

KENSINGTON POLICE PROTECTION AND COMMUNITY SERVICES DISTRICT

AGENDA

A Special Meeting (Closed Session) of the Board of Directors of the Kensington Police Protection and Community Services District will be held **Thursday, February 11, 2016, at 6:30 P.M.**, at the Community Center, 59 Arlington Avenue, Kensington, California. The Board will commence its monthly Regular Meeting in open session **Thursday, February 11, 2016, at 7:30 P.M.**, at the Community Center, 59 Arlington Avenue, Kensington, California. If further Closed Session is required, the Board will return to Closed Session following the end of the Regular Meeting.

1. Call to Order/Roll Call 6:30 P.M.

2. Closed Session-Public Comment

- a. Conference with Legal Counsel-Anticipated Litigation. Consider whether to initiate litigation pursuant to paragraph (4) of subdivision (d) of Government Code Section 54956.9: One potential case.
- b. Conference with Labor Negotiators (Government Code Section 54957.6) Agency designated representative: Jonathan Holtzman, Renne Sloan Holtzman Sakai LLP. Employee organization: Kensington Police Officers Association. The Board will receive an update on contract negotiations
- c. Public Employee Performance Evaluation (Government Code section 54957(b) Title; Interim General Manager/Chief of Police.

3. Regular Meeting: Open Session-Call to Order/Roll Call 7:30 P.M.

The Board will return to Open Session at approximately 7:30 PM and will report out on the Closed Session if reportable action is taken.

Note: All proceedings of the open session meeting will be videotaped.

- 4. Public Comments** Members of the public may address the Board on any issue on the Consent Calendar and items not listed on the agenda that are within the subject matter jurisdiction of the District. Comments on matters that are listed on the agenda may be made at the time the Board is considering each item. Each speaker is allowed a maximum of five (5) minutes per Board Policy 5030.41.

5. Board/staff comments

6. Update from Ad Hoc Committee on Governance

7. Consent Calendar

- a) Minutes of the Regular Meeting of January 14, 2016 P-4
- b) Minutes of the Special Meeting of January 26, 2016 P-20
- c) Unaudited Profit & Loss Budget Performance Report for January 2016 P-24
- d) Park Revenue & Expense Report for January 2016 P-27
- e) Board Member Reports-None this month
- f) KPD Monthly Statistics for January 2016 P-34
- g) Training/ Reimbursement Report- None This Month
- h) Correspondence P-41
- i) Recreational Report P-58
- j) Monthly Calendar P-59
- k) General Manager's Report January 2016 P-61

8. Old Business

- a. The Board will consider approving proposed Resolution 2016-02 of the Kensington Police Protection and Community Services District, amending Board policy governing the preparation of the budget to ensure consistency with state law provisions governing the budget process. Second reading. P-62

9. New Business

- a. The Board will consider approval of a three-month extension for the contract with Interim General Manager/Chief of Police Kevin Hart, with no change in monthly compensation, benefits or other terms and conditions of employment. Board Action. P-64
- b. The Board will receive a presentation and consider approving Resolution 2016-03, fixing the employer contribution at the equal amount for employees and annuitants under the Public Employees' Medical and Hospital Care Act. Board action P-66

General Manager Recommendation: Take public comment, deliberate, and approve Resolution 2016-03.

- c. The Board will consider a proposal from the Interim General Manager/Chief of Police to increase the FY 15/16 Budget-Capital Outlay Item 965 by \$18,000. This amount is offset by new revenue, in the amount of \$18,526 of Asset Forfeiture Funds. Board action. P-68

General Manager Recommendation: Take public comment, deliberate, and consider approval of the proposed budget change.

- d. The Board will receive a presentation from the Interim General Manager and consider taking action on revising the rental fees and other charges for use of the District facilities. Board action P-69

General Manager Recommendation: Take public comment, deliberate, and approve the increase to fees for use of District Facilities.

- e. The Board will receive a report from the Parks Building Committee on a Measure WW Grant application for the Kensington Community Center facility improvements. P-76

General Manager Recommendation: Take public comment, and receive the report on the

Measure WW Grant application for the Kensington Community Center facility improvements.

