	0.0%
Demonstration Garden	2,097.11	5,000.00	-2,902.89	41.9%
Community Sandbags	0.00	1,000.00	-1,000.00	0.0%
<b>Total COMMUNITY SERVICE ACTIVITI...</b>	<b>9,960.57</b>	<b>21,438.67</b>	<b>-11,478.10</b>	<b>46.5%</b>
<b>DISTRICT ACTIVITIES</b>				
Firefighter's Apparel & PPE	0.00	0.00	0.00	0.0%
Firefighters' Expenses	1,562.43	3,000.00	-1,437.57	52.1%
Staff Appreciation	184.77	0.00	184.77	100.0%
Professional Development	1,600.90	2,499.98	-899.08	64.0%
<b>Building Maintenance</b>				
Needs Assess/Feasibility Study	0.00	0.00	0.00	0.0%
Janitorial Service	630.00	750.00	-120.00	84.0%
Medical Waste Disposal	2,046.12	2,500.00	-453.88	81.8%
Building alarm	0.00	150.00	-150.00	0.0%
Gardening service	360.00	750.00	-390.00	48.0%
Miscellaneous Maint.	1,265.40	6,500.02	-5,234.62	19.5%
<b>Total Building Maintenance</b>	<b>4,301.52</b>	<b>10,650.02</b>	<b>-6,348.50</b>	<b>40.4%</b>
<b>Building Utilities/Service</b>				
Gas and Electric	3,391.06	3,999.98	-608.92	84.8%
Water/Sewer	1,103.89	1,232.51	-128.62	89.6%
<b>Total Building Utilities/Service</b>	<b>4,494.95</b>	<b>5,232.49</b>	<b>-737.54</b>	<b>85.9%</b>
Election	0.00	750.00	-750.00	0.0%
Memberships	7,390.00	7,600.00	-210.00	97.2%
<b>Office</b>				
Office Expense	1,744.31	1,500.00	244.31	116.3%
Office Supplies	738.68	1,125.00	-386.32	65.7%
Telephone	4,157.08	3,999.98	157.10	103.9%
<b>Total Office</b>	<b>6,640.07</b>	<b>6,624.98</b>	<b>15.09</b>	<b>100.2%</b>
<b>Total DISTRICT ACTIVITIES</b>	<b>26,174.64</b>	<b>36,357.47</b>	<b>-10,182.83</b>	<b>72.0%</b>
<b>Staff</b>				
Wages	47,540.04	47,540.48	-0.44	100.0%
Longevity Pay	1,000.00	1,000.00	0.00	100.0%
Overtime Wages	548.52	787.50	-238.98	69.7%

**Kensington Fire Protection District  
Revenue & Expense Budget vs. Actual**

July through December 2018

	Jul - Dec 18	Budget	\$ Over Budget	% of Budget
Vacation Wages	0.00	0.00	0.00	0.0%
Medical/dental ins compensation	5,028.00	5,028.00	0.00	100.0%
Retirement Contribution	3,612.96	3,612.98	-0.02	100.0%
Payroll Taxes	4,236.29	3,900.00	336.29	108.6%
Workers Compensation/Life Ins	1,842.06	1,500.00	342.06	122.8%
Payroll Processing	779.25	822.52	-43.27	94.7%
<b>Total Staff</b>	<b>64,587.12</b>	<b>64,191.48</b>	<b>395.64</b>	<b>100.6%</b>
Contingency				
General	0.00	12,500.02	-12,500.02	0.0%
<b>Total Contingency</b>	<b>0.00</b>	<b>12,500.02</b>	<b>-12,500.02</b>	<b>0.0%</b>
<b>Total Expense</b>	<b>1,722,000.45</b>	<b>1,754,720.66</b>	<b>-32,720.21</b>	<b>98.1%</b>
<b>Net Ordinary Income</b>	<b>2,607,493.30</b>	<b>2,500,210.38</b>	<b>107,282.92</b>	<b>104.3%</b>
<b>Other Income/Expense</b>				
Other Income				
Transfers In - Capital	9,969.12	0.00	9,969.12	100.0%
Transfers In - General	108,665.14	0.00	108,665.14	100.0%
<b>Total Other Income</b>	<b>118,634.26</b>	<b>0.00</b>	<b>118,634.26</b>	<b>100.0%</b>
Other Expense				
Depreciation Expense	0.00	0.00	0.00	0.0%
Transfers Out - Capital	18,634.26	0.00	18,634.26	100.0%
Transfers Out - Special	100,000.00	0.00	100,000.00	100.0%
Transfers Out - General	0.00	0.00	0.00	0.0%
<Gain>/Loss on Asset Disposal	0.00	0.00	0.00	0.0%
<b>Total Other Expense</b>	<b>118,634.26</b>	<b>0.00</b>	<b>118,634.26</b>	<b>100.0%</b>
<b>Net Other Income</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.0%</b>
<b>Net Income</b>	<b>2,607,493.30</b>	<b>2,500,210.38</b>	<b>107,282.92</b>	<b>104.3%</b>

TRANSMITTAL - APPROVAL

TO: Auditor Controller of Contra Costa County.

Forwarded herewith are the following invoices and claims for goods and services received which have been approved for payment:

KENSINGTON FPD									
TRANSMITTAL - APPROVAL									
Invoices									
PY/CY: BATCH #: 2170									
DATE: 2/8/2019									
LOCATION #: 13									
FILENAME: KENSINGTON									
FID	VENDOR NAME	INVOICE DATE	DESCRIPTION	FUND	SUB	ACTIVITY	ENGINE	PC	PAYMENT AMOUNT
				ORGR	ACCT	TASK	OFF	WORK	AMOUNT
50046	Mann Urrutia Nelson CPAS	1/30/2019	17697 FY17-18 audit balance	7840	2490				3,500.00
50065	Panoramac Design Group	1/4/2019	1903/1911 final billing	7840	2490				4,050.00
50146	Delta Dental	2/1/2019	BE003209122 Feb dental	7840	1061				1,008.86
50147	KFPD Revolving Fund	2/8/2019	Reimburse revolving fund	7840	2490				17,251.48
50148	CalPERS	01/14/19	7072901257 Mar medical	7840	1061				8,107.02
50150	Vision Service Plan	01/18/19	001027770001 Feb vision	7840	1061				323.10
50151	City of El Cerrito	02/01/19	Feb fire protection	7840	2328				251,284.08
50131	Meyers Nave	01/17/19	2018120234/35/36 legal	7840	2490				5,265.59
	Emergency Equip Mgmt	01/14/19	64099 gas detector	7840	2490				1,808.20
	Contra Costa Elections	01/30/19	1826 11/6/18 election	7840	2490				3,855.77
<b>TOTAL</b>									<b>296,454.10</b>

Kensington FPD Approval

Date: 1/1/19  
*Michelle Reed*  
 Date: 2/18/19



February 8, 2019

**Attachment to Transmittal 020819**

Kensington Fire Protection District Revolving Fund 01406

Detailed invoice for reimbursement to the Revolving Fund for payment of the following expenditures:

INVOICE DATE	DESCRIPTION	AMOUNT
1/17/2019	Payroll processing	66.25
1/17/2019	Payroll - 1/1-1/15/19	3,042.44
1/17/2019	Withholding payroll taxes 1/1-1/15/19	1,551.75
12/19/2019	Reimburse Director mediation parking/mileage	54.81
1/9/2019	Sprint - telephone	63.57
1/1/2019	All-ways Green - janitorial	105.00
1/4/2019	Office Depot - office supplies	252.43
1/10/2019	PG&E - electric	864.43
1/5/2019	PG&E - gas	424.63
1/17/2019	Russell - Sep/Oct/Nov accounting	1,237.50
2/1/2019	Payroll processing	66.25
2/1/2019	Payroll - 1/16-1/31/19	2,877.52
2/1/2019	Withholding payroll taxes 1/16-1/31/19	1,364.95
2/1/2019	All-ways Green - janitorial	105.00
2/1/2019	Stericycle - medical waste	419.32
1/11/2019	Mechanics Bank - sandbags, employee apprec., etc.	2,290.22
11/22/2019	Streamline - Sep/Oct/Nov website	600.00
1/26/2019	Canepa - gardening	120.00
1/22/2019	Comcast - internet	143.25
2/5/2019	ICMA-RC - Jan deferred comp	1,602.16
	<b>Total</b>	<b>17,251.48</b>

Please complete the enclosed deposit ticket and mail in the attached envelope to The Mechanics Bank.



# EL CERRITO-KENSINGTON FIRE DEPARTMENT

10900 San Pablo Avenue • El Cerrito • CA • 94530  
(510) 215-4450 • FAX (510) 232-4917

[www.el-cerrito.org](http://www.el-cerrito.org)



February 5, 2019

**TO:** Kensington Fire Protection District Board Members

**FROM:** Michael Pigoni: Fire Chief

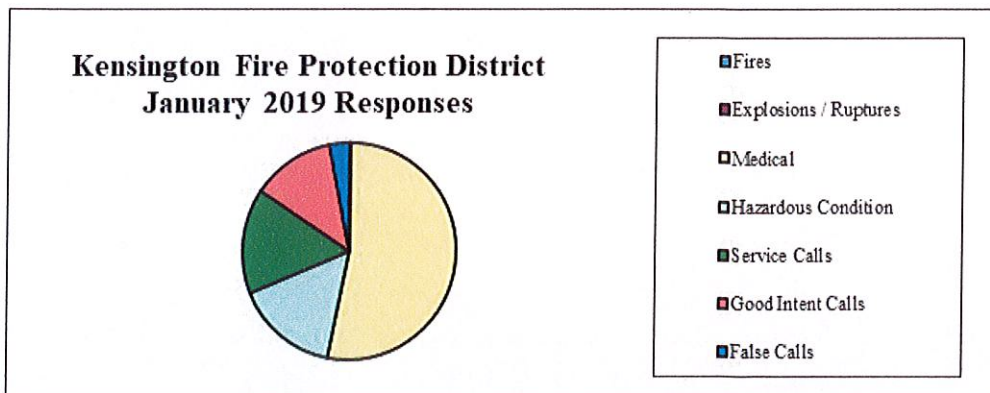
**RE:** Incident Activity Reports for the Month of January 2019

There were 32 incidents that occurred during the month of January in the community of Kensington. Please see the attached "Incident Log" for the dates and times, locations and incident type for these calls that the Fire Department responded to this past month. During this same time, Engine 65 responded to a total of 46 calls in all districts.

While there were no fires or calls resulting in property loss, due to the storms there were a number of downed powers lines and trees that the crews responded to.

The chart below is broken down into NFIRS incident types. The following is a list of the response types, the number of responses for each type and the percentage of the total calls for each type for all the responses in the community of Kensington.

<u>Call Type</u>		<u>Incident Count</u>	<u>Percentages</u>
<b>Fires</b>	<i>(Structure, Trash, Vehicles, Vegetation Fires)</i>	0	0.00%
<b>Explosions / Ruptures</b>	<i>(Over Pressure/Ruptures, Explosions, Bombs)</i>	0	0.00%
<b>Medical</b>	<i>(EMS, Vehicle Accidents, Extrication Rescue)</i>	17	53.13%
<b>Hazardous Condition</b>	<i>(Chemical Spills, Leaks, Down Power Lines)</i>	5	15.63%
<b>Service Calls</b>	<i>(Distress, Water/Smoke/Odor Problems, Public Assists)</i>	5	15.63%
<b>Good Intent Calls</b>	<i>(Cancelled En Route, Wrong Location)</i>	4	12.50%
<b>False Calls</b>	<i>(Wrong Company/Unit Dispatched)</i>	1	3.13%
<b>Totals</b>		<b>32</b>	<b>100.00%</b>



# Kensington Fire Protection District

## Response Log for January 2019

#	Incident Number	Date & Time	Address	City	Apparatus ID	Incident Type*
1	0019000442	02-Jan-19 04:12:48	1656 Oakview AVE	Kensington	E165	321
2	0019000862	03-Jan-19 06:15:26	89 Norwood AVE	Kensington	E165	321
3	0019000872	03-Jan-19 07:04:13	42 Avon RD	Kensington	E165	740
4	0019001006	03-Jan-19 13:35:32	26 Arlmont DR	Kensington	E165	311
5	0019001098	03-Jan-19 17:46:42	26 Arlmont DR	Kensington	E172	321
6	0019001341	04-Jan-19 11:03:00	120 Kenyon AVE	Kensington	E165	321
7	0019001375	04-Jan-19 13:18:59	263 Kenyon AVE	Kensington	E165	321
8	0019001678	05-Jan-19 11:27:30	764 Coventry RD	Kensington	E165	551
9	0019001782	05-Jan-19 16:01:36	Cowper AVE	Kensington	E165	500
10	0019002825	08-Jan-19 07:51:55	218 Arlington AVE	Kensington	E165	321
11	0019003275	09-Jan-19 10:40:06	316 Vassar AVE	Kensington	E172	321
12	0019003300	09-Jan-19 11:48:40	26 Highgate RD	Kensington	E165	554
13	0019003937	11-Jan-19 05:33:48	256 Trinity AVE	Kensington	E172	444
14	0019004325	12-Jan-19 10:14:08	184 Purdue AVE	Kensington	E165	321
15	0019004447	12-Jan-19 17:29:43	249 Stanford AVE	Kensington	E165	321
16	0019004456	12-Jan-19 18:01:50	711 Coventry RD	Kensington	E165	321
17	0019004548	12-Jan-19 23:33:09	260 Amherst AVE	Kensington	E165	554
18	0019005302	15-Jan-19 09:50:23	295 Purdue AVE	Kensington	E165	321
19	0019005804	16-Jan-19 17:15:24	Coventry RD	Kensington	E165	444
20	0019005812	16-Jan-19 17:33:31	96 Stratford RD	Kensington	E172	444
21	0019006126	17-Jan-19 13:58:01	69 Stratford RD	Kensington	E365	611M
22	0019006385	18-Jan-19 09:59:58	Coventry RD	Kensington	E165	600
23	0019006668	19-Jan-19 05:10:46	43 Kenyon AVE	Kensington	E165	600
24	0019007090	20-Jan-19 10:14:57	90 Kensington Rd AVE	Kensington	E165	400
25	0019007111	20-Jan-19 11:33:33	15 Edgecroft RD	Kensington	E165	444
26	0019007659	22-Jan-19 05:35:07	57 Cowper AVE	Kensington	E165	321
27	0019007744	22-Jan-19 10:31:27	560 Coventry RD	Kensington	E172	611M
28	0019008204	23-Jan-19 12:58:48	176 Highland BLVD	Kensington	E165	321
29	0019008553	24-Jan-19 12:21:30	249 Stanford AVE	Kensington	E165	321
30	0019009409	26-Jan-19 22:25:37	249 Trinity AVE	Kensington	E165	554

31	0019010037	28-Jan-19 14:59:39	Ocean View AVE	Kensington	E165	321
32	0019010821	30-Jan-19 18:54:45	308 Vassar AVE	Kensington	E165	321

\* See Attached Table for Incident Type Explanations

Type Series	Description
100	(Structure, Trash, Vehicle, Vegetation Fire)
200	(Over Pressure/Ruptures Explosions, Bombs)
300	(EMS, Vehicle Accidents, Extrication, Rescue)
400	(Chemical Spills, Leaks, Down power Lines)
500	(Distress, Water/ Smoke/Odor Problems, Public Assists)
600	(Cancelled En Route, Wrong Location)
700	(Wrong Company/Unit Dispatched)

# Kensington Fire Protection District

## Engine 65 Response Log for January 2019

#	Incident Number	Date & Time	Address	City	Apparatus ID	Incident Type*
1	0019000442	02-Jan-19 04:11:58	1656 Oakview AVE	Kensington	E165	321
2	0019000862	03-Jan-19 06:13:01	89 Norwood AVE	Kensington	E165	321
3	0019000872	03-Jan-19 07:03:13	42 Avon RD	Kensington	E165	740
4	0019001000	03-Jan-19 13:19:40	7523 Fairmount AVE	El Cerrito	E165	321
5	0019001006	03-Jan-19 13:32:47	26 Arlmont DR	Kensington	E165	311
6	0019001341	04-Jan-19 11:02:02	120 Kenyon AVE	Kensington	E165	321
7	0019001375	04-Jan-19 13:16:23	263 Kenyon AVE	Kensington	E165	321
8	0019001678	05-Jan-19 11:22:46	764 Coventry RD	Kensington	E165	551
9	0019001782	05-Jan-19 16:00:59	Cowper AVE	Kensington	E165	500
10	0019001857	05-Jan-19 19:06:20	144 Carmel AVE	Kensington	E165	611M
11	0019001954	06-Jan-19 01:36:58	965 Leneve PL	El Cerrito	E165	311
12	0019002008	06-Jan-19 08:55:44	417 Balra DR	El Cerrito	E165	321
13	0019002060	06-Jan-19 12:20:00	11760 San Pablo AVE	El Cerrito	E165	311
14	0019002445	07-Jan-19 11:05:33	7617 Potrero AVE	El Cerrito	E165	611X
15	0019002552	07-Jan-19 14:35:35	San Pablo AVE	El Cerrito	E165	322
16	0019002600	07-Jan-19 16:25:02	988 Leneve PL	El Cerrito	E165	321
17	0019002825	08-Jan-19 07:50:50	218 Arlington AVE	Kensington	E165	321
18	0019002901	08-Jan-19 11:21:30	858 Gelston PL	El Cerrito	E165	311
19	0019003300	09-Jan-19 11:46:16	26 Highgate RD	Kensington	E165	554
20	0019003933	11-Jan-19 04:55:33	8630 Terrace DR	El Cerrito	E165	111
21	0019004325	12-Jan-19 10:14:08	184 Purdue AVE	Kensington	E165	321
22	0019004447	12-Jan-19 17:29:43	249 Stanford AVE	Kensington	E165	321
23	0019004456	12-Jan-19 18:01:00	711 Coventry RD	Kensington	E165	321
24	0019004548	12-Jan-19 23:33:09	260 Amherst AVE	Kensington	E165	321
25	0019005256	15-Jan-19 06:57:26	206 Pomona AVE	Kensington	E165	554
26	0019005302	15-Jan-19 09:48:23	295 Purdue AVE	El Cerrito	E165	441
27	0019005804	16-Jan-19 17:14:52	Coventry RD	Kensington	E165	321
28	0019005889	16-Jan-19 20:18:31	535 Ashbury AVE	Kensington	E165	444
29	0019006042	17-Jan-19 09:06:52	1938 Rumrill BLVD	El Cerrito	E165	321
30	0019006126	17-Jan-19 13:55:02	69 Stratford RD	San Pablo	E165	611M
				Kensington	E365	611M

31	0019006385	18-Jan-19 09:58:05	Coventry RD	Kensington	E365	600
32	0019006668	19-Jan-19 05:09:42	43 Kenyon AVE	Kensington	E165	600
33	0019006868	19-Jan-19 17:50:57	108 Ramona AVE	El Cerrito	E165	321
34	0019007090	20-Jan-19 10:14:35	90 Kensington Rd AVE	Kensington	E165	400
35	0019007111	20-Jan-19 11:33:11	15 Edgcroft RD	Kensington	E165	444
36	0019007198	20-Jan-19 17:27:40	19 Pomona AVE	El Cerrito	E165	611M
37	0019007659	22-Jan-19 05:34:38	57 Cowper AVE	Kensington	E165	321
38	0019007991	22-Jan-19 21:48:58	103 San Carlos AVE	El Cerrito	E165	400
39	0019008204	23-Jan-19 12:56:57	176 Highland BLVD	Kensington	E165	321
40	0019008553	24-Jan-19 12:20:21	249 Stanford AVE	Kensington	E165	321
41	0019009222	26-Jan-19 09:54:15	I 580 W	Richmond	E165	611U
42	0019009318	26-Jan-19 16:24:08	119 Santa Fe AVE	El Cerrito	E165	321
43	0019009409	26-Jan-19 22:24:54	249 Trinity AVE	Kensington	E165	554
44	0019010037	28-Jan-19 14:58:04	Ocean View AVE	Kensington	E165	321
45	0019010647	30-Jan-19 10:26:33	921 Richmond ST	El Cerrito	E165	746
46	0019010821	30-Jan-19 18:53:52	308 Vassar AVE	Kensington	E165	321

\* See Attached Table for Incident Type Explanations

Type Series	Description
100	(Structure, Trash, Vehicle, Vegetation Fire)
200	(Over Pressure/Ruptures Explosions, Bombs)
300	(EMS, Vehicle Accidents, Extrication, Rescue)
400	(Chemical Spills, Leaks, Down power Lines)
500	(Distress, Water/ Smoke/Odor Problems, Public Assists)
600	(Cancelled En Route, Wrong Location)
700	(Wrong Company/Unit Dispatched)

**Kensington Fire Protection District  
OPEB Plan**

**Governmental Accounting Standards Board  
(GASB) Statement 75  
Actuarial Valuation as of June 30, 2017**

**Measurement Date: June 30, 2017  
Fiscal Year End: June 30, 2018**

**Revised**

**January 30, 2019**

Nicolay Consulting Group



January 30, 2019

OPEB CONSULTANTS AND ACTUARIES  
530 BUSH STREET, SUITE 500  
SAN FRANCISCO, CALIFORNIA 94108-3633  
TEL: 415-512-5300  
FAX: 415-512-5314

Ms. Brenda Navellier  
Administrator  
Kensington Fire Protection District  
217 Arlington Avenue  
Kensington, CA 94707

**Re: Kensington Fire Protection District GASB 75 Report for FYE June 30, 2018**

Dear Ms. Navellier,

Kensington Fire Protection District ("The District") has retained Nicolay Consulting Group to complete this valuation of The District's postemployment medical program (the "Plan") as of June 30, 2017 measurement date compliant under Governmental Accounting Standards Board (GASB) Statement 75. *This report has been revised to clarify counts on page 15. There have been no other revisions to this document.*

The purpose of this valuation is to determine the value of the expected postretirement benefits for current and future retirees and the Total OPEB Liability and Actuarially Determined Contribution for the fiscal year ending June 30, 2018. The amounts reported herein are not necessarily appropriate for use for a different fiscal year without adjustment.