- f. The Board will consider increasing the FY 15/16 budget, in order to increase the Annual Required Contributions (ARC) for Retiree Health Liabilities. Board action. P-77

General Manager Recommendation: Take public comment, deliberate, and provide the Interim General Manager with direction.

- g. The Board will receive a report on negotiations with Conterra Ultra Broadband to authorize Conterra to construct, operate and maintain an underground conduit under Kensington Park Road to provide broadband services to Kensington Hilltop Elementary School. Informational item. P-81
- h. The Board will receive a report from the Finance Committee about forming a sub-committee comprised on five members of the Finance Committee to develop a Budget Reserve Policy. Informational item. P-82
- i. The Board will consider approving proposed Resolution 2016-04 of the Kensington Police Protection and Community Services District, showing support for the study of the formation of a countywide community choice aggregation (CCA) entity and inclusion of stockholders from unincorporated communities in the county's future CCA formation planning. Board Action. P-96

General Manager Recommendation: Take public comment, deliberate, and provide the Interim General Manager with direction.

10. ADJOURNMENT: Next meeting is scheduled for March 10, 2016 at 1930 hours.

General Information-Accessible Public Meetings

NOTE:UPON REQUEST THE KENSINGTON POLICE PROTECTION AND COMMUNITY SERVICES DISTRICT WILL PROVIDE WRITTEN AGENDA MATERIALS IN APPROPRIATE ALTERNATIVE FORMATS, OR DISABILITY-RELATED MODIFICATION OR DISABILITIES TO PARTICIPATE IN PUBLIC MEETINGS. PLEASE SEND A WRITTEN REQUEST, INCLUDING YOUR NAME, MAILING ADDRESS,PHONE NUMBER AND A BRIEF DESCRIPTION OF THE REQUESTED MATERIALS AND PREFERRED ALTERNATIVE FORMAT OR AUXILARY AID OR SERVICE AT LEAST 2 DAYS BEFORE THE MEETING. REQUESTS SHOULD BE SENT TO:

Interim General Manager Kevin. E. Hart, Kensington Police Protection & Community Services District, 217 Arlington Ave, Kensington, CA 94707. POSTED: Public Safety Building-Colusa Food-Library-Arlington Kiosk- and at www.kensingtoncalifornia.org.

Complete agenda packets are available at the Public Safety Building and the Library.

All public records that relate to an open session item of a meeting of the Kensington Police Protection & Community Services District that are distributed to a majority of the Board less than 72 hours before the meeting, excluding records that are exempt from disclosure pursuant to the California Public Records Act, will be available for inspection at the **District offices, 217 Arlington Ave, Kensington, CA 94707** at the same time that those records are distributed or made available to a majority of the Board.

The deadline for agenda items to be included in the Board packet for the regular monthly meeting is the Wednesday before the regular scheduled Thursday meeting the following week.

These are draft minutes. Once approved by the Board, the minutes will be posted on the District website, under the dropdown menu "Approved Minutes."

Meeting Minutes for 1/14/16

A Special Meeting (Closed Session) of the Board of Directors of the Kensington Police Protection and Community Services District was held Thursday, January 14, 2016, at 6:30 P.M., at the Community Center, 59 Arlington Ave., Kensington, California. The Regular meeting of the Board of Directors followed.

ATTENDEES

<u>Elected Members</u>	<u>Speakers/Presenters</u>
Len Welsh, President	Randy Riddell, Renne Sloan Holtzman Sakai LLP
Rachelle Sherris-Watt, Vice President	Adam Benson, Renne Sloan Holtzman Sakai LLP
Chuck Toombs, Director	John Holtzman, Renne Sloan Holtzman Sakai LLP
Patricia Gillette, Director	Deborah Russell, CPA
Vanessa Cordova, Director	Mabry Benson
	Gloria Morrison
	David Spath
<u>Staff Members</u>	Karl Kruger
Interim GM/COP Kevin Hart	Jim Watt
Sgt. Hui (on duty)	Ron Weiselman
Lynn Wolter, District Administrator	Linda Lipscomb
	Catherine de Neergaard
<u>Press</u>	Leonard Schwartzburd
	Steve Bates
	Lisa Caronna
	Celia Concus
	David Bergen

President Welsh called the meeting to order at 6:32 P.M. President Welsh, Vice President Sherris-Watt, Director Toombs, Director Cordova, Director Gillette, Interim GM/COP Hart, and District Administrator Wolter were present.

PUBLIC COMMENTS

Mabry Benson said she wanted the labor negotiators to hear what she had to say about the MOU and about possible extension of contracts with present or future General Managers or Chiefs of Police. (Jonathan Holtzman and Adam Benson came into the room). She said nothing in the contracts should prevent police services from being provided in any manner the Board sees fit. She said that the previous MOU allowed the Board to dismiss officers and that the Board should retain that power.

CLOSED SESSION

The Board entered into Closed Session at 6:35.

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- a. Conference with Labor Negotiators (Government Code Section 54957.6) Agency designated representative: Jonathan Holtzman, Renne Sloan Holtzman Sakai LLP. Employee organization: Kensington Police Officers Association. The Board was to receive an update in contract negotiations.
- b. Public Employee Performance Evaluation (Government Code Section 54957(b)) Title: Interim General Manager/Chief of Police.

The Board returned to Open Session at 7:40 P.M.

President Welsh took roll call. Vice President Sherris-Watt, Director Toombs, Director Gillette, Director Cordova, and President Welsh were present.

President Welsh reported that the Board

- Had considered only Item a.
- Had been briefed by its representatives and had given guidance.
- Would return to Closed Session at the end of the Open Session

PUBLIC COMMENTS

Linda Lipscomb said that Richard "Tony" Lloyd had passed away on December 24th. She said he had been a KPPCSD Director, serving the same four years on the Board as she and that he had served with Directors Toombs and Gillette and Director Welsh, as well. She said that she, Tony, and Paul Dorroh had campaigned together. She said that he had "shown up" – serving in leadership positions – that he had spoken up for what he thought was right and fair and that he had kept calm – never raising his voice or showing disrespect during discussions. She noted that, among his many accomplishments, he had served as President of the Board and had been Chairman of the committees to which he had been assigned and that he had fulfilled his commitment to the community, despite having serious health problems. She concluded by saying that volunteers like Tony were "where the rubber meets the road with democracy" and that she was happy to have served with him.

Ms. Delk thanked the Board and staff for improvements that had been made to the way minutes were amended and posted. She noted that there were no minutes posted under the website's new Approved Minutes tab for January, May, June, July, September, and October of the prior year and that they did not appear under this tab because they had been approved without amendments. She asked that a notation appear on the new tab, if these minutes were to be found elsewhere. She asked that the pages of the minutes be numbered separately, in addition to being hand-numbered as part of each Board Packet.

Ms. Delk also commented upon the Policy Manual's section pertaining to Public Complaints. She said greater clarity was needed with respect to complaints made by members of the public against the Board of Directors and that a new section was needed for complaints against the General Manager/Chief of Police. Ms. Delk handed out a copy of her comments and this document is included, under correspondence, in the February Board Packet.

Leonard Schwartzburd read the oath he had taken when he was sworn into the CERT Program. He noted this was the same oath taken by the IGM/COP and each member of the Board. He summarized the reasons why President Welsh and Director Toombs had violated their oaths:

- Preventing members of the public from being able to express themselves freely at meetings.
- Intimidating bullying.
- Cooperating in a cover up of dishonest falsification of the minutes of ten months earlier.
- Making untrue statements.

Dr. Schwartzburd said IGM/COP Hart violated his oath by:

- Cooperating with the attempted cover up of the dishonest falsification of the minutes.

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- The manner in which he responded to Dr. Schwartzburd's complaint of a dishonest and false police report.

Dr. Schwartzburd concluded by saying that he was angry that President Welsh, Director Toombs, and IGM/COP Hart had proven that they were not public servants who were there to serve the public. Dr. Schwartzburd handed out a copy of his comments, and this document is included, under correspondence, in the February Board Packet.

Gloria Morrison thanked IGM/COP Hart for his extensive explanation of his recent investigations. She said it didn't make her happy that there was an individual who continued to embarrass Kensington. She said she didn't like to think Kensington had become a place where mistakes couldn't be made without them being considered to be part of a plot or something sinister.