Based on the foregoing, the cost results and actuarial exhibits presented in this report were determined on a consistent and objective basis in accordance with applicable Actuarial Standards of Practice and generally accepted actuarial procedures. We believe they fully and fairly disclose the actuarial position of the Plan based on the plan provisions, employee and plan cost data submitted.

The actuarial calculations were completed under the supervision of Gary Cline, ASA, MAAA, FCA, Enrolled Actuary. A member of the American Academy of Actuaries whom meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein. To the best of our knowledge, the information supplied in the actuarial valuation is complete and accurate. In our opinion, assumptions as approved by the plan sponsor are reasonably related to the experience of and expectations for the Plan.

We would be pleased to answer any questions on the material contained in this report or to provide an explanation or further detail as may be appropriate.

Respectfully submitted,

NICOLAY CONSULTING GROUP

A handwritten signature in cursive script that reads "Gary E. Cline".

Gary E. Cline, ASA, MAAA, FCA, EA  
Vice President & Chief Operating Officer



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## Section I Management Summary

### A) Highlights

#### Summary of Key Valuation Results

	2017
<b>Disclosure elements as of measurement date ending June 30:</b>	
<u>Present Value of Future Benefits:</u>	
Active	\$0
Retiree	<u>\$1,304,608</u>
Total	\$1,304,608
<u>Actuarial Accrued Liability or Total OPEB Liability (TOL)</u>	
Active	\$0
Retiree	<u>1,304,608</u>
Total	\$1,304,608
Plan Fiduciary Net Position	<u>1,479,475</u>
Net OPEB Liability	(\$174,867)
Plan Fiduciary Net Position as a percentage of the TOL	113%
Aggregate OPEB Expense (Exhibit 3)	(\$225,409)
Covered Payroll	N/A
<b>Schedule of contributions for fiscal year ending 30:</b>	
Actuarially determined contributions	\$0
Actual contributions <sup>(1)</sup>	<u>0</u>
Contribution deficiency (excess)	\$0
Pay-As-You-Go Premiums	\$105,986
<b>Demographic data for fiscal year ending June 30<sup>(2)</sup>:</b>	
Number of active members	0
Number of retired members and beneficiaries	<u>10</u>
Total	10
<b>Key assumptions as of June 30:</b>	
Discount rate	6.73%
<u>Initial Trend Rate</u>	
Pre-65	8.00%
Post-65	5.50%
Ultimate Rate	5.00%
Year Ultimate Rate is Reached	2031

<sup>(1)</sup> Includes payments to trust and amounts paid directly by the plan sponsor

<sup>(2)</sup> Census data as of June 30, 2017 is used in the measurement of the TOL as of June 30, 2017. See Section III for additional details regarding the census information.

## Section I Management Summary

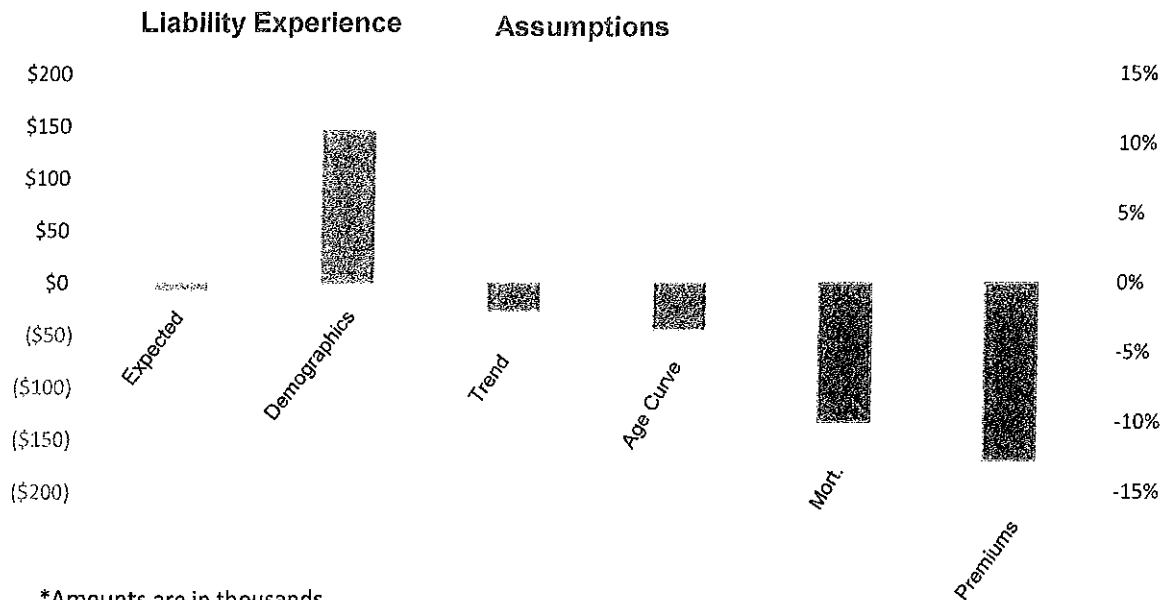
### B) Gap Analysis

The Actuarial Accrued Liability (AAL) has decreased \$233,443 from \$1,537,671 as of June 30, 2016 to \$1,304,608 as of June 30, 2017. A breakdown of the sources of this change in liability is shown below:

Liability Experience	Amount	Percentage
Expected Benefits Earned, Benefit Payments and Interest	(\$6)	(0%)
Actual Demographic and Other Experience	<u>\$146</u>	<u>10%</u>
Total Liability Experience	\$140	10%

Changes in Assumptions	Amount	Percentage
Revised Assumed Health Care Cost Trend	(\$26)	(2%)
New Implicit Subsidy Age Curve	(\$44)	(3%)
Revised CalPERS Mortality Rates	(\$133)	(9%)
Actual 2017 Monthly Premiums	<u>(\$170)</u>	<u>(11%)</u>
	(\$373)	(24%)

\*Amounts are in thousands.

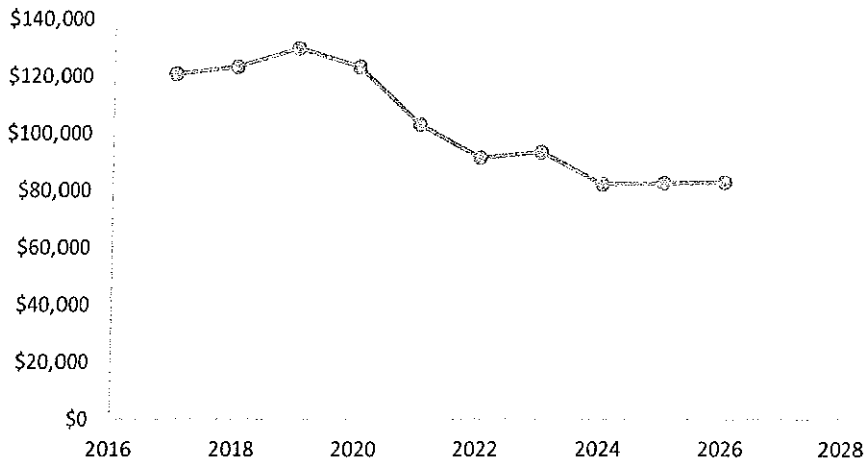


## Section I Management Summary

### C) 10-Year Projection of Employer Benefit Payments

Fiscal Year Beginning 7/1	Premiums	Implicit Subsidy	Total
2017	\$102,866	\$17,920	\$120,786
2018	\$103,503	\$19,788	\$123,291
2019	\$107,486	\$22,465	\$129,951
2020	\$103,899	\$19,572	\$123,471
2021	\$92,989	\$10,279	\$103,268
2022	\$86,035	\$5,566	\$91,601
2023	\$86,820	\$6,678	\$93,498
2024	\$81,476	\$837	\$82,313
2025	\$81,369	\$1,472	\$82,841
2026	\$81,023	\$2,056	\$83,079

10-Year Total Annual Cost Projection

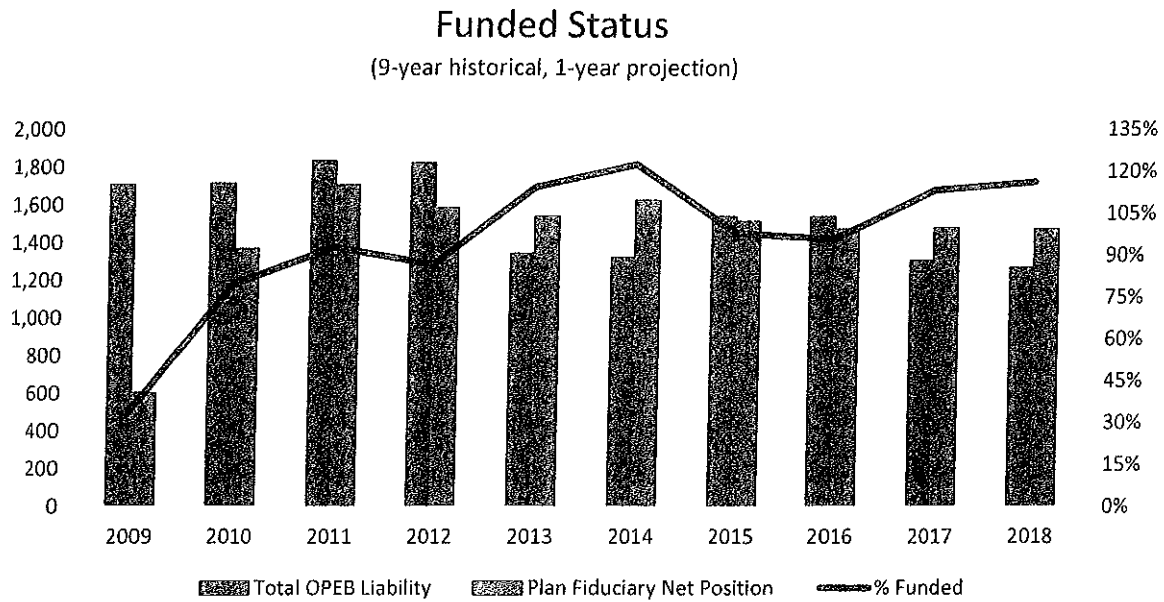


The annual costs shown in the graph above are paid via trust assets (premiums) and active employee premium subsidies (implicit subsidies).

## Section I Management Summary

### D) Funding Progress

Below is an illustration of the funded status of the Plan for the past 9 years, and a projection of the next year looking forward:



## Section II GASB 75 Exhibits

### A) Schedule of Changes in Net OPEB Liability (Exhibit 1)

2017

#### Total OPEB Liability

Service cost	\$0
Interest	99,977
Change of benefit terms	0
Differences between expected and actual experience	146,389
Changes of assumptions	(373,443)
Benefit payments, including refunds of employee contributions	<u>(105,986)</u>
<b>Net change in Total OPEB Liability</b>	<b>(233,063)</b>
<b>Total OPEB Liability – beginning (a)</b>	<b><u>1,537,671</u></b>
<b>Total OPEB Liability – ending (b)</b>	<b>\$1,304,608</b>

#### Plan Fiduciary Net Position

Contributions – employer	\$0
Contributions – employee	0
Net investment income	112,865
Benefit payments, including refunds of employee contributions	(105,986)
Administrative expense	(739)
Other	<u>0</u>
<b>Net change in Plan Fiduciary Net Position</b>	<b>\$6,140</b>
<b>Plan Fiduciary Net Position – beginning (c)</b>	<b><u>1,473,335</u></b>
<b>Plan Fiduciary Net Position – ending (d)</b>	<b>\$1,479,475</b>
<b>Net OPEB Liability – beginning (a) – (c)</b>	<b>\$64,336</b>
<b>Net OPEB Liability – ending (b) – (d)</b>	<b>(\$174,867)</b>

<b>Plan Fiduciary Net Position as a percentage of the Total OPEB Liability</b>	113%
<b>Covered employee payroll<sup>(1)</sup></b>	N/A
<b>Plan Net OPEB Liability as percentage of covered employee payroll<sup>(1)</sup></b>	N/A

<sup>1</sup> Covered payroll not available

## Section II GASB 75 Exhibits

### B) Derivation of Significant Actuarial Assumptions

**Long-term Expected Rate of Return** – As of June 30, 2017, the expected long-term expected real rates of return for each major investment class in the Plan's portfolio are as follows:

Investment Class	Target Allocation	Long-Term Expected Real Rate of Return <sup>1</sup>
Global Equity	40.00%	6.46%
Fixed Income	39.00%	3.15%
Treasury Inflation-Protected Securities (TIPS)	10.00%	3.00%
Commodities	3.00%	5.70%
Real Estate Investment Trusts	8.00%	8.63%
Liquidity	0.00%	0.00%
<b>Total</b>	<b>100.00%</b>	

<sup>1</sup>Expected Return on Assets Analysis provided by JP Morgan Inputs for GIC Asset Allocation.

**Discount rate** – The discount rate used to measure the total OPEB liability as of June 30, 2017 was 6.73%. This discount rate was based on the Bond Buyer-20 Bond GO index for benefits not expected to be covered by trust assets and the expected long-term return on assets of 6.73% as reported by CalPERS for investment Strategy 2.

This expected long-term return on assets takes into account the time horizon of the plan, the asset allocation, and the expected long-term real rates of return by asset class. Above are long-term expected real rates of return as reported by JP Morgan. We combined these real rates of return with a 2.25% inflation rate to confirm the reasonableness of the expected return provided by CalPERS, which as of June 30, 2016 was 6.73% and as of June 30, 2017 was 6.73%. The Bond Buyer 20-Bond GO index as of June 30, 2016 was 2.85% and as of June 30, 2017 was 3.58%.



## Section II GASB 75 Exhibits

### C) Sensitivity Analysis (Exhibit 2)

**Sensitivity of the Total OPEB Liability to changes in the discount rate** – The following presents the District's Net OPEB Liability if it were calculated using a discount rate that is 1% point lower (5.73%) or 1% point higher (7.73%) than the current rate:

**Sensitivity of the Total OPEB Liability to changes in the Trend rate** – The following presents the District's Net OPEB Liability if it were calculated using a trend table that is 1% point lower or 1% point higher than the current rates.

**Net OPEB Liability as of June 30, 2017 measurement date: (\$174,867)**

#### Sensitivity Analysis:

	Discount Rate			Trend		
	NOL	\$ Change	% Change	NOL	\$ Change	% Change
+1%	(\$277,078)	(\$102,211)	(58%)	(\$52,475)	\$122,392	70%
Base	(\$174,867)	0	0	(\$174,867)	0	0
-1%	(\$53,812)	\$121,055	69%	(\$279,868)	(\$105,001)	(60%)

## Section II GASB 75 Exhibits

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### D) Schedule of OPEB Expense for Fiscal Year Ended June 30, 2018 (Exhibit 3)

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#### Components of OPEB Expense

Service Cost	\$0
Interest on the Total OPEB Liability (Exhibit 4)	99,977
Changes on Benefit Terms	0
Recognized Differences between Expected and Actual Experience	146,389
Recognized Changes of Assumptions	(373,443)
Employee Contributions	0
Projected Earnings on OPEB Plan Investments (Exhibit 5)	(95,623)
Recognized Differences Between Projected and Actual Earnings on Plan Investments	(3,448)
Administrative Expense	739
Other Changes in Fiduciary Net Position	0
Aggregate OPEB Expense	<u>(\$225,409)</u>

## Section II GASB 75 Exhibits

### E) Interest on the Total OPEB Liability (Exhibit 4)

	Amount for Period a	Portion of Period b	Interest Rate c	Interest on the Total OPEB Liability a*b*c
Beginning Total OPEB Liability	1,537,671	100%	6.73%	\$103,485
Service Cost		100%	6.73%	0
Benefit payments, including refunds of employee contribution	(105,986)	50%	6.73%	<u>(3,508)</u>
Total Interest on the total OPEB liability				\$99,977

## Section II GASB 75 Exhibits

### F) Earnings on Plan Fiduciary Net Position (Exhibit 5)

	Amount for Period a	Portion of Period b	Projected Rate of Return c	Projected Earnings a*b*c
Beginning Plan Fiduciary Net Position	\$1,473,335	100%	6.73%	\$99,155
Employer Contributions	0	50%	6.73%	0
Employee Contributions	0	50%	6.73%	0
Benefits payments, (including refunds of employee contributions)	(105,986)	50%	6.73%	(3,508)
Administrative Expense and Other	(739)	50%	6.73%	(24)
Total Projected Earnings				<u>\$95,623</u>

## Section II GASB 75 Exhibits

### G) Schedule of Contributions<sup>1</sup> (Exhibit 6)

	Plan Year 2016 - 2017
Actuarially Determined Contribution <sup>2</sup>	\$0
Contributions in relation to the Actuarially Determined Contribution <sup>2</sup>	<u>0</u>
Contribution Deficiency (excess)	\$0
Covered-employee payroll <sup>3</sup>	N/A
Contributions as a percentage of covered-employee payroll <sup>3</sup>	N/A
Contributions to the Trust	\$0
Pay-go Payments by Employer Unreimbursed by the Trust	0
Active Implicit Rate Subsidy Transferred to OPEB	<u>0</u>
Total OPEB Contributions <sup>1</sup>	\$0

<sup>1</sup> ADC and Contributions are for the measurement period July 1, 2016 to June 30, 2017.

<sup>2</sup> Employers setting a discount rate based on the assumption that assets will be sufficient to cover all future benefit payments under the plan are assumed to annually make contributions equal to the actuarially determined contribution. Annual contributions made that are substantially less than the ADC would require additional support for use of a discount rate equal to the long-term expected return on trust assets.

<sup>3</sup> Covered-Employee Payroll represented above is based on cover-employee payroll provided by the employer. GASB 75 defines covered-employee payroll as the total payroll of employees that are provided OPEBs through the OPEB plan. Accordingly, if OPEB covered-employee payroll shown above is different than total earnings for covered-employees, the employer should display in the disclosure footnotes the payroll based on total earnings for the covered group and recalculate the required payroll-related ratios.

## Section II GASB 75 Exhibits

### H) Deferred Inflows/Outflows of Resources (Exhibit 7)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience in the measurement of the TOL	\$0	\$0
Changes in assumptions	0	0
Net difference between projected and actual earnings of OPEB plan investments	0	13,794
Contribution to OPEB plan after measurement date	<u>0</u>	<u>0</u>
Total	\$0	\$13,794

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ended June 30	Deferred Outflows/(Inflows) of Resources
2019	(\$3,449)
2020	(3,448)
2021	(3,448)
2022	(3,449)
2023	0
Thereafter	<u>0</u> (\$13,794)

## Section II GASB 75 Exhibits

### I) Schedule of Deferred Inflows/Outflows of Resources (Exhibit 8)

Fiscal Year Established	Initial Amount	Deferred Outflows of Resources as of 06/30/17	Deferred Inflows of Resources as of 06/30/17	Initial Years	Years Left	Deferred Outflows/(Inflows) Recognized in Fiscal 2018
<b>Changes in Assumption</b>						
2017	<u>(\$373,443)</u>	<u>0</u>	<u>\$0</u>	0.0	0.0	<u>(\$373,443)</u>
Total	(\$373,443)	0	\$0			(\$373,443)
<b>Difference Between Expected and Actual Plan Experience</b>						
2017	<u>\$146,389</u>	<u>0</u>	<u>0</u>	0.0	0.0	<u>\$146,389</u>
Total	\$146,389	0	0			\$146,389
<b>Net Difference Between Projected and Actual Earnings On Investments</b>						
2017	<u>(\$17,242)</u>	<u>0</u>	<u>(\$13,794)</u>	5.0	4.0	<u>(\$3,448)</u>
Total	(\$17,242)	0	(\$13,794)			(\$3,448)
<b>Total Balance</b>		\$0	(\$13,794)			(\$230,502)

## Section II GASB 75 Exhibits

---

### J) Journal Entry to Record the NOL for fiscal year ended June 30, 2018 (Exhibit 9)

---

	DR	CR
Net Position	\$0	\$161,073
DO-Experience	0	0
DO-Investment	0	0
DO-Contributions	0	0
DO-Assumptions	0	0
DI-Experience	0	0
DI-Investment	0	13,794
DI-Assumptions	0	0
NOL	<u>174,867</u>	<u>0</u>
	\$174,867	\$174,867



## Section III Data

### A) Summary of Demographic Information

The participant data used in the valuation was provided by The District as of 06/30/2017. It is assumed that this data is representative of the population as of 06/30/2017. While the participant data was checked for reasonableness, the data was not audited, and the valuation results presented in this report are dependent upon the accuracy of the participant data provided. The table below presents a summary of the basic participant information for the active and retired participants covered under the terms of the Plan.

	Total
<u>Actives</u>	
Average Age	n/a
Average Service	n/a
Total Counts	0
<u>Retirees and Surviving Spouses</u>	
Average Age	74 yrs.
Counts	
Under age 65	2
Age 65 and over	<u>8</u>
Total Counts	10
<u>Covered Dependents of Retirees</u>	
Counts	
Spouses / Domestic Partners	5
Children	<u>0</u>
Total	5
Total Participants	15

## Section III Data

### B) Distribution of Participants by Age and Service

Distribution of Service Groups by Age Groups

Age Group	Retired Participants	Active Participant – Years of Service						Total
		0 - 4	5 - 9	10 - 14	15 - 19	20 - 24	25+	
< 25	0	0	0	0	0	0	0	0
25 - 29	0	0	0	0	0	0	0	0
30 - 34	0	0	0	0	0	0	0	0
35 - 39	0	0	0	0	0	0	0	0
40 - 44	0	0	0	0	0	0	0	0
45 - 49	0	0	0	0	0	0	0	0
50 - 54	0	0	0	0	0	0	0	0
55 - 59	0	0	0	0	0	0	0	0
60 - 64	2	0	0	0	0	0	0	0
65 - 69	1	0	0	0	0	0	0	0
> 70	7	0	0	0	0	0	0	0
<b>Total</b>	<b>10</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

\* Retired participants include retirees, disabled participants, and surviving family members. Does not include covered dependents.

## Section IV Plan Provision Summary

### A) Plan Description

The District has assumed responsibility for providing the entire cost of postretirement medical, dental and vision benefits to a closed group of retirees and their dependents. Retirees may enroll in any of the plans offered by the District. Retirees are currently enrolled in Blue Shield, PERS Care, and Kaiser plans. The District also provides postretirement dental coverage through Delta Dental and postretirement vision coverage through VSP.

2017 and 2018 calendar year monthly medical premium rates for the District's plans are shown below:

#### Pre-Medicare Premiums

2017 Plan	EE	EE+SP	EE+Fam
Blue Shield Access+	\$1,024.85	\$2,049.70	\$2,664.61
Kaiser	\$573.89	\$1,147.78	\$1,492.11
PERSCare	\$932.39	\$1,864.78	\$2,424.21

2018 Plan	EE	EE+SP	EE+Fam
Blue Shield Access+	\$889.02	\$1,778.04	\$2,311.45
Kaiser	\$642.70	\$1,285.40	\$1,671.02
PERSCare	\$882.45	\$1,764.90	\$2,294.37

#### Medicare Premiums

2017 Plan	EE	EE+SP
Blue Shield Access+	N/A	N/A
Kaiser	\$300.48	\$600.96
PERSCare	\$389.76	\$779.52
United Healthcare	\$324.21	\$648.42

2018 Plan	EE	EE+SP
Blue Shield Access+	N/A	N/A
Kaiser	\$316.34	\$632.68
PERSCare	\$382.30	\$764.60
United Healthcare	\$330.76	\$661.52

Dental Premiums \$64.41 for retiree, \$60.07 for spouse

Vision Premiums \$31.52 composite

#### Duration of Benefits

Benefits continue for the life of the retiree and/or dependent(s).

#### Surviving Spouse Coverage

Surviving spouses of deceased retirees receive lifetime coverage.

## Section V Actuarial Assumption, Methods, & Considerations

### A) Actuarial Assumptions

Discount Rate	6.73%																																													
Health Care Trend	<table border="1"> <thead> <tr> <th>Year Beginning</th> <th colspan="2">Increase in Premium Rates</th> </tr> <tr> <th></th> <th>Pre-65</th> <th>Post-65</th> </tr> </thead> <tbody> <tr><td>2019</td><td>8.00%</td><td>5.50%</td></tr> <tr><td>2020</td><td>7.75%</td><td>5.25%</td></tr> <tr><td>2021</td><td>7.50%</td><td>5.00%</td></tr> <tr><td>2022</td><td>7.25%</td><td>5.00%</td></tr> <tr><td>2023</td><td>7.00%</td><td>5.00%</td></tr> <tr><td>2024</td><td>6.75%</td><td>5.00%</td></tr> <tr><td>2025</td><td>6.50%</td><td>5.00%</td></tr> <tr><td>2026</td><td>6.25%</td><td>5.00%</td></tr> <tr><td>2027</td><td>6.00%</td><td>5.00%</td></tr> <tr><td>2028</td><td>5.75%</td><td>5.00%</td></tr> <tr><td>2029</td><td>5.50%</td><td>5.00%</td></tr> <tr><td>2030</td><td>5.25%</td><td>5.00%</td></tr> <tr><td>2031 and later</td><td>5.00%</td><td>5.00%</td></tr> </tbody> </table>	Year Beginning	Increase in Premium Rates			Pre-65	Post-65	2019	8.00%	5.50%	2020	7.75%	5.25%	2021	7.50%	5.00%	2022	7.25%	5.00%	2023	7.00%	5.00%	2024	6.75%	5.00%	2025	6.50%	5.00%	2026	6.25%	5.00%	2027	6.00%	5.00%	2028	5.75%	5.00%	2029	5.50%	5.00%	2030	5.25%	5.00%	2031 and later	5.00%	5.00%
Year Beginning	Increase in Premium Rates																																													
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2030	5.25%	5.00%																																												
2031 and later	5.00%	5.00%																																												
Amortization Methodology	We used 5-year straight-line amortization for asset gains and losses. For assumption changes and experience gains/losses, we assumed immediate recognition.																																													
Baseline Cost	Pre-Medicare: \$9,572 per year Post-Medicare: \$4,332 per year																																													
Inflation	We assumed 2.25% inflation per annum																																													
Payroll increases	N/A																																													
Administrative Expenses	\$739																																													
Turnover	None.																																													
Disability	N/A																																													
Percent Married	N/A																																													
Net Investment Return	6.73%, based on CERBT investment allocation Strategy 2																																													
Health Plan Participation	We assumed that 100% of eligible participants will participate.																																													
Medicare Coverage	We assumed that all retirees under 65 will be eligible for Medicare when they reach age 65.																																													

## Section V Actuarial Assumption, Methods, & Considerations

### A) Actuarial Assumptions (continued)

#### Mortality

The mortality rates used in this valuation are those used in the most recent CalPERS valuations.

**Pre-Retirement:** CalPERS 2014 Mortality pre-retirement

**Post-Retirement:** CalPERS 2014 Mortality post-retirement

Age	Sample Mortality Rates			
	Active Employees		Retired Employees	
	Male	Female	Male	Female
55	0.23%	0.14%	0.60%	0.42%
60	0.31%	0.18%	0.71%	0.44%
65	0.40%	0.26%	0.83%	0.59%
70	0.52%	0.37%	1.31%	0.99%
75	0.71%	0.53%	2.21%	1.72%
80	0.99%	0.81%	3.90%	2.90%
85	0.00%	0.00%	6.97%	5.24%
90	0.00%	0.00%	12.97%	9.89%

\* Source: NCG has not performed an experience study to select these assumptions. NCG has not observed materially consistent gains or consistent losses associated with these assumptions

## Section V Actuarial Assumption, Methods, & Considerations

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### B) Actuarial Methods

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Actuarial Cost Method	Entry Age Normal An actuarial cost method under which the Actuarial Present Value of the Projected Benefits of each individual included in the valuation is allocated on a level basis over the earnings or service of the individual between entry age and assumed exit age(s). The portion of this Actuarial Present Value allocated to a valuation year is called the Normal Cost.
Financial and Census Data	The District provided the participant data, financial information and plan descriptions used in this valuation. The actuary has checked the data for reasonableness, but has not independently audited the data. The actuary has no reason to believe the data is not complete and accurate, and knows of no further information that is essential to the preparation of the actuarial valuation.
Plan Fiduciary Net Position	Market value of assets as of the measurement date
Measurement Date	June 30, 2017
Valuation Date	June 30, 2017
Funding Policy	There are no contributions, because the Plan is fully funded and benefit payments are made from the Trust.

## Section IV Actuarial Assumptions and Methods used in Actuarially Determined Contribution

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### C) Actuarial Considerations

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#### Health Care Reform

Health care delivery is going through an evolution due to enactment of Health Care Reform. The Patient Protection and Affordable Care Act (PPACA), was signed March 23, 2010, with further changes enacted by the Health Care and Education Affordability Reconciliation Act (HCEARA), signed March 30, 2010. This valuation uses various assumptions that may have been modified based on considerations under PPACA. This section discusses particular legislative changes that were reflected in our assumptions. We have not identified any other specific provision of PPACA that would be expected to have a significant impact on the measured obligation. As additional guidance on the Act continues to be issued, we'll continue to monitor impacts.

#### Individual Mandate

Under PPACA, individuals (whether actively employed or otherwise) must be covered by health insurance or else pay a penalty tax to the government. While it is not anticipated that the Act will result in universal coverage, it is expected to increase the overall portion of the population with coverage. We believe this will result in an increased demand on health care providers, resulting in higher trend for medical services for non-Medicare eligible retirees. (Medicare costs are constrained by Medicare payment mechanisms already in place, plus additional reforms added by PPACA and HCEARA.) While we believe that the mandate may result in somewhat higher participation overall, this issue would have a marginal impact since we assume 100% participation upon retirement.

#### Employer Mandate

Health Care Reform includes various provisions mandating employer coverage for active employees, with penalties for non-compliance. Those provisions do not directly apply to the postemployment coverage included in this valuation.

## Section IV Actuarial Assumptions and Methods used in Actuarially Determined Contribution

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### C) Actuarial Considerations (continued)

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Medicare Advantage Plans	Effective January 1, 2011, the Law provides for reductions to the amounts that would be provided to Medicare Advantage plans starting in 2011. We considered the effect of these reductions in federal payments to Medicare Advantage plans when setting our trend assumption.
Expansion of Child Coverage to Age 26	Health Care Reform mandates that coverage be offered to any child, dependent or not, through age 26, consistent with coverage for any other dependent. We assume that this change has been reflected in current premium rates. While this plan covers dependents, we do not currently assume non-spouse dependent coverage other than for firefighters. We believe the impact this assumption has on the valuation is immaterial due to the lack of retirees that have had or are expected to have non-spouse dependents for any significant amount of time during retirement.
Elimination of Annual or Lifetime Maximums	Health Care Reform provides that annual or lifetime maximums have to be eliminated for all "essential services." We assume that current premium rates already reflect the elimination of any historic maximums.
Cadillac Tax (High Cost Plan Excise Tax)	<p>The PPACA legislation added a new High-Cost Plan Excise Tax (also known as the "Cadillac Tax") starting in calendar year 2020. For valuation purposes, we assumed that the value of the tax will be passed back to the plan in higher premium rates.</p> <ul style="list-style-type: none"><li>• The tax is 40% of the excess of (a) the cost of coverage over (b) the limit. We modeled the cost of the tax by calculating (a) using the working rates projected with trend. We calculated (b) starting with the statutory limits (\$10,200 single and \$27,500 family), adjusted for the following:<ul style="list-style-type: none"><li>○ Limits will increase from 2018 to 2019 by 4.25% (CPI plus 1%);</li><li>○ Limits will increase after 2019 by 3.25% (CPI); and</li><li>○ For retirees over age 55 and not on Medicare, the limit is increased by an additional dollar amount of \$1,650 for single coverage and \$3,450 for family coverage.</li></ul></li><li>• Based on the above assumptions, we estimate that the tax will not apply for the District's pre-Medicare or post-Medicare plans.</li></ul>



## Section VI Glossary

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### A) Key Terms

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Annual OPEB Expense	The amount recognized by an employer in each accounting period for contributions to a defined benefit OPEB plan on the modified accrual basis of accounting.
Deferred outflows and inflows of resources related to OPEB	Deferred outflows of resources and deferred inflows of resources related to OPEB arising from certain changes in the collective net OPEB liability or collective total OPEB liability
Covered Payroll	Annual compensation paid (or expected to be paid) to active employees covered by an OPEB plan, in aggregate.
Net OPEB Liability (NOL)	The liability of employers and non-employer contributing entities to plan members for benefits provided through a defined benefit OPEB plan that is administered through a trust that meets the criteria of the GASB Statements.
Normal Cost or Service Cost	The portion of the Total Present Value of Future Benefits attributed to employee service during the current fiscal year by the actuarial cost method. These terms are used interchangeably.
Other Postemployment Benefits (OPEB)	Retiree health care benefits and post-employment benefits provided separately from a pension plan (excluding termination offers and benefits).
Plan Fiduciary Net Position (FNP)	Set equal to the market value of assets as of the measurement date.
Present Value of Future Benefits (PVFB)	The value, as of the valuation date, of the projected benefits payable to all members for their accrued service and their expected future service, discounted to reflect the time value (present value) of money and adjusted for the probabilities of retirement, withdrawal, death and disability.
Total OPEB Liability (TOL)	The portion of the actuarial present value of projected benefit payments that is attributed to past period of member service in conformity with the GASB Statements. The total OPEB liability is the liability of employers and non-employer contributing entities to plan members for benefits provided through a defined benefit OPEB plan that is not administered through a trust that meets the criteria of the GASB Statements.

# **CHIEF'S REPORT**



## EL CERRITO-KENSINGTON FIRE DEPARTMENT

10900 San Pablo Avenue • El Cerrito • CA • 94530  
(510) 215-4450 • FAX (510) 232-4917

[www.el-cerrito.org](http://www.el-cerrito.org)



**DATE:** February 2019  
**TO:** Kensington Fire Protection District Board Members  
**FROM:** Michael Pigoni: Fire Chief  
**RE:** **Fire Chief's Report for February 2019**

---

### **Run Reports**

There were 32 calls for service in the Kensington Community last month. This was a slight decrease from last month but an increase in hazardous calls due to several downed power lines as a result of the heavy rains and winds that the area experienced.

Engine 65 responded to a reported structure fire in the 8600 block of Terrace Drive which is at the corner of Arlington Boulevard and Terrace Drive. Engine 65 was first on scene and found a working fire in the garage. They were able to initiate fire attack, backed up by Engine 72. The fire was quickly contained and brought under control prior to the fire being able to extend into the structure. The cause of the fire was determined to be from a shorted battery to a "scooter" in the garage. One of the occupants experienced some smoke inhalation, were evaluated and treated by Engine 65's paramedics and released at the scene.

### **New Wild Land Apparatus**

Apparatus committee members completed the pre-construction conference for the new wild land apparatus replacement for Engine 365 at the Oakdale factory. A few minor changes were made to meet new regulations and even with the tariffs on steel and aluminum, this completed unit will be coming in under budget. Delivery is expected for late 2019.

We are currently working on a flyer for the existing unit to send out and find a potential buyer. While the market for used fire equipment is limited, we are hopeful to be able to sell it for \$50,000.

### **East Bay Parks Fuel Reduction**

As reported previously, East Bay Regional Parks are planning for an extensive fuel break and fuel reduction project for Tilden Park and Wildcat Canyon. Representatives from East Bay Parks Fire Department met with Department personnel to discuss the project and time line. This project will extend from Kensington to Richmond Heights north of El Cerrito. More information will be forthcoming on this project.

### **Moraga-Orinda Evacuation Drill**

On January 26<sup>th</sup> the Moraga-Orinda Fire Protection District conducted their second Evacuation Drill. The drill was conducted in the North Orinda area and involved approximately 150 vehicles and numerous volunteers from the County Sheriffs, local CERT Teams and Ham radio operators. El Cerrito/Kensington personnel as well as El Cerrito Police personnel attended to observe the exercise.

Moraga-Orinda Fire utilized the Contra Costa County Community Warning System to make the notifications for this drill and had better than expected success. They also utilized their Evacuation Decision Support System which provides modeling for fire progression based on a number of parameters such as wind, humidity, temperature, terrain etc. More information on this drill is available at the link below.

<http://www.mofd.org/announcements/north-orinda-evacuation-exercise-update>

### **Wild Land Fire Defense for Structures**

The Fire Department is currently working on a community based educational program that emphasis preparing homes to be more resistive to ember attacks through a process called “Hardening” in which measures are taken to minimize the potential of homes or other structures igniting from a wildland fire. Even with early warning systems and plans for evacuation, your home is the first line of defense in the event you are not able to leave your home or the area. This program will discuss steps that everyone can take from managing their own landscaping, installing ember screens on vents, treating exposed woods, upgrading siding and roofs to non-combustible or fire resistive materials as well as tools and equipment to have on hand to combat a small fire such as fire extinguishers, shovels and rakes. Once this program is complete, we will be looking to have a community meeting to share.

# **NEW BUSINESS**

December 3, 2018

To the Board of Directors  
Kensington Fire Protection District  
Kensington, California

We have audited the financial statements of the governmental activities and each major fund of the Kensington Fire Protection District for the year ended June 30, 2018. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and the Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated June 28, 2018. Professional standards also require that we communicate to you the following information related to our audit.

#### Significant Audit Matters

##### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Kensington Fire Protection District are described in Note 1 to the financial statements. As described in Note 1 to the financial statements, Kensington Fire Protection changed accounting policies related to other post-employment benefits (OPEB) by adopting Statement of Governmental Accounting Standards (GASB Statement) No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*, in 2018. Accordingly, the cumulative effect of the accounting change as of the beginning of the year is reported in the Statement of Revenues, Expenses and changes in Fund Balances. We noted no transactions entered into by Kensington Fire Protection District during the year for which there was a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the District's financial statements were depreciation and the estimate of the net other-post employment benefit (OPEB) liability. Management's estimate for depreciation is based on the District's capitalization policy. Management's estimate for the OPEB liability is based on actuarial valuations. We evaluated the key factors and assumptions used to develop the estimates in determining that they are reasonable in relation to the financial statements as a whole.