Ms. Morrison said she had questions about the status of Director Cordova's accusation of harassment. IGM/COP Hart responded that the investigation was still pending; the investigator was still working on it. President Welsh added that IGM/COP Hart had asked the Richmond Police Department to conduct the investigation. IGM/COP Hart said he anticipated that the investigation would be completed by the end of the first week of February.

Ms. Morrison asked about the status the Policy and Procedures Manual, noting that there had been a committee that had done a lot of work on this. President Welsh responded that he would be making an appointment of a Board Coordinator for this and said he thought that person would be making a report soon. Ms. Morrison said she would hate for all the previous work to have been for no purpose.

Mabry Benson repeated the comments she had made prior to the Closed Session: With respect to the MOU being negotiated with the police officers and the possible contracts with GMs and COPs, nothing in them should prevent the District from providing police service in any manner it saw fit. She said that the prior MOU provided that the Board could dismiss officers and that the Board should retain that power.

Ms. Benson said she wanted to thank staff on the draft minutes because they now had the watermark of "draft" written on them. She also thanked IGM/COP Hart for mentioning his 100-Day Plan in his General Manager's Report and for reporting that he was working on it. Regarding IGM/COP Hart's mention of the internal investigations, she said that while some residents were happy with the police officers, some residents had complaints about actions of some of the officers. She said that, as long as the GM and COP positions were combined there would be problems. She said the process for filling the GM/COP position, or of these as separate positions, needed to get started. She said that the Board needed to establish a process for this and asked if the Board would do nothing until after it received the findings of the Ad Hoc Committee, which she said likely would not happen until July. She noted that the Board likely would need to extend IGM/COP Hart's contract in March since an alternative had not been discussed. She then asked if IGM/COP Hart would continue with more extensions. She said that there would need to be an interview process for the permanent employee or employees, with the positions formally advertised and that a firm should be hired to assist with that process. She said that, given the amount of time the process would likely take, the Board should have begun earlier.

Ms. Benson said that she had spoken with Charles Reichmann, of the Ad Hoc Committee, about contracting out and said that he was reluctant to proceed with working on this without Board approval allowing him to contact possible agencies.

Jim Watt said the current economic climate could create economic hardships for the District. He said that, based on information he had received from CalPERS and on declines in equities since the start of the year, CalPERS performance for the fiscal year-to-date was a negative 12%. He said this meant that the District's \$8.3 million invested in CalPERS pension fund was worth about \$7 million. He said it was unlikely that CalPERS would be able to change this negative into its target return of 7.5%. He said that a miss of 5% on CalPERS's returns would translate into an additional \$15,000 contribution on the part of taxpayers to fund officers' pensions and that a negative 12% return would translate into an additional

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annual contribution of \$140,000. He concluded by saying that, given the generous compensation packages – based on the compensation study he had prepared, the District was not looking out for the long-term protection of the taxpayer.

Lisa Caronna reported on the Kensington Improvement Club's (KIC) recent work:

- Hired the arborists of Brende & Lamb to prune the oak tree in the Colusa Circle, which was then lit with holiday lights by local merchants.
- Pathway cleanups – special thanks to Gretchen Gillfillan, with an upcoming cleanup of upper Ardmore Path on February 6th.
- Work with the County gardener – thanks to Lorraine Osmundson, with weeding and enhancements being done on the Arlington Avenue medians using landscape and lighting tax dollars.
- Coordinating with Kensington Property Owners' Association (KPOA) in identifying a process for undergrounding utilities, with a workshop to be scheduled for sometime in the spring.

President Welsh thanked Ms. Caronna for the work being done by the KIC and other K-Groups.

Catherine de Neergaard thanked Jim Watt and Mabry Benson for their comments. She reported that there is a new Kensington group – the Kensington Green Group, for all things green and sustainable. She said there would be a meeting at Gayle Tapscott's home at 7:00 PM, on the 20th. She reported that there would be several speakers discussing community choice energy – neighborhood energy as an alternative to PG&E to reduce the carbon footprint.