The financial statement disclosures are neutral, consistent, and clear.

##### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

##### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. There were no misstatements detected as a result of audit procedures that were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

##### *Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

##### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated December 3, 2018.

*Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to Kensington Fire Protection District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

*Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as Kensington Fire Protection District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

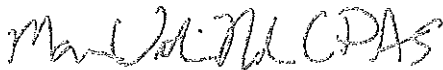
Other Matters

We applied certain limited procedures to management's discussion and analysis, the budgetary comparison schedules, and the schedule of changes in the District's net OPEB liability and related ratios, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide assurance on the RSI.

Restriction on Use

This information is intended solely for the information and use of the Board of Directors and management of Kensington Fire Protection District and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,



Mann, Urrutia, Nelson, CPAs & Associates, LLP

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**KENSINGTON FIRE  
PROTECTION DISTRICT**

**ANNUAL FINANCIAL REPORT  
WITH  
INDEPENDENT AUDITOR'S REPORT  
FOR THE YEAR ENDED  
JUNE 30, 2018**

---

**MANN, URRUTIA, NELSON, CPAs and ASSOCIATES, LLP  
1760 CREEKSIDE OAKS DRIVE, SUITE 160  
SACRAMENTO, CALIFORNIA 95833**



**KENSINGTON FIRE PROTECTION DISTRICT  
ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED JUNE 30, 2018**

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**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
Kensington Fire Protection District  
Kensington, California

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities and each major fund of the Kensington Fire Protection District (the District) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Kensington Fire Protection District, as of June 30, 2018, and the respective changes in financial position, thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Emphasis of Matter***Change in Accounting Principle*

As described in Note 1 to the financial statements, during the year ended June 30, 2018, the District adopted new accounting guidance, GASB Statement No. 75, *Accounting and Financial Reporting for Post-employment Benefits other than Pensions*. Our opinion is not modified with respect to this matter.

**Other Matters***Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and the schedules related to the District's net OPEB asset, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2018, on our consideration of the Kensington Fire Protection District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Kensington Fire Protection District's internal control over financial reporting and compliance.



Sacramento, California  
December 3, 2018

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**KENSINGTON FIRE PROTECTION DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2018**

The following discussion and analysis of the section of the Kensington Fire Protection District's (District) financial performance provides an overview of the District's financial activities for the fiscal year ending June 30, 2018. This information is presented in conjunction with the audited financial statements.

**FINANCIAL HIGHLIGHTS**

- At the close of the fiscal year, June 30, 2018, assets of the District exceeded its liabilities by \$9,425,161 (net position). Of this amount, \$7,152,775 (unrestricted net position) may be used to meet the District's ongoing obligations to the citizens that the District serves.
- The District's total net position increased by \$54,301.
- At the close of the fiscal year, June 30, 2018, the District's general fund reported an ending fund balance of \$3,901,389, an increase of \$360,239 when compared with prior year.
- At the close of the fiscal year, June 30, 2018, the District's special revenue fund reported an ending fund balance of \$109,075, an increase of \$8,206 when compared with the prior year.
- At the close of the fiscal year, June 30, 2018, the District's capital project fund reported an ending fund balance of \$3,201,805, an increase of \$772,294 when compared with the prior year.
- At the end of the fiscal year, June 30, 2018, unassigned fund balance for the governmental funds was \$1,067,282.

**OVERVIEW OF THE ANNUAL FINANCIAL REPORT**

The financial section of this report consists of four parts: Government-wide financial statements, fund financial statements, the notes to the financial statements, and required supplementary information.

The government-wide financial statements are the statement of net position and the statement of activities, which are prepared using the economic resource measurement focus and the accrual basis of accounting. These statements provide both long-term and short-term information about the District's overall financial status. All of the current year's revenues and expenses are accounted for in the statement of activities, regardless of whether cash is received or paid. The two government-wide statements report the District's net position and how they have changed. Net position, the difference between the District's assets and liabilities, is one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net position is an indicator of whether its financial health is improving or deteriorating, respectively. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

The fund financial statements are the balance sheet and statement of revenues, expenditures and changes in fund balance, and are prepared using the current financial resources measurement focus and the modified accrual basis of accounting. Fund financial statements keep track of specific sources of funding and spending for particular purposes. The District has three funds: general fund, special revenue fund, and capital project fund, which are all components of the governmental funds. The fund financial statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Changes in fund balance are reported if they will have an effect on the near-term cash flow of the District.

The notes provide additional information that is essential to the reader for a full understanding of the data provided in the government-wide and fund financial statements.

The required supplementary information presents the District's progress in funding its obligations to provide other post employee benefits as well as the District's budgetary comparison schedules.

**KENSINGTON FIRE PROTECTION DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2018**

**NET POSITION**

The Statement of Net Position presents the financial position of the District on a full accrual basis and provides information about the nature and amount of resources and obligations at year-end. It also provides the basis for computing rate of return, evaluating the capital structure of the District, and assessing the liquidity and financial flexibility of the District.

The following table summarizes the Statement of Net Position for the fiscal years ending June 30, 2018 and June 30, 2017:

**STATEMENT OF NET POSITION**

	<u>2018</u>	<u>2017</u>
<b>ASSETS</b>		
Current and other assets	\$ 7,427,575	\$ 7,176,338
Capital assets	<u>2,097,519</u>	<u>2,239,854</u>
<b>Total Assets</b>	<u>9,525,094</u>	<u>9,416,192</u>
<b>LIABILITIES</b>		
Accounts payable and other accruals	40,439	45,332
Long-term liability	<u>45,700</u>	<u>-</u>
<b>Total Liabilities</b>	<u>86,139</u>	<u>45,332</u>
<b>DEFERRED INFLOW OF RESOURCES</b>		
Net OPEB asset	<u>13,794</u>	<u>-</u>
<b>NET POSITION</b>		
Net investment in capital assets	2,097,519	2,239,854
Restricted	174,867	1,059,475
Unrestricted	<u>7,152,775</u>	<u>6,071,531</u>
<b>Total Net Position</b>	<u>\$ 9,425,161</u>	<u>\$ 9,370,860</u>

This table summarizes the net position of the District and reflects the net position increase of \$54,301 to \$9,425,161 in fiscal year 2018 from \$9,370,860 in fiscal year 2017. Net investment in capital assets decreased \$142,335 reflecting the net of assets additions/disposals and depreciation on capital assets. Approximately 22% of the District's net position reflects its investment in capital assets (e.g., land, building, machinery, equipment and rolling stock). The District uses these capital assets to provide services to the citizens; consequently, these assets are not available for future spending. The largest portion of the District's net position, 76%, reflects its investment in unrestricted net position. The unrestricted net position is a resource that can be used for transactions relating to the general operations of the District and increased by \$1,081,244 primarily due to conservative spending in anticipation of new building construction.

**KENSINGTON FIRE PROTECTION DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2018**

**CHANGES IN NET POSITION**

The Statement of Net Position is a snapshot that shows assets, liabilities, and net position at a specific point in time. The Statements of Activities provides information on the nature and source of these assets and liabilities represented on the Statement of Net Position. This statement shows that revenues exceeded expenses by \$1,178,112 for fiscal year 2018. With the prior period adjustment of (\$1,123,811), detailed below, the net change in net position is \$54,301. Ending net position totaled \$9,425,161 as of June 30, 2018. This is a 0.6% increase over June 30, 2017.

The following table summarizes the Statement of Activities for the fiscal years ending June 30, 2018 and June 30, 2017:

**STATEMENT OF ACTIVITIES**

	<u>2018</u>	<u>2017</u>
<b>REVENUES</b>		
General Revenues		
Property taxes	\$ 3,889,704	\$ 3,715,003
Other revenues	<u>405,882</u>	<u>357,491</u>
Total Revenue	<u>4,295,586</u>	<u>4,072,494</u>
<b>EXPENSES</b>		
Public safety-fire protection operation	<u>3,117,474</u>	<u>3,185,636</u>
Total Expenses	<u>3,117,474</u>	<u>3,185,636</u>
Change in net position	<u>1,178,112</u>	<u>886,858</u>
Net position - beginning	9,370,860	8,484,002
Prior period adjustment	<u>(1,123,811)</u>	<u>-</u>
Net position - ending	<u>\$ 9,425,161</u>	<u>\$ 9,370,860</u>

For the year ending June 30, 2018, the District implemented GASB 75 for their valuation of their Net Other Post Employment Benefits. As mentioned in Note 6, the District used a "rollback" technique for their net OPEB Liability/(Asset) at the beginning of the year. In the fiscal year end June 30, 2017, the District reported a net OPEB asset of \$1,059,475. As a result of the roll-back, the District determined that an OPEB liability of \$64,336 should have been recorded as of June 30, 2017. The overall change of \$1,123,811 was recorded as a decrease in beginning net position.

Total revenues increased by \$223,092 or 5% during the fiscal year 2018 compared to 2017, totaling \$4,295,586. Property tax revenue increased in fiscal year 2018 compared to 2017 by \$174,701 or 5%. Total expenditures decreased by \$68,162 or 2% to \$3,117,474 in 2018.

**KENSINGTON FIRE PROTECTION DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2018**

**CAPITAL ASSETS**

The District's investment in capital assets, net of accumulated depreciation, as of June 30, 2018 and 2017 was \$2,097,519 and \$2,239,854 respectively. The decrease in capital assets is simply due to additional depreciation.

**CAPITAL ASSETS**

	2018	2017
Land	\$ 5,800	\$ 5,800
Building and improvements	2,391,582	2,391,582
Equipment and furniture	527,034	504,218
Rolling stock	919,884	919,884
Subtotal	3,844,300	3,821,484
Less accumulated depreciation	(1,746,781)	(1,581,630)
Total net capital assets	\$ 2,097,519	\$ 2,239,854

Additional information about the District's capital assets can be found in Note 3 in the Notes to the Basic Financial Statements.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

Total Revenues exceeded the budget by \$54,000. Property tax revenues were \$26,000 of that. In addition, the investment strategy returns were better than anticipated. General fund alone exceeded budgeted interest income by \$25,000.

Total Expenses were under budget by nearly \$201,000. One of the largest differences was due to the reporting of the retiree health insurance. Although the budget line was set to zero, as KFPD was fully funded, there was a large reimbursement received (\$49,339) from the previous fiscal year's OPEB costs that created a negative expense for the current year. Another large difference totaling just over \$48,000 was in Community Services Activities, namely the Demonstration Garden had a late start (\$24,940), CERT sheds were not requested by the community (\$13,667), community sandbags were not needed (\$4,246) and other small variances.

General fund: The general fund's revenue is derived from County of Contra Costa property taxes, which are used to run daily operations of the District.

Special revenue fund: The special revenue fund receives the special assessment tax voted in by the Kensington taxpayers in 1980 to be used for fire protection and prevention operations as determined by the District. The revenue received remains consistent with prior years.

Capital project fund: The capital project fund receives no tax revenue of its own, and is funded by the general fund on an as-needed basis. The District's Board of Directors votes annually on an amount to transfer and invest from the general fund to the capital project fund for long-term expected replacements.

The final budget was adopted by the Board of Directors at the September 2017 meeting. A revised version was adopted by the Board of Directors at the February 2018 meeting.



**KENSINGTON FIRE PROTECTION DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2018**

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

The primary factor affecting expenditures in the District's fiscal year 2017-18 budget is the City of El Cerrito service contract fee.

**REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the finances for the Kensington Fire Protection District. Questions concerning any information provided in this report or requests for additional financial information should be addressed to the Kensington Fire Protection District, 217 Arlington Avenue, Kensington, CA 94707.

**FINANCIAL STATEMENTS**

**KENSINGTON FIRE PROTECTION DISTRICT**  
**STATEMENT OF NET POSITION**  
**AS OF JUNE 30, 2018**

	<u>Governmental Activities</u>
<b><u>ASSETS</u></b>	
Cash and investments (Note 2)	\$ 7,101,971
Accounts receivable	109,796
Interest receivable	32,386
Prepaid expenses	7,191
Other asset	1,364
Net OPEB asset (Note 6)	174,867
Capital assets (Note 3)	
Nondepreciable capital assets	5,800
Depreciable capital assets, net	<u>2,091,719</u>
<b>TOTAL ASSETS</b>	<b>\$ <u>9,525,094</u></b>
<b><u>LIABILITIES</u></b>	
Accounts payable and other accruals	\$ 40,439
Long-term liability (Note 9)	<u>45,700</u>
<b>TOTAL LIABILITIES</b>	<b><u>86,139</u></b>
<b><u>DEFERRED INFLOW OF RESOURCES</u></b>	
Deferred inflow of resources - OPEB (Note 6)	<u>13,794</u>
<b><u>NET POSITION</u></b>	
Net investment in capital assets	2,097,519
Restricted	174,867
Unrestricted	<u>7,152,775</u>
<b>TOTAL NET POSITION</b>	<b><u>9,425,161</u></b>
<b>TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES AND NET POSITION</b>	<b>\$ <u>9,525,094</u></b>

See accompanying notes to the basic financial statements.

**KENSINGTON FIRE PROTECTION DISTRICT**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2018**

		<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>
<u>Governmental Activities</u>	<u>Expenses</u>	<u>Charges for Services</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>
General Government	\$ 3,117,474	\$ -	\$ -	\$ (3,117,474)
Total Governmental Activities	<u>\$ 3,117,474</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (3,117,474)</u>

General Revenues:

Taxes	\$ 4,116,181
Lease income	35,468
Investment income	83,152
Other revenue	<u>60,785</u>
Total General Revenues	<u>4,295,586</u>
Change in Net Position	<u>1,178,112</u>
Net Position - July 1, 2017	9,370,860
Prior period adjustment (Note 8)	<u>(1,123,811)</u>
Net Position - July 1, 2017, restated	<u>8,247,049</u>
Net Position - June 30, 2018	<u>\$ 9,425,161</u>

See accompanying notes to the basic financial statements.

**KENSINGTON FIRE PROTECTION DISTRICT**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	<b>General Fund</b>	<b>Special Revenue Fund</b>	<b>Capital Project Fund</b>	<b>Total Governmental Funds</b>
<b><u>ASSETS</u></b>				
Cash and investments	\$ 3,799,727	\$ 109,075	\$ 3,193,169	\$ 7,101,971
Advance on supplemental taxes	39,029	-	-	39,029
Accounts receivable	52,175	-	-	52,175
Interest receivable	23,721	-	8,665	32,386
Prepaid expenses	7,191	-	-	7,191
Reimbursements and other	18,592	-	-	18,592
Other assets	<u>1,364</u>	<u>-</u>	<u>-</u>	<u>1,364</u>
Total Assets	<u>\$ 3,941,799</u>	<u>\$ 109,075</u>	<u>\$ 3,201,834</u>	<u>\$ 7,252,708</u>
<b><u>LIABILITIES</u></b>				
Accounts payable and other accruals	\$ 33,613	\$ -	\$ 29	\$ 33,642
Wages payable	<u>6,797</u>	<u>-</u>	<u>-</u>	<u>6,797</u>
Total Liabilities	<u>40,410</u>	<u>-</u>	<u>29</u>	<u>40,439</u>
<b><u>FUND BALANCE</u></b>				
Non-spendable	7,191	-	-	7,191
Committed	-	-	3,186,299	3,186,299
Assigned	2,826,916	109,075	15,506	2,951,497
Unassigned	<u>1,067,282</u>	<u>-</u>	<u>-</u>	<u>1,067,282</u>
Total Fund Balance	<u>3,901,389</u>	<u>109,075</u>	<u>3,201,805</u>	<u>7,212,269</u>
Total Liabilities and Fund Balances	<u>\$ 3,941,799</u>	<u>\$ 109,075</u>	<u>\$ 3,201,834</u>	<u>\$ 7,252,708</u>

See accompanying notes to the basic financial statements.

**KENSINGTON FIRE PROTECTION DISTRICT**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET POSITION**  
**JUNE 30, 2018**

Total fund balances of governmental funds	\$ 7,212,269
Amounts reported for governmental activities in the Statement of Net Position are different from those reported in the Governmental Funds above because of the following:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds, net of accumulated depreciation of \$1,746,781	2,097,519
Other long-term assets used in governmental activities are not financial resources and therefore are not reported in the funds	
Net other post employment benefit (OPEB) asset	174,867
Long term liabilities are not due and payable in the current period and therefore are not reported in the funds	
New long-term liability	(45,700)
Deferred inflows related to changes in the net OPEB asset	<u>(13,794)</u>
Net position of governmental activities	<u>\$ 9,425,161</u>

See accompanying notes to the basic financial statements.

**KENSINGTON FIRE PROTECTION DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Project Fund</u>	<u>Total Governmental Fund</u>
<b><u>REVENUES</u></b>				
Property taxes	\$ 3,889,704	\$ -	\$ -	\$ 3,889,704
Special taxes	-	200,395	-	200,395
Other taxes	26,082	-	-	26,082
Other revenues	1,182	-	-	1,182
Lease income	35,468	-	-	35,468
Salary reimbursement income	59,603	-	-	59,603
Investment income	55,074	-	28,078	83,152
	<u>4,067,113</u>	<u>200,395</u>	<u>28,078</u>	<u>4,295,586</u>
Total Revenues				
<b><u>EXPENDITURES</u></b>				
Current expenditures/expenses:				
City of El Cerrito service contract	2,826,907	-	-	2,826,907
Retiree health insurance	(49,339)	-	-	(49,339)
Firefighter's apparel/ expenses	4,131	-	-	4,131
Insurance	13,268	-	-	13,268
Contingency	1,439	-	-	1,439
Office wages and related expenses	115,713	-	-	115,713
Contra Costa county expenses	32,039	2,189	88	34,316
Wildland vegetation management	9,150	-	-	9,150
LAFCO	2,123	-	-	2,123
Professional development	2,919	-	-	2,919
Outside professional service fees	52,214	-	-	52,214
Public education	10,928	-	-	10,928
Office equipment and supplies	4,187	-	-	4,187
Building utilities/ services	61,740	-	-	61,740
Memberships	7,009	-	-	7,009
Community service activities	34,307	-	-	34,307
Staff appreciation	1,019	-	-	1,019
Capital outlay	22,816	-	-	22,816
	<u>3,152,570</u>	<u>2,189</u>	<u>88</u>	<u>3,154,847</u>
Total Expenditures				
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers in	213,570	-	767,874	981,444
Transfers out	(767,874)	(190,000)	(23,570)	(981,444)
	<u>(554,304)</u>	<u>(190,000)</u>	<u>744,304</u>	<u>-</u>
Total other financing sources (uses)				
Change in Fund Balance	<u>360,239</u>	<u>8,206</u>	<u>772,294</u>	<u>1,140,739</u>
Fund Balance - July 1, 2017	<u>3,541,150</u>	<u>100,869</u>	<u>2,429,511</u>	<u>6,071,530</u>
Fund Balance - June 30, 2018	<u>\$ 3,901,389</u>	<u>\$ 109,075</u>	<u>\$ 3,201,805</u>	<u>\$ 7,212,269</u>

See accompanying notes to the basic financial statements.

**KENSINGTON FIRE PROTECTION DISTRICT**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

Reconciliation of the change in fund balances - total governmental funds to the change in net position of governmental activities:

Change in fund balances - governmental funds	\$ 1,140,739
The governmental funds report capital outlays as expenditures while governmental activities report depreciation as expense to allocate those expenditures over the life of the assets:	
Capital asset purchases capitalized	22,816
Depreciation expense	(165,151)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental fund:	
New long-term liability	(45,700)
Change in other post employment benefits (OPEB)	<u>225,408</u>
Change in net position of governmental activities	<u>\$ 1,178,112</u>

See accompanying notes to the basic financial statements.



**KENSINGTON FIRE PROTECTION DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Reporting Entity**

The Kensington Fire Protection District (District) is a special district empowered to take all the necessary steps to provide for fire protection and prevention services including enforcement of California State (State) laws applicable to fire codes. The financial statements of the District include all funds of the District. An elected Board of Directors governs the District, and exercises powers granted by State statutes.

In August 1995, the District entered into a contract with the City of El Cerrito (City) under which the City provides fire suppression and emergency medical services for the District. The contract provides that the District will pay the City an annual fee as defined in the contract (paid on a monthly basis) that expires June 30, 2020. The annual fee that the District paid under this contract for the fiscal years ended June 30, 2018 and 2017 totaled \$2,826,907 and \$2,552,869 respectively.

**B. Basis of Presentation**

The basic financial statements of the Kensington Fire District (District) have been prepared in conformity with accounting principals generally accepted in the United States of America. The Government Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting standards followed by governmental entities in the United States of America.

These standards require that the financial statements described below be presented.

Government-wide Financial Statements

The Statement of Net Position and Statement of Activities display information about the reporting government as a whole. They include the activities of the District's overall government. The District's net position is reported in three parts: net investment in capital assets; restricted net position; and unrestricted net position. The District first utilizes restricted resources to finance qualifying activities. Governmental activities generally are financed through taxes and other nonexchange revenues.

The Statement of Activities presents a comparison between direct expenses and program revenues for each segment of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational needs of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements

The accounts of the District are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, equity, revenues and expenditures. A fund is established for the purpose of accounting for specific activities in accordance with applicable regulations, restrictions, or limitations. Governmental resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The District's funds, all of which are considered to be major governmental funds, are reported as separate columns in the fund financial statements. The District uses the following funds:

**KENSINGTON FIRE PROTECTION DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Governmental Fund Types

The *General Fund* is the operating fund of the District and is used to account for all financial resources except those required to be accounted for in another fund.

The *Special Revenue Fund* accounts for the special tax authorized by Section 53978 of the Government Code and approved by the District's electorate on April 8, 1980.

The *Capital Project Fund* is used to account for financial resources to be used for the acquisition or construction of major capital facilities and rolling stock.

**C. Measurement Focus and Basis of Accounting**

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements regardless of the measurement focus applied.

Measurement Focus

On the government-wide Statement of Net Position and the Statement of Activities, governmental activities are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and all liabilities (whether current or noncurrent) associated with the operation of these funds are reported.

All governmental funds are accounted for using a "current financial resources" measurement focus. With this measurement focus, only current assets and current liabilities generally are included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

Basis of Accounting

In the government-wide Statement of Net Position and Statement of Activities, governmental activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset is used. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means knowing or being able to reasonably estimate the amount and "available" means that revenues are collectible within the current period or soon enough thereafter to pay current liabilities. For this purpose, the District considers special and other taxes to be available if they are collected within 90 days of year-end. The District considers property taxes to be available if they are collected within 60 days of year-end. Revenues not considered available are recorded as deferred revenues. Expenditures are recorded when the related fund liability is incurred, except for compensated absences, such as vacation and sick leave, which are recognized when due.

**D. Cash and Investments**

Cash and investments include amounts in demand deposits as well as short-term and long-term investments with the county investment pool. Substantially all of the District's cash and investments are held by the County of Contra Costa (County) as its fiscal agent. The District's investments are reported at fair value. The fair value represents the amount the District could reasonably expect to receive for an investment in a current sale between a willing buyer and a willing seller. The fair value of investments is obtained by using quotations obtained from independent published sources. The District also maintains a general checking account to facilitate the processing of small transactions.

**KENSINGTON FIRE PROTECTION DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

As permitted by the California Government Code, contracts and agreements, the District is permitted to invest in the County's cash and investment pool, obligations of the U.S. Treasury or its agencies; certificates of deposits; mutual funds invested in U.S. Government securities; and other permitted investments.

**E. Capital Assets**

In the government-wide financial statements, capital assets are defined as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of one year. Capital assets, which include land, buildings, rolling stock (vehicles), and equipment/ furniture, are valued at historical cost, or an estimate of historical cost if actual cost is unavailable. Donated capital assets are valued at their estimated fair market value on the date received. Depreciation is computed for financial statement purposes using the straight-line method. The estimated useful lives for these depreciated assets are as follows:

Building and improvements	15 to 40 years
Rolling stock, equipment and furniture	5 to 15 years

**F. Property Taxes**

Revenue is recognized in the fiscal year for which the tax and assessment are levied. The County levies, bills and collects property taxes and special assessments for the District. Under the County's "Teeter Plan", the County remits the entire amount levied and handles all delinquencies while retaining related interest and penalties.

Taxes are levied for each fiscal year on taxable real and personal property situated in the County. The levy is based on the assessed values as of the preceding January 1st, which is also the lien date. Property taxes on the secured roll are due in two installments: November 1st and February 1st and become delinquent after December 10th and April 10th, respectively. Supplemental property taxes are levied based on changes in assessed values between the date of real property sales or construction completion and the preceding assessment date. The additional supplemental property taxes are prorated from the first day of the month following the date of such occurrence.

**G. Encumbrances**

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General Fund and Capital Project Fund. There are no appropriations or encumbrances in the Special Revenue Fund. All appropriations lapse at fiscal year-end.

**H. Interfund Transactions**

All interfund transactions are treated as transfers. The general fund is the main operating fund for the District. Annually, tax revenues recorded in the special revenue fund are transferred to the general fund to fund the District's operations. Transfers between governmental funds are eliminated as part of the adjustments to the government-wide presentation.

**I. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position, or balance sheet, will sometimes report a section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position of fund balance that applies to a future period(s) and so will be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position, or balance sheet, will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

**KENSINGTON FIRE PROTECTION DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**J. Other Postemployment Benefits (OPEB)**

For purposes of measuring the net OPEB asset, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District's plan (OPEB Plan) and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

Generally accepted accounting principles require that the reported results must pertain to liability and assets information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date	June 30, 2017
Measurement Date	June 30, 2017
Measurement Period	July 1, 2016 June 30, 2017

**K. Equity Classifications**

Government-Wide Statements

Net position is the excess of all the District's assets and deferred outflows of resources over all of its liabilities and deferred inflows of resources, regardless of fund. Net position is divided into three categories. These categories apply only to net position, which is determined at the government-wide level, and are described below:

- a. Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, constructions, or improvements of those assets.
- b. Restricted net position - Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position - All other net position that do not meet the definition of "net investment in capital assets," or "restricted."

Fund Statements

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- a. Nonspendable - Amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The 'not in spendable form' criterion includes items that are not expected to be converted to cash, for example: inventories, prepaid amounts, and long-term notes receivable.
- b. Restricted - Amounts that are restricted for specific purposes when constraints placed on the use of resources are either (a) externally imposed by creditors, grantors, contributors, laws, or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers.
- c. Committed - Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the district's highest level of decision-making authority. Commitments may be changed or lifted only by the District taking the same formal action that imposed the constraint originally (for example: resolution and ordinance).

**KENSINGTON FIRE PROTECTION DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
JUNE 30, 2018

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

d. Assigned - Amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted or committed. *Intent* is expressed by (a) the District's Board or (b) a body (for example: a budget or finance committee) or (c) official to which the District's Board has delegated the authority to assign amounts to be used for specific purpose.

e. Unassigned - Amounts representing the residual classification for the general fund, and includes all amounts not contained in the other classifications.

Further detail about the District's fund balance classification is described in Note 4.

**L. Budgets and Budgetary Accounting**

The District follows the procedures below in establishing the budgetary data reflected in the basic financial statements:

a. At the June Board of Directors (Board) meeting, the Finance Committee submits to the Board proposed operating and capital improvement draft budgets for the fiscal year commencing the following July 1. The operating and capital improvement budgets include proposed expenditures and the means of financing them.

b. The Draft budget is legally enacted through the adoption of a resolution by the Board.

c. A final operating and capital improvement budget is submitted to the Board at the September Board meeting. The budget is legally enacted through the adoption of a resolution by the Board.

d. Formal budgetary integration is employed as a management control device during the fiscal year for the General Fund. The Capital Project Fund is budgeted over the life of the project.

e. Budgets for the General Fund, Special Revenue Fund and the Capital Project Fund are adopted on a basis consistent with accounting principles generally accepted in the United States of America.

f. The Special Revenue Fund is only used to accumulate special tax revenues, which are then transferred to the other funds as needed.

**M. Use of Estimates**

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**N. Implementation of Government Accounting Standards Board Statement**

Effective July 1, 2017, the District implemented the following accounting and financial reporting standards:

Government Accounting Standards Board Statement No. 75

In June 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB, and replaces Statements No. 45 and 57. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures related to OPEB. See notes 6 and 8 for the prior period restatement recorded as a result of implementing this standard.

**KENSINGTON FIRE PROTECTION DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
JUNE 30, 2018

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Government Accounting Standards Board Statement No. 85

In March 2017, GASB issued Statement No. 85, *Omnibus 2017*. The objective of this statement is to address practice issues that have been identified during implementation and application of certain GASB statements. This statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits).

**O. Future Government Accounting Standards Board Statements**

These statements are not effective until July 1, 2018 or later and may be applicable to the District. However, the District has not determined the effects, if any, on the financial statements.

Government Accounting Standards Board Statement No. 86

In May 2017, GASB issued Statement No. 86, *Certain Debt Extinguishments Issues*. The primary objective of this statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The District has not determined what impact, if any, this pronouncement will have on the financial statements. Application of this statement is effective for the District's fiscal year ending June 30, 2019.

Government Accounting Standards Board Statement No. 87

In June 2017, GASB issued Statement No. 87, *Leases*. The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. Application of this statement is effective for the District's fiscal year ending June 30, 2021. The District has not determined what impact, if any, this pronouncement will have on the financial statements.

Government Accounting Standards Board Statement No. 88

In March 2018, GASB issued Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. The objective of this statement is to clarify which liabilities governments should include in their note disclosures related to debt. GASB is requiring debt borrowings and direct placements to be presented separately because they may expose a government to risks that are different from, or in addition to, risks related to other types of debt. The new standard also requires the disclosure of additional essential debt related information for all types of debt, including amounts of unused lines of credit and assets pledged as collateral for debt. Also required to be disclosed are terms specified in debt agreements related to: (1) significant events of default with finance related consequences, (2) significant termination events with financerelevant consequences, (3) significant subjective acceleration clauses. The District has not determined what impact, if any, this pronouncement will have on the financial statements. Application of this statement is effective for the District's fiscal year ending June 30, 2020.

Government Accounting Standards Board Statement No. 89

In June 2018, GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. This statement requires interest costs incurred before the end of a construction period to be recorded as an expenditure in the applicable period. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The District has not determined what impact, if any, this pronouncement will have on the financial statements. Application of this statement is effective for the District's fiscal year ending June 30, 2021.

**KENSINGTON FIRE PROTECTION DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Government Accounting Standards Board Statement No. 90

In August 2018, GASB issued Statement No. 90, *Majority Equity Interests*. The purpose of this statement is to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The new standard clarifies the differences between a majority equity interests reported as an investment and majority equity interest reported as a component unit of the governmental entity. The District has not determined what impact, if any, this pronouncement will have on the financial statements. Application of this statement is effective for the District's fiscal year ending June 30, 2020.

**NOTE 2: CASH AND INVESTMENTS**

Cash and investments at June 30, 2018 consisted of the following:

Deposits	\$	20,840
Cash held by the county		510,434
Petty cash		<u>200</u>
Total cash		<u>531,474</u>
Local Agency Investment Fund		3,820,497
Certificates of Deposit		1,250,000
Fixed Income Securities		<u>1,500,000</u>
Total investments		<u>6,570,497</u>
<b>Total Cash and Investments</b>	<b>\$</b>	<b><u>7,101,971</u></b>

Deposits

At year-end, the carrying amount of the District's demand deposits was \$20,840 with a commercial bank which is covered by federal depository insurance.

Cash held by the County

The District's cash is included in the Contra Costa County (County) Treasurer cash and investments pool. Investments made by the Treasurer are regulated by California Government Code and by a County investment policy approved annually by the County Treasury Oversight Committee. Adherence to the statutes and policies is monitored by the County Board of Supervisors and by the Treasury Oversight Committee via monthly reports and an annual audit. Investment income earned on the District's cash is allocated quarterly to the District. Changes in fair value are included in investment income. Redeemed or sold shares are priced at book value, which includes realized investment earnings such as interest income, realized gains or losses upon sale of investments, and amortized premiums and discounts. This number may differ from the shares' fair value, which would include unrealized gains or losses based on market conditions. Additional information regarding insurance, collateralization, and custodial risk categorization of the County's cash and investments is presented in the notes of the County's basic financial statements.

**KENSINGTON FIRE PROTECTION DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 2: CASH AND INVESTMENTS (Continued)**

Separately Held Investments

The County also has investments in the State Treasurer's Local Agency Investment Fund (LAIF) separately held for the District. As of June 30, 2018, the District's investment in LAIF is \$3,820,497 which is approximately 1.70% of total Contra Costa County LAIF. The total amount invested by all public agencies under the County Pool in LAIF at June 30, 2018 is \$224,778,258. Of that amount, approximately 11.92% is invested in structured notes and asset-backed securities. The Local Investment Advisory Board (Board) has oversight responsibility for LAIF. The Board consists of five members as designed by State Statute. The value of the pool shares in LAIF, which may be withdrawn, is determined on an amortized cost basis, which is different from the fair value of the District's position in the pool.

Authorized Investments of the District

The table below identifies the investment types that are authorized for the District by the California Government Code (or the District's investment policy, where more restrictive) that addresses interest rate risk, credit risk and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U.S. Treasury Obligation	5 years	None	None
Banker's Acceptances	180 days	10%	5%
Commercial Paper	270 days	25%	5%
Certificates of Deposit	5 years	30%	None
Collateralized Bank Deposits	5 years	None	None
Medium-Term Corporate Notes	5 years	30%	None
Money Market Mutual Funds	N/A	20%	10%
CD Placement Services	5 years	30%	None
Local Agency Investment Fund (LAIF)	N/A	None	None
County Pooled Investment Funds	N/A	None	None
Joint Powers Authority Funds (CalTRUST)	N/A	None	None
U.S. Agency Obligations	5 years	None	None

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk in the market rate changes that could adversely affect the fair values of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the District manages its exposure to interest rate risk is by purchasing a combination of shorter and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for District operations.

Information about the sensitivity of the fair values of the District's investments (including investments held by bond trustee) to market rate fluctuations is provided by the following table that shows the distribution of the District's investments by maturity as of June 30, 2018:

	Remaining Maturity		
	12 months or less	1-5 years	Fair Value
Fixed Income Securities	\$ 500,000	\$ 1,000,000	\$ 1,500,000
Certificates of Deposit	1,250,000	-	1,250,000
Local Agency Investment Fund	<u>3,820,497</u>	<u>-</u>	<u>3,820,497</u>
	<u>\$ 5,570,497</u>	<u>\$ 1,000,000</u>	<u>\$ 6,570,497</u>



**KENSINGTON FIRE PROTECTION DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 2: CASH AND INVESTMENTS (Continued)**

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of an investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the investment policy, or debt agreements, and the actual rating as of the fiscal year for each investment type.

	Total	Rating as of Fiscal Year End		
		S&P	Moody's	N/A
Fixed Income Securities	\$ 1,500,000	AAAm		
Certificates of Deposit	1,250,000			Not rated
Local Agency Investment Fund	<u>3,820,497</u>			Not rated
	<u>\$ 6,570,497</u>			

Concentration of Credit Risk

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. As of June 30, 2018 there were no investments in any one issuer (other than U.S. Treasury securities, mutual funds and external investment pools) that represented 5% or more of the total District investments.

Investment Valuation

The District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The District does not have any investments that are measured using Level 3 inputs.

The following tables set forth by level, within the fair value hierarchy, the District's assets at fair value as of June 30, 2018:

	Level 1	Level 2	Level 3	Total
Fixed Income Securities	\$ -	\$ 1,500,000	\$ -	\$ 1,500,000
Certificates of Deposit	<u>1,250,000</u>	<u>-</u>	<u>-</u>	<u>1,250,000</u>
Total assets at fair value	<u>\$ 1,250,000</u>	<u>\$ 1,500,000</u>	<u>\$ -</u>	<u>\$ 2,750,000</u>

**KENSINGTON FIRE PROTECTION DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 3: CAPITAL ASSETS**

The District's capital asset activity during the year was as follows:

**Governmental activities:**

	<u>July 1, 2017</u>	<u>Additions</u>	<u>June 30, 2018</u>
Capital assets not being depreciated			
Land	\$ 5,800	\$ -	\$ 5,800
Total capital assets not being depreciated	<u>5,800</u>	<u>-</u>	<u>5,800</u>
Capital assets being depreciated			
Building and improvements	2,391,582	-	2,391,582
Equipment and furniture	504,218	22,816	527,034
Rolling stock equipment	<u>919,884</u>	<u>-</u>	<u>919,884</u>
Total capital assets being depreciated	<u>3,815,684</u>	<u>22,816</u>	<u>3,838,500</u>
Less accumulated depreciation			
Building and improvements	(929,467)	(70,713)	(1,000,180)
Equipment and furniture	(284,762)	(36,445)	(321,207)
Rolling stock equipment	<u>(367,401)</u>	<u>(57,993)</u>	<u>(425,394)</u>
Total accumulated depreciation	<u>(1,581,630)</u>	<u>(165,151)</u>	<u>(1,746,781)</u>
Total capital asset being depreciated, net	<u>2,234,054</u>	<u>(142,335)</u>	<u>2,091,719</u>
<b>Total capital assets, net</b>	<u>\$ 2,239,854</u>	<u>\$ (142,335)</u>	<u>\$ 2,097,519</u>

Depreciation expense totaled \$165,151 for the year ended June 30, 2018.

**KENSINGTON FIRE PROTECTION DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 4: FUND BALANCE**

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent.

The Board of Directors, as the District's highest level of decision-making authority, may commit fund balance for specific purposes pursuant to constraints imposed by formal action. Committing fund balance is accomplished by approval of an action item by the Board of Directors. These committed amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specified use through the same type of formal action taken to establish the commitment.

Assigned fund balance are amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted or committed.

The accounting policies of the District consider restricted fund balance to have been spent first when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. Similarly, when an expenditure is incurred for purposes for which amounts in any of the unrestricted classifications of fund balance could be used, the District considers committed amounts to be reduced first, followed by assigned amounts, and unassigned amounts.

As of June 30, 2018, fund balances were comprised of the following:

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Project Fund</u>	<u>Total Governmental Funds</u>
Nonspendable				
Prepaid	\$ 7,191	\$ -	\$ -	\$ 7,191
Subtotal	<u>7,191</u>	<u>-</u>	<u>-</u>	<u>7,191</u>
Committed				
Public protection	-	-	701,867	701,867
Capital projects	-	-	2,484,432	2,484,432
Subtotal	<u>-</u>	<u>-</u>	<u>3,186,299</u>	<u>3,186,299</u>
Assigned				
Public protection	2,826,916	109,075	-	2,935,991
Capital projects	-	-	15,506	15,506
Subtotal	<u>2,826,916</u>	<u>109,075</u>	<u>15,506</u>	<u>2,951,497</u>
Unassigned	<u>1,067,282</u>	<u>-</u>	<u>-</u>	<u>1,067,282</u>
Total Fund Balance	<u>\$ 3,901,389</u>	<u>\$ 109,075</u>	<u>\$ 3,201,805</u>	<u>\$ 7,212,269</u>

The Board's financial planning aims to help reduce the negative impact on the District in times of economic uncertainty and potential losses of funding from federal or state governmental agencies. District funds are restricted, committed and assigned as part of a multi-year financial plan to balance the budget and avoid operating deficits.