Steve Bates reported there had recently been another water main break on Arlington Avenue that caused flooding in at least two homes. He said his three homes had been flooded by a break in 2012, at which time he had learned that EBMUD paid only a fraction of every dollar for damage caused. He said he was working to compile a list of recent water main breaks in order to get a group together to approach EBMUD. He noted that EBMUD's policy was to repair, not to inspect and maintain – even though it knows its pipes are aging and likely to continue breaking. President Welsh concurred that the community was having lots of water main breaks, said he wanted to talk to the District's attorneys to see what action could be taken, and thanked Mr. Bates for bringing the matter to the community's attention. IGM/COP Hart added that Mr. Bates was doing his own research, that he had met with Mr. Bates, and that he wanted to meet with him again to ensure a united front in moving forward with EBMUD.

Celia Concus said she had been asking for consistency in the way crime statistics were included. She said that sometimes there is a Watch Commander's Report and sometimes the information is just included. Sometimes the Watch Commander's identified and other times it's identified as a Sergeant's report, with no identification who the officer is. She said she wanted to know who was working and when. She said that, specifically, she wanted to know who had been working in October, when Director Cordova had been pulled over in Berkeley. She asked if there was a response to that. IGM/COP Hart responded that he was working to develop consistency. He noted that, for the prior two months – due to a problem with Richmond Police Department's system, all statistics had had to be done by hand. IGM/COP Hart invited Ms. Concus to come by his office to discuss her concerns. President Welsh added that he understood her concern to be that of consistent format and encouraged her to take IGM/COP Hart up on his offer of a meeting.

David Bergen said he wanted the website documents to be in text format instead of PDF format. He added that he wanted the documents to be text-readable. Vice President Sherris-Watt added that she and IGM/COP Hart were interested in making improvements to the website.

Chris Hall said he wanted the Ad Hoc Committee to hurry along the separation of the GM/COP position for Chief Hart's sake and everyone else's. President Welsh responded that he didn't know what the Ad Hoc Committee's schedule was. Mr. Hall suggested that the Committee provide an update. Mr. Hall asked President Welsh to repeat what he reported out at the end of the Closed Session. President Welsh responded that he had reported that the Board had met with its labor negotiators, the Board had been

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given certain information, and the Board gave the negotiators some advice. President Welsh clarified that this had to do with the MOU and that the negotiators worked for the District.

Ron Weisman questioned how an MOU could be negotiated when the District didn't know how much money it had. President Welsh responded that the District did know how much money it had. He said that work was being done on figuring out the District's future pension and healthcare obligations. He added that this was being reviewed at Finance Committee meetings.

BOARD COMMENTS

Vice President Sherris-Watt reported that the Park Buildings Committee's January 20th meeting date had been changed to January 27th at 7:00 PM and that a Community Center pump had been replaced the prior week. She also noted that work had begun on the reservoir and, as a result, there were lots of trucks in the area; she encouraged people to drive with caution in the area.

Director Gillette said she echoed the comments made about Tony Lloyd by Linda Lipscomb. She said his passing was a loss to the community, and he had donated his time here and elsewhere for a number of various organizations.

President Welsh said he would miss Tony Lloyd; he had been warm and accessible to President Welsh when he had first joined the Board. He added that he and Director Toombs had written a piece for the February Outlook. He asked Director Toombs to read the article.

Director Toombs said that Outlook Editor, Linnea Due, had asked President Welsh and himself to write the piece. He read the eulogy, which cited that Mr. Lloyd had passed away on December 24th from complications due to longstanding health issues. He noted that Tony had been born in Detroit in 1949; had met his wife, Carol, at Michigan Bell; moved to California in 1976; spent his career at Pacific Bell/AT&T; was an accomplished musician, vocalist, founding member of the Blues Daddies and member of Cantare Con Vivo; visited families at Christmastime to convince their children that Santa was outside their windows; served as Moderator at the Arlington Community Church and as a board member of the Kensington Community Council; served as a KPPCSD Director from 2010 – 2014, serving as Vice President and President during some difficult years; was a devoted husband and father of two daughters; and was positive and constructive. Director Toombs added that donations in Tony's name could be made to Cantare Con Vivo or Arlington Community Church. He concluded by announcing that a memorial service would be held January 29th at 2:00 PM at the Arlington Community Church and that he would miss Tony.