**KENSINGTON FIRE PROTECTION DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 5: INTERFUND TRANSFERS TO/FROM OTHER FUNDS**

Transfers between funds during the fiscal year ended June 30, 2018 were as follows:

<u>Transfer from</u>	<u>Transfer To</u>	<u>Description of Transfers</u>	<u>Amount</u>
General Fund	Capital Project Fund	To fund budgeted contribution to Capital Replacement.	\$ 767,874
Special Revenue Fund	General Fund	To clear fund to a minimum balance.	190,000
Capital Project Fund	General Fund	To keep capital reserves in line with budget.	<u>23,570</u>
<b>Total Interfund Transfers</b>			<b>\$ <u>981,444</u></b>

**NOTE 6: POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS**

Description of the Plan

The District provides post-retirement health benefits (medical, dental and vision) to a closed group of former employees who have retired from the District and to their surviving spouses and dependent children. The District pays 100% of the annuitants' health plan premiums. Currently, a total of 10 family units (15 individuals including 5 former employees, 5 widows and 5 spouses) are receiving post-retirement health benefits. There are no separate financial statements issued for the OPEB plan

The District participates in the California Employer's Retiree Benefit Trust (CERBT). CERBT is an irrevocable trust fund that allows public employers to prefund the future cost of their retiree health insurance benefits and other post employment benefits (OPEB) for their covered retirees. The District elected to participate in CERBT and contributed a total of \$1,165,000 in October 2008 to CalPERS, the CERBT's administrator. The prefunding was intended to reduce and stabilize the District's annual required contribution to its OPEB plan in future years at an expected level for budgeting purposes. CalPERS issued a publicly available financial report that includes financial statements and required supplementary information for CERBT in aggregate. The report may be obtained by writing to CalPERS, Lincoln Plaza North, 400 Q Street, Sacramento, CA 95811.

Employees Covered

As of the June 30, 2017 actuarial valuation, the following former employees were covered by the benefit terms under the Plan:

Active employees	-
Inactive employees currently receiving benefits	<u>5</u>
Total	<u>5</u>

Contributions

The contribution requirements of plan members and the District are established and may be amended by the Board. The District's policy is to fully fund the actuarially determined contribution, when required. The District makes the contributions on behalf of the participants. For the fiscal year ended June 30, 2018, there were no contributions, since the plan is fully funded and benefit payments are made from the Trust.

**KENSINGTON FIRE PROTECTION DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 6: OTHER POST EMPLOYMENT BENEFITS (OPEB) (Continued)**

Net OPEB Asset

The District's net OPEB asset was measured as of June 30, 2017 and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation dated June 30, 2017 based on the following actuarial methods and assumptions:

Valuation Date	June 30, 2017
Funding Method	Entry Age Normal Cost, level percent pay
Discount Rate	6.73%
General Inflation Rate	2.25% per annum
Net Investment Return	6.73%
Mortality Rates	The mortality rates used are those used in the most recent CalPERS valuations: <i>Pre-Retirement: CalPERS 2014 Mortality pre-retirement</i> <i>Post-Retirement: CalPERS 2014 Mortality post-retirement</i>
Healthcare Trend Rate	<i>Pre-65: 8.00%</i> <i>Post-65: 5.50%</i>
Health Plan Participation	Assumed that 100% of eligible participants will participate.
Medicare Coverage	Assumed that all retirees under 65 will be eligible for Medicare when they reach age 65.

Discount Rate

The discount rate used to measure the total OPEB liability as of June 30, 2017 was 6.73%. This discount rate was based on the Bond Buyer-20 Bond GO index for benefits not expected to be covered by trust assets and the expected long-term on assets of 6.73% as reported by CalPERS for investment Strategy 2.

Long-term Expected Rate of Return

The expected long-term return on assets takes into account the time horizon of the plan, the asset allocation, and the expected long-term real rates of return by asset class. Above are long-term expected real rates of return as reported by JP Morgan. We combined these real rates of return with a 2.25% inflation rate to confirm the reasonableness of the expected return provided by CalPERS, which as of June 30, 2016 was 6.73% and as of June 30, 2017 was 6.73%. The Bond Buyer 20-Bond GO index as of June 30, 2016 was 2.85% and as of June 30, 2017 was 3.58%. The expected long-term real rates of return for each major investment class in the Plan's portfolio are as follows:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	40.00 %	6.46%
Fixed Income	39.00 %	3.15%
Treasury Inflation-Protected Securities (TIPS)	10.00 %	3.00%
Commodities	3.00 %	5.70%
Real Estate Investment Trusts	8.00 %	8.63%
<b>Total</b>	<b>100.00 %</b>	

**KENSINGTON FIRE PROTECTION DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 6: OTHER POST EMPLOYMENT BENEFITS (OPEB) (Continued)**

Changes in the OPEB Asset

The District invoked Paragraph 244 of GASB 75 for the transition. Consequently, in order to determine the beginning Net OPEB liability/(asset), the District used a "rollback" technique. The following table shows the results of the rollback. The June 30, 2017 Net OPEB liability/(asset) was restated accordingly.

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability/(Asset) (c) = (a) - (b)
Roll back balance at June 30, 2017	\$ 1,537,671	\$ 1,473,335	\$ 64,336
Interest cost	99,977	-	99,977
Differences between expected and actual experience	146,389	-	146,389
Net investment income	-	112,865	(112,865)
Administrative expenses	-	(739)	739
Benefit payments, including refunds of employee contribution	(105,986)	(105,986)	-
Assumption changes	(373,443)	-	(373,443)
Net change during 2017-18	(233,063)	6,140	(239,203)
Balance at June 30, 2018	\$ 1,304,608	\$ 1,479,475	\$ (174,867)

Sensitivity of the Net OPEB Asset to Changes in the Discount Rate

The following represents the net OPEB Asset of the District if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate, for measurement period ended June 30, 2017:

	1% Decrease 5.73%	Current Discount Rate 6.73%	1% Increase 7.73%
Net OPEB Asset	\$ (53,812)	\$ (174,867)	\$ (277,078)

Sensitivity of the Net OPEB Asset to Changes in the Health Care Cost Trend Rates

The following represents the net OPEB asset of the District if it were calculated using health care cost trend rates that are one percentage-point lower or one percentage-point higher than the current rate, for measurement period ended June 30, 2017:

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Net OPEB Asset	\$ (279,868)	\$ (174,867)	\$ (52,475)

**KENSINGTON FIRE PROTECTION DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 6: OTHER POST EMPLOYMENT BENEFITS (OPEB) (Continued)**

Recognition of Deferred Outflows and Deferred Inflows of Resources

Gains and losses related to changes in total OPEB asset and fiduciary net position are recognized in OPEB expense systematically over time.

Amounts first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense.

The recognition period differs depending on the source of the gain or loss:

Net difference between projected and actual earnings on OPEB plan investments	5 year straight-line recognition
All other amounts	Straight-line recognition over the expected average remaining service lifetime (EARSL) of all members that are provided with benefits, determined as of the beginning of the Measurement Period.

OPEB Expenses and Deferred Outflows/Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2018, the District recognized OPEB benefit of \$274,747. As of fiscal year ended June 30, 2018, the District reported deferred inflows of resources related to OPEB from the following sources:

	Deferred Inflows of Resources
Net difference between projected and actual earnings on OPEB plan investments	\$ <u>13,794</u>
Total	\$ <u><u>13,794</u></u>

Amounts reported as deferred inflows of resources related to OPEB will be recognized as follows:

For the Fiscal Year Ending June 30,	Recognized Deferred Inflows of Resources
2019	\$ (3,449)
2020	\$ (3,448)
2021	\$ (3,448)
2022	\$ (3,449)

**KENSINGTON FIRE PROTECTION DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 7: RISK MANAGEMENT**

The Kensington Fire Protection District is a member of Contra Costa County Fire District's Joint Power of Authority Insurance Pool (CSAC). The District is exposed to various risks of loss related to torts, theft damages, destruction of assets, public officials' errors and omissions, injuries to employees, and natural disasters. The District carries commercial insurance for risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any recent fiscal year, and there has been no significant reduction in insurance coverage over the past three fiscal years.

The District's deductibles and maximum coverage are as follows:

<u>Coverage Description</u>	<u>Deductibles</u>	<u>Insurance Coverage</u>
General and Auto Liability	None	\$50,000,000
All Risk Property	\$500 (all other property)	\$600,000,000 (all other property)
	\$100,000 (flood)	\$600,000 (flood)
	\$500 (mobile equipment)	None
	\$50,000 (terrorism)	\$750,000,000
Earthquake	2% per unit	\$540,000,000
	\$100,000 minimum	None
Pollution Liability	\$250,000	\$10,000,000
Boiler and Machinery	\$5,000	\$100,000,000

**NOTE 8: PRIOR PERIOD ADJUSTMENT**

For the year ending June 30, 2018, the District implemented GASB 75 for their valuation of their Net Other Post Employment Benefits. As mentioned in Note 6, the District used a "rollback" technique for their net OPEB asset at the beginning of the year. In the fiscal year end June 30, 2017, the District reported a net OPEB asset of \$1,059,475. As a result of the roll-back, the District determined that net OPEB liability of \$64,336 should have been recorded as of June 30, 2017. The overall change of \$1,123,811 was recorded as a decrease in beginning net position.

**NOTE 9: SUBSEQUENT EVENTS**

In June 2017, CalPERS issued a determination that the District owed \$139,711 in premium payments related to an internal accounting error involving a former District employee. The District filed an appeal, and on December 19, 2018, the parties reached a tentative settlement. Following the settlement, it is anticipated that the District will pay \$45,700 in 48 equal monthly installments. This amount has been recorded as a long-term liability on the financial statements.



**REQUIRED SUPPLEMENTARY INFORMATION**

**KENSINGTON FIRE PROTECTION DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL FOR THE GENERAL FUND AND SPECIAL REVENUE FUND**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	General Fund			Special Revenue Fund		
	Final Budget	Actual	Variance with Final Budget Under (Over)	Final Budget	Actual	Variance with Final Budget Under (Over)
<b>REVENUES</b>						
Property taxes	\$ 3,863,605	\$ 3,889,704	\$ (26,099)	\$ -	\$ -	\$ -
Special taxes	-	-	-	200,287	200,395	(108)
Other taxes	26,000	26,082	(82)	-	-	-
Other revenues	-	1,182	(1,182)	-	-	-
Lease income	35,470	35,468	2	-	-	-
Salary reimbursement income	57,873	59,603	(1,730)	-	-	-
Investment income	30,000	55,074	(25,074)	-	-	-
<b>Total Revenues</b>	<b>4,012,948</b>	<b>4,067,113</b>	<b>(54,165)</b>	<b>200,287</b>	<b>200,395</b>	<b>(108)</b>
<b>EXPENDITURES</b>						
Current expenditures/expenses:						
City of El Cerrito service contract	2,826,907	2,826,907	-	-	-	-
Retiree health insurance	-	(49,339)	49,339	-	-	-
Firefighter's apparel/ expenses	11,500	4,131	7,369	-	-	-
Insurance	14,000	13,268	732	-	-	-
Office wages and related expenses	117,290	115,713	1,577	-	-	-
Contra Costa county expenses	30,215	32,039	(1,824)	2,250	2,189	61
Wildland vegetation management	10,000	9,150	850	-	-	-
Water system improvement	20,000	-	20,000	-	-	-
Fire abatement contract	8,000	-	8,000	-	-	-
LAFCO	2,200	2,123	77	-	-	-
Professional development	5,000	2,919	2,081	-	-	-
Outside professional service fees	74,450	52,214	22,236	-	-	-
Public education	10,000	10,928	(928)	-	-	-
Office expense and supplies	5,500	4,187	1,313	-	-	-
Building utilities/ services	70,040	61,740	8,300	-	-	-
Memberships	7,535	7,009	526	-	-	-
Community service activities	83,650	34,307	49,343	-	-	-
Staff appreciation	2,000	1,019	981	-	-	-
Contingency	25,000	1,439	23,561	-	-	-
Capital outlay	30,000	22,816	7,184	-	-	-
<b>Total Expenditures</b>	<b>3,353,287</b>	<b>3,152,570</b>	<b>200,717</b>	<b>2,250</b>	<b>2,189</b>	<b>61</b>
Subtotal - Revenues Less Expenditures	659,661	914,543	(254,882)	198,037	198,206	(169)
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	213,570	213,570	-	-	-
Transfers out	-	(767,874)	(767,874)	-	(190,000)	(190,000)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>(554,304)</b>	<b>(554,304)</b>	<b>-</b>	<b>(190,000)</b>	<b>(190,000)</b>
Change in Fund Balance	659,661	360,239	(299,422)	198,037	8,206	(189,831)
Fund Balance - July 1, 2017		3,541,150			100,869	
Fund Balance - June 30, 2018		\$ 3,901,389			\$ 109,075	

**KENSINGTON FIRE PROTECTION DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF CHANGES IN THE DISTRICT'S NET OPEB ASSET AND RELATED RATIOS  
For the Measurement Period Ended June 30**

**Last 10 Years\***

	<b>2017</b>
<b>Total OPEB Liability</b>	
Interest	\$ 99,977
Difference between expected and actual experience	146,389
Changes of assumptions	(373,443)
Benefit payments, including refunds of employee contribution	<u>(105,986)</u>
Net change in total OPEB Liability	(233,063)
Total OPEB Liability, beginning	<u>1,537,671</u>
Total OPEB Liability, ending (a)	<u>\$ 1,304,608</u>
 <b>Plan Fiduciary Net Position</b>	
Net investment income	\$ 112,865
Benefit payments, including refunds of employee contributions	(105,986)
Administrative expenses	<u>(739)</u>
Net change in Plan Fiduciary Net Position	6,140
Plan Fiduciary Net Position, beginning	<u>1,473,335</u>
Plan Fiduciary Net Position, ending (b)	<u>\$ 1,479,475</u>
 District's Net OPEB Asset, ending (a) - (b)	<u>\$ (174,867)</u>
 Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	113 %
 Covered-employee payroll**	-
 District's Net OPEB Asset as a percentage of covered-employee payroll**	-

**Notes to Schedule:**

\* Schedule is intended to show information for ten years. Fiscal year 2018 was the first year of implementation, therefore only one year is shown. Additional years' information will be displayed as it becomes available.

\*\*Covered employee payroll is annual compensation paid (or expected to be paid) to active employees covered by an OPEB plan, in aggregate. The District provides post-retirement health benefits (medical, dental and vision) to a closed group of former employees who have retired from the District and to their surviving spouses and dependent children, thus there is no covered-employee payroll.

**KENSINGTON FIRE PROTECTION DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF CONTRIBUTIONS TO THE OPEB PLAN\*\*  
For the Fiscal Year Ended June 30**

**Last 10 Years\***

	2018
Actuarially Determined Contribution (ADC)	\$ -
Contributions in relation to the ADC	-
Contribution deficiency (excess)*	\$ -
Covered-employee payroll	-
Contributions as a percentage of covered-employee payroll	-

**Notes to Schedule:**

\* Schedule is intended to show information for ten years. Fiscal year 2018 was the first year of implementation, therefore only one year is shown. Additional years' information will be displayed as it becomes available.

\*\* The District's policy is to fully fund the actuarially determined contribution, when required. The District makes the contributions on behalf of the participants. For the fiscal year ended June 30, 2018, there were no contributions, since the plan is fully funded and benefit payments are made from the Trust.

**OTHER REPORTS**

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors  
Kensington Fire Protection District  
Kensington, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund, of the Kensington Fire Protection District, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Kensington Fire Protection District's basic financial statements, and have issued our report thereon dated December 3, 2018.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Kensington Fire Protection District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Kensington Fire Protection District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Kensington Fire Protection District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Kensington Fire Protection District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Mr. [Signature] MLCPAS*

Sacramento, California  
December 3, 2018

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**KENSINGTON FIRE PROTECTION DISTRICT**

**MANAGEMENT REPORT  
FOR THE YEAR ENDED  
JUNE 30, 2018**

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**MANN, URRUTIA, NELSON, CPAS & ASSOCIATES, LLP  
1760 CREEKSIDE OAKS DRIVE, SUITE 160  
SACRAMENTO, CALIFORNIA 95833**





MANN • URRUTIA • NELSON CPAs & ASSOCIATES, LLP  
GLENDALE • ROSEVILLE • SACRAMENTO • SOUTH LAKE TAHOE • KAUAI, HAWAII

## MANAGEMENT REPORT

To the Board of Directors and Management  
of Kensington Fire Protection District

In planning and performing our audit of the financial statements of Kensington Fire Protection District as of and for the year ended June 30, 2018, in accordance with auditing standards generally accepted in the United States of America, we considered Kensington Fire Protection District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given those limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This communication is intended solely for the information and use of management, the Board of Directors, and others within the District, and is not intended to be, and should not be, used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Mann Urrutia Nelson CPAs".

Mann, Urrutia, Nelson, CPAs & Associates, LLP  
Sacramento, California  
December 3, 2018

## **Proposed Amendments to Kensington Fire Protection District (KFPD) Policy Handbook**

**POLICY TITLE: Committees of the Board of Directors**

**POLICY NUMBER: 1140**

*[What follows on these pages are, first, the present KFPD language for Policy 1140.20; second, proposed new language; and third, corresponding language in the KPPCSD manual, for purposes of consistency in review.]*

*The purposes of these proposed changes are to increase transparency of District operations, to improve public participation in District activities, to increase partnership capacity with the Kensington Police and Community Services District in areas of shared or synergistic responsibility, and to enhance the efficiency of District operations by incorporating the expertise and energy of Kensington's residents in a potentially more formal way than can be accommodated by the present language of the Policy 1140.]*

### **I. PRESENT LANGUAGE OF KFPD POLICY 1140**

**POLICY TITLE: Committees of the Board of Directors**

**POLICY NUMBER: 1140**

1140.20 The following shall be standing committees of the Board:

1140.21 A Finance Committee composed of two members of the Board of Directors.

1140.30 The Board President shall appoint and publicly announce the members of the standing committees for the ensuing year at the Board's regular meeting in January, subject to approval of the Board.

1140.40 All meetings of standing committees shall conform to all open meeting laws (e.g., "Brown Act") that pertain to regular meetings of the Board of Directors.

1140.50 The Board's standing Finance Committee shall be concerned with the financial management of the District, including the preparation of an annual budget and major expenditures.

## II. PROPOSED CHANGES TO POLICY 1140 (see track changes)

POLICY TITLE: Committees of the Board of Directors

POLICY NUMBER: 1140

1140.20 The following shall be standing committees of the Board:

1140.21 A Finance Committee composed of two members of the Board of Directors.

1140.22 An Emergency Preparedness and Warning Systems Committee composed of two members of the Board of Directors, plus a supplemental number of members of the public if needed to fulfill the mission of the committee, as appointed by the President.

1140.30 The Board President shall appoint and publicly announce the members of the standing committees for the ensuing year at the Board's regular meeting in January, subject to approval of the Board.

1140.31 New standing committees may be formed and announced at any time during the calendar year, subject to approval of the Board.

1140.32 Standing committees that include non-Board members may make recommendations to the full Board that are reached either by consensus or by vote of the committee members. Committee votes on recommendations are not binding to their Board members when recommendations are proposed to the full Board. Diverse viewpoints discussed in committee meetings should be brought to the attention of the full Board.

1140.40 All meetings of standing committees shall conform to all open meeting laws (e.g., "Brown Act") that pertain to regular meetings of the Board of Directors.

1140.50 The Board's standing Finance Committee shall be concerned with the financial management of the District, including the preparation of an annual budget and major expenditures.

1140.51. The Board's standing Emergency Preparedness Committee shall be concerned with (1) recommendations for allocations of effort and funding of initiatives to make Kensington safer from potential civic emergencies, using a multi-hazard approach; (2) identifying opportunities for articulation with community members and other agencies to reduce risk and enhance evacuation procedures and public safety; (3) development of public education initiatives to accomplish the first two goals; (4) articulation with the KPPCSD standing committee on Emergency Preparedness, as well as other Local, County, and State agencies, to achieve the

previous goals. This committee should take advantage of community expertise by including residents and other advisors as appropriate.

### III. CORRESPONDING LANGUAGE IN THE KPPCSD POLICY MANUAL

POLICY TITLE: Committees and Coordinators of the Board of Directors

POLICY NUMBER: 4060

#### 4060.3 Standing Committees of the Board

Emergency Preparedness Committee;

Solid Waste Committee;

Finance Committee:

4060.3.1 The Board's Emergency Preparedness Committee shall be concerned with the development of a community emergency preparedness plan in cooperation with the Kensington Fire Protection District.

## Brenda Navellier

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**From:** Mstollon [mstollon@sonic.net]  
**Sent:** Thursday, January 31, 2019 4:26 PM  
**To:** don@dondommer.com; janicekosel@gmail.com; lnagel@kensingtonfire.org; kpadian@kensingtonfire.org; jstein@kensingtonfire.org; mpigoni@ci.el-cerrito.us; Brenda Navellier  
**Subject:** Code Of Conduct  
**Attachments:** City-Council-Code-of-Conduct.pdf; ATT00001.htm

Dear Board Directors:

Can you tell me if there is any Code of Conduct for board members , such as the one attached below from Brea, CA ? I am asking because KPPCSD decided after some issues on ND to limit participation of directors to announcements, close discussion and engage in no dialogue.

Kevin Padian and Julie Stein are now duly elected board directors who now answer to constituents in meetings , public settings and potentially on ND. I am concerned because I have had negative interactions with both on ND requiring my contacting ND administration for relief.

Several of Mr. Padian's personally offensive posts regarding me and others have been removed from ND by ND administration. I am concerned I will continue to be a target of his as fire district issues arise.

I would think as part of the board members orientation, new directors need to be apprised of the appropriate communications with constituents in written and verbal forms, as well as being warned of the legal liabilities their actions, verbal or otherwise, could incur for the district.

I was told for example, at a social gathering last year that a constituent successfully sued a water board member/ district in another county for an offhand nasty comment. I don't know the specifics, but I am concerned based on my prior experiences with Mr. Padian that the district will be exposed to potential litigation.

I hope that you will act on this so that board members understand the clear behavioral and professional requirements of their position at board meetings , in public and on social media.

See attached example of a code of conduct used in Brea, CA which explains a variety of situations and how they may be handled.

Sincerely,

Marilyn Stollon  
John Gaccione

<https://www.ci.brea.ca.us/DocumentCenter/View/2032/City-Council-Code-of-Conduct?bidId=>

## Brenda Navellier

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**From:** jstein@kensingtonfire.org  
**Sent:** Thursday, January 31, 2019 9:55 PM  
**To:** Mstollon  
**Cc:** Don Dommer; Janice Kosel; Nagel, Larry; kpadian@kensingtonfire.org; mpigoni@ci.el-cerrito.us; Brenda Navellier  
**Subject:** Re: Code Of Conduct

Dear Ms. Stollon and Mr. Gaccione,


Thank you for taking the time to write to the Kensington Fire Protection District (KFPD) Directors and for sharing "City of Brea CODE OF CONDUCT FOR CITY COUNCIL."

To respond specifically to your question: Yes, KFPD Policy 1020 is the District's "Code of Conduct", which appears on pages 5-6 of the KFPD Policy Handbook dated May 2018.

I have read the document you sent as an example from the City of Brea and have found it to be very useful and informative. Even though it is written in the context of a city with a mayor, city council, and a large staff, we can still learn and benefit from it if we take the time to read it.

I hope you will consider attending our next regular board meeting on February 13 at 7pm. Once again, thank you for taking the time to write and for sharing "City of Brea CODE OF CONDUCT FOR CITY COUNCIL" with the District Board members.

Best regards,  
Julie Stein





## **Brenda Navellier**

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**From:** Brenda Navellier  
**Sent:** Friday, February 01, 2019 8:40 AM  
**To:** 'Mstollon'; don@dondommer.com; janicekosel@gmail.com; lnagel@kensingtonfire.org; kpadian@kensingtonfire.org; jstein@kensingtonfire.org; mpigoni@ci.el-cerrito.us  
**Subject:** RE: Code Of Conduct  
**Attachments:** KFPD-1020.R10.pdf

Good morning Marilyn,

I see that President Stein has already responded to your email. I am attaching a copy of the Code of Conduct for you. Our Code is silent as regard to NextDoor or other social media but it is expected that all Directors should act according to the Code.

Thank you and let me know if you need any further information.

Brenda J. Navellier  
El Cerrito-Kensington Fire Department

# **BOARD REPORTS**

DRAFT

**MINUTES OF THE MAY 31, 2018 FINANCE COMMITTEE MEETING  
OF THE KENSINGTON FIRE PROTECTION DISTRICT**

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**PRESENT:**     **Directors:**     Janice Kosel and Nina Harmon  
                  **Staff:**             Manager Brenda Navellier, Deborah Russell CPA, Chief Lance Maples  
                  **Guest:**            El Cerrito City Manager, Scott Hanin

**CALL TO ORDER:**

Director Kosel called the meeting to order at 1:30 p.m. and noted the Committee members, staff and members of the public that were present.

**ORAL COMMUNICATIONS:**

None.

**APPROVAL OF JANUARY 23, 2018 COMMITTEE MINUTES:**

The committee last met in January for mid-year budget review. The two main purposes of the May meeting are to receive the El Cerrito contract fee proposal and to review the draft budget that goes to the Board in June. The Committee agreed by consensus to accept the minutes as submitted.

**EL CERRITO CONTRACT FEE PROPOSAL FOR FY 2018-2019:**

El Cerrito City Manager Scott Hanin said he was happy to attend. He values the relationship with Kensington and thinks it goes well for both agencies. Hanin said ECFD's service level is above any other fire department around and is also accomplished more cheaply. The cost comparison in the packet is two years old but all other agencies have the same rising cost issues. Hanin will be bringing a balanced budget to the City Council next week. El Cerrito has seen solid revenue growth and most of that will go to offset personnel costs. Police and fire have all received CPI increases through short term contract extensions. El Cerrito's policy is to pay its employees median; however, the economy is strong and most cities are paying higher than that particularly for police personnel. All cities are hiring police. Kaiser rates are now going up and the portion that El Cerrito is paying to PERS continues to grow. All public agencies are dealing with that increase. El Cerrito has about 2,000 units of housing proposed along San Pablo Avenue in different stages of development. Construction costs in the bay area are huge. El Cerrito receives 22% of any property tax increase but PERS is taking up most of the revenue increase. El Cerrito has a Parks & Recreation master plan that calls for \$6.5 million in improvements. The Council is contemplating putting an initiative on the ballot in November to make El Cerrito a charter city. Most cities along the I-80 corridor are charter cities. El Cerrito will have one marijuana dispensary in the city limits. During the recession the City used a significant portion of its reserves to not cut any services or staff. It now needs to build those reserves back up. El Cerrito has raised its revenue budget by 6% for FY18-19. The City is required to fund its PERS liability and the bargaining units are aware of this. The funding is a giant bell curve and the key will be to get through the next several years. El Cerrito fire employees currently pay 12% of the pension costs which is up from a few years ago. Employees know that it will probably rise again when their contracts renew in two years. Karl Kruger asked what "fully funded" means. Hanin explained that if every employee retired today and no further revenues came in, the City could pay their pensions. The PEPR employees that have been hired since pension reform do cost the City much less.

Chief Maples noted there was an overview of the department in the packet. He gave an overview of the organization chart and recent changes within it. Staffing levels has remained the same for the past 10 years. David Spath asked about staffing and the 37 positions in the budget. Chief Maples explained that the department runs three vacant firefighter positions and one vacant clerical position. The clerical position has been left empty since the contract share for Manager Navellier in 2009. The three firefighter positions are 'coverage' positions and are not needed for minimum staffing. Open shifts created by vacation, sick leave, education, etc. are covered with overtime. There are 10 positions being left open city-wide including the police department. Accomplishments achieved between 2016-2018 were listed in the packet which Chief Maples read. The department responded to 19 different locations throughout the State for mutual aid in 2017. All El Cerrito-Kensington stations were fully staffed during that time. The department did all this with no injuries, no damage to vehicles, etc.

Director Kosel congratulated Chief Maples on the response to a recent fire on Purdue. Five engines responded within minutes. Maples explained the automatic aid system with Berkeley, Albany, Richmond, etc. The response to this fire was seamless due to auto aid and joint training. Hanin explained that it is seamless for El Cerrito to send all of its engines to Kensington because Richmond will automatically backfill any El Cerrito calls. All the goals in the fire department budget section tie back to the City's Strategic Plan. Maples noted that the department is on a progressive climb for call volume. He believes that is because the agency sells a "call if you don't know" approach. As an agency, ECFD works with Contra Costa Social Services for anyone in constant need. Maples reviewed the training numbers and the extraordinary amount of time spent on training and education. The certifications listed in the packet are all State-level certifications that require attendance outside of work. Almost all personnel are trained to work one rank up. Public outreach contacts were next reviewed. Maples then reviewed the proposed budget highlighting the salary increase of 3.1%, PERS contributions up 20%, and workers comp up 40%. Karl Kruger asked for and received a copy of the proposed contract fee. Professional Services was raised from \$10,000 to \$25,000 for promotional exams, vehicle equipment maintenance was raised from \$80,000 to \$90,000. Maples reviewed other adjustments throughout the fire budget including a reduction in fuel. The reconciliation for FY16-17 is \$215,158. The amount is mostly made up of overtime, part-time costs, one-time payouts and a \$53,000 PERS adjustment. These unanticipated expenses hit El Cerrito even harder. The proposed contract fee is \$3,016,868.16.

Director Kosel said KFPD's proposed budget shows projected revenues of \$4.4 million and expenses of \$3.8 million. A significant amount of the surplus will go into the building fund. Cash is currently at \$8.6 million which is made up of the vehicle fund, the PERS trust, the contract set-aside and the building fund. The building fund is currently at \$2.6 million to renovate the public safety building or to build elsewhere. When KFPD updated the 2009 geotechnical report for the current site, the new report stated there was a fissure along the back of the site along with the known one that runs along the front of the site. The site may be unbuildable for the District's purposes. KFPD is waiting on KPPCSD's attorney to render an opinion on whether a site located in Kensington Park is an option for building. The community is built up. KFPD is in good financial shape but has no idea where it is going to build. The contract fee proposal is bad news for KFPD; however, Kosel said we can't complain about a 3.1% cost of living raise, and we can't complain about an increase that is dictated by reconciliation from prior years. KFPD is very happy with the service and has not received any complaints about the firefighters or their service. It is a win-win relationship because it is cost effective for KFPD to contract with El Cerrito. El Cerrito is trying to keep its costs down which KFPD benefits from.

Director Harmon said she appreciated the breakout during the presentation since the increase is extraordinary. It helped her understand where the numbers are coming from. Hanin agreed that the increase is high but if you look at the contract fee adjustments over the last 10 years it is tracking close to the CPI.

Karl Kruger noted that ECFD is receiving \$50,000 for a technical rescue grant. He asked how that affects El Cerrito and if they are going to use that money to purchase the drone. Kruger said all three stations are going to use the drone that KFPD is purchasing. Chief Maples said the department wrote a grant for a specific type of tool. Kruger said the Finance Committee views the proposal as "we can afford it" but he wants to know if it is justified. Kruger said overtime is over budget \$365,000 which is \$1,000 a day. He questions whether that is justified. Kruger also said there is no incentive to control costs. El Cerrito just presents it and says this is KFPD's share. There are two pots of money in the community and three big issues that need to be resolved—the public safety building, the community center and retirement plans. Overtime costs are too high and it is management's job to control costs. Kosel said overtime is cheaper than hiring additional employees. Kruger said he understands that but it also shows we do not have control over things. Hanin said El Cerrito is providing a service that is more than double digits cheaper than any other agency could provide. Maples said that if the budget is escalating in Kensington it is escalating even twice that in El Cerrito where he has to answer to the City Manager, Assistant City Manager and Finance Director. Maples explained the El Cerrito budget process. Hanin said about 86% of the Fire Department's budget is personnel. Since El Cerrito pays median, 50% of the Fire Departments in northern CA pay more than El Cerrito-Kensington does. Hanin said the service and response by the El Cerrito-Kensington department is far superior to any other provider in the area. Kruger said \$1,000 a day on overtime is unacceptable. Hanin suggested KFPD look at other agencies. David Spath asked about the PERS contribution increase of 20% and what Hanin's projections are for the top of the "bell curve" he mentioned earlier. Hanin said he didn't know but it could be pushing 50%. El Cerrito's PERS liability is 75% funded. Kruger said there are fewer than 400 calls out of Station 65 per year or 1 call per day. Maples said it is up to the community to determine if they want a staffed fire station in their community and that it costs "x". It is not a pay-as-you-go system so it doesn't matter if it's one call or 1,000. Other agencies around El Cerrito including Alameda County, Contra Costa County and Berkeley Fire all pay more in salaries which again, is about 86% of the budget. Every one of the agencies on the comparison list in the packet provides retiree healthcare and El Cerrito does not.

Director Kosel thanked Hanin and Maples for their attendance. Harmon added that the contract fee as proposed was justified. Kosel and Harmon will recommend the contract fee to the entire Board. *Maples, Hanin and Kruger left the meeting.*

**FY 2017-2018 AUDITOR PROPOSAL/RECOMMENDATION:**

The packet included an audit proposal from Mann, Urrutia, Nelson CPAs for a flat fee of \$16,000. This would be KFPD's second year using MUN CPAS. Kosel said she likes their audit presentation and also the verbal presentation they made at the Board meeting. Staff was happy with their experience also. Russell noted that not only were they new auditors to the District but there was new GASB legislation that went into effect and will be going into effect in future years also. Actuarial reports are also changing. Overall MUN seems to be very knowledgeable and the process went smoothly. Kosel is prepared to recommend them to the Board again this year at the June meeting.

**REVIEW AND RECOMMEND DRAFT FY 2018-2019 BUDGET:**

Kosel commended staff on the draft budget in the packet. Kosel said total revenues are \$4.4 million which is an increase of 3 to 4% in the property tax revenues. Russell noted that KFPD's revenue increase is from actual to budget, not budget to budget. Kosel noted that the lease with KPPCSD is up at the end of the calendar year. The cost of living increase is currently 3.2%. Navellier has already sent a proposed lease to KPPCSD Director Len Welsh for 18 mos. at a one-time increase of 3.2%. Under expenses, Kosel noted that the actuarial valuation is budgeted at 0 for this fiscal year. The contract fee is correct as presented but Russell explained for everyone's benefit how it is split between revenue and expense. Kosel summarized the rest of the budget. Retiree medical benefits are completely funded and are now being paid out of the trust. Kosel gave an update on the Demonstration Garden—the District has hired a landscape architect and a surveyor. The needs assessment for the public safety building is budgeted at \$10,000. That is a guess since no one knows at this time what is going to happen with that project. Navellier is slated for a 10% raise. Kosel surveyed the Board members and all were delighted with Navellier's performance. The District also compared Navellier's salary to the CSDA salary survey and found Navellier to be underpaid. Operating expense is \$3.6 million and \$3.8 million with capital outlay. Navellier noted that KFPD will be putting a deposit only on the Type III engine during FY18-19 and it will probably be delivered in the following fiscal year. There is a total surplus of approximately \$600,000. The committee directed staff to increase the building fund to \$450,000 from \$150,000 assuming the timing on the Type III is correct. As was discussed at the last Finance Committee meeting, KFPD is being asked by CalPERS to pay \$140,000 of back health premiums for a former employee. Kosel said there is a statute of limitations but she is working with the District attorney on the issue. More discussion followed. Russell said that whenever the issue is settled, the District would then accrue the liability and pay it over whatever timeframe is negotiated. The Committee will leave it off the budget for now until more information is provided by the attorney.

David Spath asked if the lease is predicated on maintenance costs and where is that reflected in the budget? It is based on historical maintenance costs over the last 20 years. Spath asked why KFPD is asking KPPCSD to pay an historical amount as opposed to a pay-as-you-go amount? He also asked why the needs assessment is under Public Safety building maintenance costs instead of capital? Russell explained that needs assessment is a cost associated with the building and is not capitalized. The title of that subcategory in the budget is items associated with the building, not maintenance costs. Spath asked what the maintenance costs are in this year's budget since the lease is predicated on maintenance costs. Russell said historical amounts do matter since one year could be a million and the next year could be nothing and the amount is averaged. Before the \$1 a year lease for 3 years, the lease was the same rate as the current amount minus the CPI. Spath asked if KPPCSD had been paying that amount for the past 20 years to which the Committee answered no. Navellier explained that in 1999 KPPCSD signed an agreement to pay \$12,000 a year back to KFPD for their cost of that 1998/99 remodel, interest free over 10 years. Market rate is incorrect. The committee explained where the salary reimbursement for Navellier is reflected in the budget and the reconciliation of that item. Linda Spath pointed out that the Kensington community center is supposed to be under construction come fall so planting the demonstration garden in the fall may not be timely. More discussion on the community center renovation followed. Navellier will check on the status.

**REVIEW DISTRICT INVESTMENTS**

Navellier distributed a schedule of investments and current cash flow. LAIF is currently up to 1.5% interest rate and the District currently has nearly \$4 million in LAIF. The District has another \$2.5 million in CDs and other investments. \$750,000 will be maturing on 7/25/18. Navellier will check rates with the County before

DRAFT

KFPD Finance Committee Minutes of May 31, 2018

Page 4 of 4

renewing. The committee tries to ladder the CDs so they don't all mature at the same time and also not tie them up too long because of the potential building project. Russell reviewed the total investments minus the required set-asides of the capital replacement funds and the El Cerrito contract. The committee then reviewed the cash flow and noted that the property tax revenue conversion largely takes place in April and December. There is also a little "clean-up" tax revenue in June.

**ADJOURNMENT:**                      The meeting was adjourned at 3:15 p.m.

MINUTES PREPARED BY:              Brenda J. Navellier

These minutes were approved at the Committee meeting of January 29, 2019.

Attest:

\_\_\_\_\_  
Finance Committee Member

Date: 01/28/2019 [09:33:42 AM PST]  
From: jstein@kensingtonfire.org  
To: JOHN PERKINS <johnhperkins@comcast.net>  
Cc: "Nottoli, Eileen" <enottoli@kppcsd.org>, Liam Barker <lbarkster@gmail.com>, "Coe, Russel" <Rollycoe@gmail.com>, "Cunniff, Tom" <tcunniff@sbcglobal.net>, Jonathan Denlinger <JDDenlinger@lbl.gov>, "Guerrero, Peter" <studio374photography@gmail.com>, Kristine Hafner <kristinehafner@gmail.com>, Wendy Morrison <Wendy@wendymorrisoncollegechoices.com>, "Newman, Betty" <bnewman@appliedinsight.com>, Jaima Roberts <jaima1@aol.com>, Hanne Schultz <fourcatpaws@att.net>, Kale Tanaka <kaletanaka@gmail.com>, fire@kensingtonfire.org  
Subject: Re: letter of concern about wildfires in Kensington

Dear Mr. Perkins,

Thank you for your email and for the letter of concern that you have attached. In January, I appointed an Emergency Preparedness committee for the Kensington Fire Protection District composed of Director Kevin Padian and Director Larry Nagel. The committee has already started work to organize and address the issues raised by the Cambridge Avenue Citizens for Wildfire Readiness and Response. I have also met with KPPCSD President Nottoli to begin discussions on how the two Boards can begin working together to jointly address these issues and clarify the roles of each District. The Board is also considering an amendment to its policies that, if adopted, will enable Kensington residents to be appointed to this ambitious committee. (See, January 2019 agenda the Kensington Fire Protection District: <https://www.kensingtonfire.org/files/9cf6d2629/kfpd+board+packet+010919-01042019171302.pdf>)

At the December meeting of the Kensington Fire Protection District board, Michael Pigoni, the new El Cerrito Fire Chief, gave a comprehensive presentation about the process for evaluating and installing sirens in Kensington. You can find his presentation in the minutes of the December meeting, which have been adopted as included in the January 2019 agenda package referenced above.

I encourage the Cambridge Avenue Citizens for Wildfire Readiness and Response to attend the meetings of the Fire Board whenever you can. We meet on the second Wednesday of each month at 7pm. Our next meeting will be held on February 13, 2019 in the Public Safety Building.

Best regards,  
Julie Stein  
Director and President 2019  
Kensington Fire Protection District  
jstein@kensingtonfire.org

On Jan 26, 2019, at 12:36 PM, JOHN PERKINS <johnhperkins@comcast.net> wrote:

Dear Directors of the Kensington Police and Fire Boards,

Along with other Kensington residents, a group of concerned citizens on Cambridge Avenue have met, exchanged information, and concluded that Kensington needs to do more to prepare for wildfires. Cambridge Avenue itself is probably most at risk from fires in Wildcat Canyon, but we believe many if not most Kensington residents are at risk from multiple sources.

We respectfully attach this letter with the urgent request that the two Boards, in close cooperation, do more to prepare against tragic losses of life should a wildfire erupt. Given events of the last two years in California, we believe the question is "when?" not "if" such a fire might occur.

Thank you. We are available to voice our concerns at public meetings.

Sincerely,

John H Perkins

236 Cambridge Avenue

510-647-9434

JohnHPerkins@comcast.net

for Cambridge Avenue Citizens for Wildfire Readiness and Response

< Kensington Fire Police Boards--20190126 final.docx >

Julie Stein

Director and President 2019

Kensington Fire Protection District

jstein@kensingtonfire.org



26 January 2019

To: Directors, Kensington Police & Community Services District  
Directors, Kensington Fire Protection District

Recent wildfires and smoke events have made us aware of the urgent need for a variety of proactive fire safety measures, led by our police and fire officials. Such measures include:

- Commitment of our police and fire officials and the two districts boards to work closely together to ensure the safety of our community in the case of earthquake and wildfire.
  1. Clarify the roles of police and fire personnel by updating plans.
  2. Identify and communicate evacuation routes.
  3. Drills to improve coordination among fire, police, and neighboring jurisdictions.
  4. Fire safety and prevention training for the community.
  5. With Contra Costa County Supervisor, promote hardening of homes against fire.
  6. With various agencies, speed up management of flammable vegetation, especially on Kensington ridge wildland.
- Investigate, plan, and install—by summer, 2019—a siren warning system.
- Develop notification systems reaching landlines, internet telephones, and cell phones.
- Hold regular drills of community alert and response communications systems.
- Support Kensington path maintenance to provide evacuation routes.
- Identify the most vulnerable Kensington residents to aid assistance in case of wildfire.

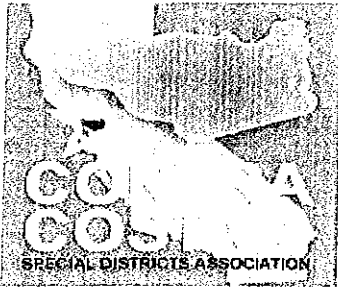
In detailed consultations with a PG&E official, we have emphasized the following:

- PG&E must do more about risks from high voltage wires in Wildcat Canyon.
- PG&E should install fire-detection devices along these power lines in the Canyon.
- PG&E should coordinate with the fuel-reduction program of EBRPD, specifically on risks with the eucalyptus grove near Little Farm.
- Kensington volunteers may be able to add significant labor to PG&E and EBRPD efforts.

Thank you for your serious attention to these matters.

**Cambridge Avenue Citizens for Wildfire Readiness and Response:**

John Perkins, Tom Cunniff, Kristine Hafner, Wendy Morrison, Liam Barker, Russell Coe,  
Jonathan Denlinger, Betty Newman, Jaima Roberts, Hanne Schultz, Kale Tanaka



## Quarterly Meeting Minutes

1.28.2019	Meeting Time: 10:04 a.m.	Central Contra Costa Sanitary District Multi-Purpose Room 1250 Springbrook Road Walnut Creek, CA 94597
Meeting called by	Chair Stan Caldwell called meeting to order at 10:04 a.m.	
Minutes	Suzette Crayton Executive Assistant	
Attendees	Thirty-Four (34) Attendees (Sign-In Sheet Attached)	
Welcome and introductions took place.		
The minutes were approved with one change from Susan Morgan to reference the October meeting in 2017 instead of the October meeting in 2018 under "Update from October 2017 Meeting – Allocation/Re-allocation of Ad Valorem Property Tax".		
Caldwell said to let him know if anyone is interest in the RDA Oversight Committee, serving as an alternate. Bette Boatmun asked if agencies would consider having voter registration information available in their lobby. She stated that the League of California Women will restock the information periodically. Boatmun said she will have an email sent out on this information.		
Caldwell thanked Rick Wood, CEO of California Special Districts Association, Neil McCormick, CSDA CEO and Rick Wood, CSDA Finance and Administration Director.		
Caldwell provided introduction of this item and introduced CEO of CSDA Neil McCormick. McCormick presented a PowerPoint presentation. He also stated that a survey would be sent to agencies around April in order to obtain information to generate the CSDA 3-Year Strategic Plan. There was also an update provided of investments by the CSDA Finance and Administration Director Rick Wood. McCormick stated that the Board Member Handbook is available in hard copy or online. He also stated that the site has information on Sexual Harassment Prevention Training for employees and Board members. He then provided new law highlights and spoke about CALPERS Legislation. He stated that they have been seeing a lot of activity in the Career Center by other agencies or visitors to the website.		

Questions were fielded by McCormick on the information he provided.

McCormick presented the Special District Administrator Certificate to Michael Johnson. A 50<sup>th</sup> Anniversary raffle for CSDA was drawn.

Priscilla A. Couden, Executive Director, of the Contra Costa Historical Society provided some information, introduced the new Historical Society President John Greitzer, and introduced the John F Kennedy students that are working on the project.

Caldwell showed two videos from the CSDA Video Contest winners. One about Delta Diablo and the other about Central San Household Hazardous Waste Facility.

Ed Duarte talked about supporting the Alameda County Chapter of Special Districts annual dinner. He will send an email out polling members to see if there is any interest to participate at the dinner which is scheduled for March 28<sup>th</sup>. He said that DSRSD will host the July joint CCSDA and Alameda Chapter meeting. He said that some flooding at their facility may impair hosting it there but he has a few other venues in mind.

Morgan announced that Supervisor Karen Mitchoff will possibly be the speaker at the April meeting. If she does speak, it will be towards the end of the meeting because of an earlier conflict. She also reported that Cecilia Goff has provided her a draft of the October 2018 meeting details on the Ad Valorem Property Tax issue that will be sent to speakers for review, and then finalized and sent out to the membership.

**Meeting was adjourned at 11:21 a.m. and next meeting is April 15, 2019 at CSO Facility located at 1250 Springbrook Road in Walnut Creek.**

To our firefighters:  
Happy Holidays!



Baxter →

← Monty

Delwyn →

Merriest wishes this holiday season, and for the new year! May your hearts be full of peace, joy, love, and hope. Thank you for being a part of our lives, spreading cheer year-round. All our love.

Thank you for always being there, ready! That peace of mind is priceless, especially for those "medically complex" folks like me! Here's to 2019 being the best year yet!!!

stacy claire boyd. Shutterfly  
exclusively for shutterfly.com

Tara & Carl & Kenneth  
41 Highland Blvd.

Dad  
↓

## Brenda Navellier

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**From:** Larry Carr  
**Sent:** Friday, December 28, 2018 12:09 PM  
**To:** All Users  
**Subject:** Goodbye!

### Friends:

Today is my last day on the El Cerrito Fire Department! I will be going home tomorrow morning, and that's it. I had a couple of options to working here in EC, but after speaking to 1986 Fire Chief Pete Barraza I chose this little community to spend my career. I second-guessed that decision for a tiny bit, but let me tell you--it was the right choice.

My thirty-two years here—it's over half of my adult life. These three decades worth of experiences have changed me, made me grow up, and allowed me to appreciate the complex web of life that we participate in.

There were some lean years and some better years, but the quality of the staff here in this little burg has *always* made it a pleasure to serve. *"These citizens of El Cerrito and Kensington are OUR people"*—that's the sentiment of City staff that keeps us strong when we encounter the pitfalls of public service. I have enjoyed my collaborations with our City Councils and our Kensington Fire Boards--because they have consistently enabled and supported staff in making this community a good place to live.

Thanks for a great ride. And keep up the good fight.

Larry Carr

## **Brenda Navellier**

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**From:** John Gaccione [studiojvg@sonic.net]  
**Sent:** Saturday, February 02, 2019 2:55 PM  
**To:** Jstein@kensingtonfire.org; Janicekosel@gmail.com; Don@dondommer.com;  
Kpadian@kensingtonfire.org; Lwn@att.net; Brenda Navellier  
**Subject:** Fire Board/Fire Contract Letter

Dear Fire Board Directors:

We implore the new directors to sign and approve the fire contract and not risk opening it up for review and changes which will trigger cost increases. We have a good deal, it's the reason that the Fire District has had such immeasurable savings and good will over the years.

Is there a Plan B if it goes up \$500k a year? Such as make the Fire Dept independent? Annex to El Cerrito? Consolidate? We hope not, as many of us like the EC Fire contract and partnership.

If you want to see how well we are doing, we suggest you read the LAFCO MSR for 2013 which reviewed other fire districts in CoCo Cty, who unlike us are in dire straits financially and otherwise.

We understand that Janice Kosel is not on the finance committee; it helps to have knowledgeable people with history in the areas of financing, budgets etc, particularly with a transitioning board. It is so easy to spend, make mistakes, and suddenly be in fiscal jeopardy. We encourage you to rethink your assignments for the greater good of the community.

Sincerely,

Mark Wegner  
Mary Korn  
Phil Matson  
Marilyn Stollon  
John Gaccione  
Ben Clow  
Bernard Suessmeier  
Carol Wiegel  
Frances McCosker

Please include in the record

## **Brenda Navellier**

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**From:** jstein@kensingtonfire.org  
**Sent:** Saturday, February 02, 2019 5:35 PM  
**To:** John Gaccione  
**Cc:** Janicekosel@gmail.com; Don@dondommer.com; Kpadian@kensingtonfire.org; Lwn@att.net; Brenda Navellier  
**Subject:** Re: Fire Board/Fire Contract Letter

Dear Mr. Gaccione,

Thank you very much for taking the time to write to the Fire Board Directors, on behalf of yourself and the group of residents that you have named in your letter, with your concerns. As President, but speaking on behalf of myself only, I wish to assure you that I value and deeply appreciate the partnership between the KFPD and El Cerrito and the associated contract for fire services. I believe that Kensington is very well-served by the El Cerrito Fire Department.

Director Dommer and I, as the contract negotiating committee, are working diligently.

I hope that you, and the group of residents that you represent, will attend the upcoming meeting of the Kensington Fire Protection District on February 13 at 7pm. Thank you, once again, for taking the time to express your thoughts and concerns.

Best regards,

Julie Stein  
Director and President 2019  
Kensington Fire Protection District  
[jstein@kensingtonfire.org](mailto:jstein@kensingtonfire.org)

Date: 02/07/2019 [09:37:11 AM PST]  
From: Kensington Property Owners Association <kpoassoc@gmail.com>  
To: Brenda Navellier <fire@kensingtonfire.org>  
Subject: El Cerrito Fire Services

Dear Kensington Fire Protection District Directors,

The Kensington Property Owners urges your board to conduct an independent evaluation of the fire service contract with El Cerrito prior to renewing or approving a new contract. We have sent out the email below to our membership.

The Kensington Fire Board is presently in discussions with the City of El Cerrito regarding the renewal of the contract for Emergency Medical and Fire Services. The \$3.0 million contract funded through property taxes has not been reviewed in 23 years by independent professional analysts to determine whether the cost-sharing terms remain fair and reasonable for Kensington taxpayers, as both communities have changed in the intervening time. A review is not for the purpose of discontinuing the contract as El Cerrito provides very good service and it would be more expensive to run our own department. Rather it is to determine whether there are any necessary changes that will benefit Kensington, while still acceptable to El Cerrito. For example, we need to evaluate whether the \$3 million reserve requirement is consistent with contracting practices elsewhere because it means funds the Fire District has cannot be spent for other District needs, such as building rehabilitation.

There are approximately 17 months remaining until the contract expires. KPOA believes there is ample time to carry out an independent review, complete the contract discussions and sign a contract renewal.

It is important that the Fire Board hear from residents that a professional independent analysis of the contract is a responsible and prudent action. If you agree, we encourage you to contact the Board of Directors by e- mailing your comments to the District Manager, Brenda Navellier at: [fire@kensingtonfire.org](mailto:fire@kensingtonfire.org) or mailing her at: Kensington Fire Protection District, 217 Arlington Avenue, Kensington CA 94707. Please send a copy of your comments to [KPOAssoc@gmail.com](mailto:KPOAssoc@gmail.com)

Sincerely,

Gail Feldman, President



Date: 02/07/2019 [09:53:59 AM PST]  
From: Garen Corbett <glcorbett@gmail.com>  
To: Brenda Navellier <fire@kensingtonfire.org>  
Subject: Fire District Correspondence to Board Members

Dear Brenda and Fire Board Members:

Recent fire events in California have only served to reinforce how important the decisions we make at the local level are to the protection of our homes and communities, and more importantly, the people who live here. I have taken an increased interest in our community's public safety resources in the past few years as a result of these visible fire events and as a parent of two children. I am an advocate of a more holistic view of community preparedness and resiliency coupled with sound fiscal management to meet future challenges and catastrophic events. So it is with that lens that I write you about the Fire Contract with El Cerrito.

The Fire District Board's discussions with the City of El Cerrito regarding the renewal of the contract for Emergency Medical and Fire Services is an important opportunity to ensure sound fiscal management and undertake the fiduciary responsibilities which the Board Members are elected to undertake. Our contract has not been independently reviewed in 23 years by professional analysts. That is a problem in my view, and undermines my trust. Are the cost-sharing terms fair and reasonable for Kensington taxpayers? It is hard to know, since we have no objective analysis; rather we get emotionally charged opinions. We need to determine whether there are any necessary changes that will benefit Kensington, while still acceptable to El Cerrito. I find it hard to understand why this letter even needs to be written to push for such an overdue review.

There are approximately 17 months remaining until the contract expires. That is ample time to carry out an independent review, complete the contract discussions and sign a contract renewal. This is not a political issue; this is prudent and sound management to ensure the best contract, and that we have the most unrestricted resources available to further invest in public safety and disaster preparedness.

Thank you for your consideration. Thank you for your service to our community.

Sincerely,

Garen Corbett, 11 Camelot Ct, Kensington

glcorbett@Gmail.com

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**Garen Corbett**  
about.me/glcorbett

**Date:** 02/07/2019 [09:57:54 AM PST]  
**From:** Charles Toombs <cet@mcinerney-dillon.com>  
**To:** fire@kensingtonfire.org  
**Cc:** KPOAssoc@gmail.com  
**Subject:** Request for Independent Analysis of Pending Fire Board contract with the City of El Cerrito

Dear Ms. Navellier:

I am writing to request that the Fire Board conduct an independent analysis of the pending contract with the City of El Cerrito for fire services to Kensington, to insure that it represents current best practices for such contracts, and that it is fiscally responsible.

I cannot understand why, in the current political climate with repeated demands for political transparency, that the Fire Board would not do this particularly if it has the time now to do so. Asking board members to make a determination on the suitability of the proposed contract, without professional review and staff analysis, is a serious mistake that will only impede exercise of their independent fiduciary responsibilities as board members.

I cannot understand how any board member would want to make a decision on approving the proposed form of agreement absent an expert objective and independent analysis of the issues. Other agencies have proceeded accordingly with such a review in the face of public demands and there is no reason for your fire board not to do so now.

Please include this note in your agenda packet for all board members to review.

Thank you for your courtesies.

Chuck Toombs

--

Charles E. Toombs  
McInerney & Dillon, P.C.  
1999 Harrison Street, Suite 1700  
Oakland, CA 94612-4700  
Telephone (510) 465-7100, Extension 238  
FAX (510) 465-8556

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Date: 02/07/2019 [10:02:18 AM PST]  
From: Lillie Gmail <lillianbraudy@gmail.com>  
To: fire@kensingtonfire.org  
Subject: To be frank

All anyone on boards in Kensington does is spend money on companies coming in and charging for advice that is already known. My advice is to keep the status quo and if it is not broken leave it alone and stop trying to invent ways to save money that in the long run will end up costing more.

Sent from my iPhone

Date: 02/07/2019 [10:04:01 AM PST]  
From: Griffin Dix <griffindix@sbcglobal.net>  
To: fire@kensingtonfire.org  
Subject: review of contract for Emergency Medical and Fire Services

Please conduct an independent review of the Kensington contract for Emergency Medical and Fire Services. Thanks very much.

Griffin Dix, 191 Highland Blvd., Kensington, CA 94708

**Date:** 02/07/2019 [10:23:39 AM PST]  
**From:** Christine Ford <frccford@gmail.com>  
**To:** fire@kensingtonfire.org  
**Cc:** KPOAssoc@gmail.com  
**Subject:** emergency contract

I am in agreement with Gail Feldman's recommendation that KPOA order a professional independent analysis to review the terms of the contract between the Kensington & El Cerrito fire departments.

Christine C. Ford  
28 Highgate Ct.  
Kensington, CA 94707

**Date:** 02/07/2019 [10:52:54 AM PST]  
**From:** Bob Glidden <bobglidden@gmail.com>  
**To:** Brenda Navellier <fire@kensingtonfire.org>  
**Cc:** kpoassoc@gmail.com  
**Subject:** Re: Action needed: Kensington Fire Services Contract with El Cerrito

We just elected a new board, and I think those members should be allowed to decide the best way forward, without being inundated with emails from people who were not willing to run themselves for a seat on that board.

Record of conversation with Kensington Resident

2/7/19 at 11:33 a.m.

Mary Hammond of 131 Arlington Avenue telephoned the District office to voice her opinion that a survey/evaluation of the El Cerrito-Kensington contract was a terrible idea. She does not believe Kensington has any other choices and people should listen to Jim Watt's opinion on the matter. She also expressed concern that if KPOA wanted an accurate response they should have sent communication to everyone in Kensington. She did authorize me to write up her opinion as I understood it since she said the email provided in the KPOA email did not work for her.

Brenda J. Navellier  
Manager  
Kensington Fire Protection District

## Brenda Navellier

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**From:** Marilyn Stollon [mstollon@sonic.net]  
**Sent:** Thursday, February 07, 2019 12:14 PM  
**To:** Brenda Navellier  
**Subject:** MStollon response to kpoa email

**From:** Marilyn Stollon <mstollon@sonic.net>  
**Date:** February 7, 2019 at 10:14:00 AM PST  
**To:** Kensington Property Owners Association <kpoassoc@gmail.com>  
**Subject: Re: Action needed: Kensington Fire Services Contract with El Cerrito**

I strongly disagree with KPOA on this one.

Re reserves, kppcsd has to have adequate reserves, why wouldn't KFD need to for the same reasons. In fact, didn't kppcsd let its reserves go down requiring a property tax 10 yrs ago to pay for police services?

Secondly, anything that jeopardizes an already good contract puts us at risk for higher fees from EC. This will be on your collective heads if this occurs and increases costs to already strapped new highly taxed Kensington homeowners and many fixed income homeowners.

Those who negotiated our contract are capable and informed.

Lastly, Ms. Feldman you have been openly in favor of consolidation and have stated that to me as well. I have concerns about your long term motives regarding your desire to combine our 2 boards.

Sincerely,  
Marilyn Stollon



**Date:** 02/07/2019 [06:54:56 PM PST]  
**From:** Mez Chafe-Powles <mezchafe@gmail.com>  
**To:** fire@kensingtonfire.org  
**Subject:** Request for fireboard evaluation

I have been very happy with the efficient way the fire board has been run and would not want to change it now or in the future. We have been well served ! Thank you!  
Sincerely, Mary Chafe-Powles

Date: 02/07/2019 [08:34:23 PM PST]  
From: Valerie Meyers <valmeyers41@gmail.com>  
To: fire@kensingtonfire.org  
Cc: KPOAssoc@gmail.com  
Subject: contract review

Dear Brenda, I am writing in response to Gail Feldman's email re the possibility of paying an outside person to evaluate and review the existing contract between Kensington and El Cerrito for fire services. It seems to me that 23 years is a long time for a contract to be in force and that it would be a good idea to review it, as long as it can be done in an affordable, timely and objective manner. I would not like to see the process go on and on over many months. Thanks! Valerie Meyers