President Welsh said that a couple of people had asked what the Board was doing about the IGM/COP's contract, which would be ending soon. He said there would be a Closed Session, following the Open Session, to address the matter.

STAFF COMMENTS

GM/COP Hart reported:

- For the past few months he had been working to resolve a longstanding feud between two neighbors, over cars parked for longer than 72 hours. He noted that members of the Board had received correspondence regarding this matter.
- He was working to organize a Goals and Objectives Workshop for 2016. He said he wanted to clarify the Board's intention about the facilitator – was it the Board's intention that he return with three proposals, or was it the Board's intention that he select the facilitator in order to move things along quickly.

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Director Cordova responded that she thought IGM/COP Hart was to select the date only. She said she wanted to see a handful of consultants specializing in this type of work. She suggested Public Law Group as a resource. She didn't want the IGM/COP to unilaterally pick the facilitator. Vice President Sherris-Watt noted that the Fire District had done this type of strategic planning and that she was comfortable with IGM/COP Hart selecting a facilitator. President Welsh said he thought things had been clear in the minutes of the last meeting and he asked if Director Cordova had had a chance to review those minutes. Director Cordova said she might have misunderstood. She said she wanted to see scope and cost information as well as information about who might be available to perform the work. IGM/COP Hart said that he wasn't opposed to providing the information and that time was of the essence. Director Cordova said she would look at the proposed candidates. IGM/COP Hart responded that the minutes indicated the direction in which he was to go, but that, if the Board wanted to go in a different direction, he served Board.

Randy Riddle noted that, if the Board wanted to go in a different direction, it would need to be on the agenda. Vice President Sherris-Watt said she would be comfortable with IGM/COP Hart identifying a couple of suggestions and Director Cordova reviewing them. Director Gillette said that the Board had hired the IGM/COP to make certain decisions for the Board and that the Board could be stalled forever in trying to get to perfect. She concluded by saying that the Board should stick with the decision it had made at the prior Board meeting. President Welsh noted that a decision had already been made and he didn't want to change it. He said the Chief needed to work to find a date and then move forward.

IGM/COP Hart confirmed that had direction.

IGM/COP Hart asked District Administrator Wolter to report on recent changes made to the minutes to make them more user friendly. District Administrator Wolter reported that minutes contained in Board Packets had always been draft minutes; but, in order to make it more obvious that these minutes were draft minutes, she had added a "Draft" watermark to them. She noted that a header had been added to the minutes, indicating that approved minutes, whether approved as prepared or approved as amended, would appear on the District website, under the tab "Approved Minutes." Director Toombs responded that the minutes looked really nice.

President Welsh asked what changes would be made, with respect to amending minutes. Randy Riddle responded that, going forward, there would be draft minutes and a drop down menu for all approved minutes.

Celia Concus asked if the minutes would continue to be summary minutes or if they would change to action minutes. President Welsh responded that might be on the agenda in the future but that wasn't what was taking place at this point.

Leonard Schwartzburd said it was really important for the public to know what the approved minutes are. He said that, if the draft minutes are incorrect, it was incumbent upon everyone to present what had actually been approved so that it would be obvious. He said the draft minutes weren't the final minutes and that the final minutes should be most available to the public.

Ron Weisman asked that changes be highlighted in amended minutes so readers would know what had been changed. President Welsh asked Randy Riddle to discuss what was standard practice, with respect to minutes, and noted that the District had limited staff with limited time. Mr. Riddle responded that the approach the District would now be taking would be consistent with general practice. President Welsh asked if there was a problem with highlighting changes, especially in light of the fact that there weren't very many changes. IGM/COP Hart responded that changes were already being highlighted in yellow in the approved minutes, so that readers would know, when reading the approved minutes, what changes had been made.

In consideration of CPA Deborah Russell's and consultant Adam Benson's attendance, the Board proceeded to Item 9h.

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9h. The Board received the Draft Actuarial Study of Retiree Health Liabilities as of July 1, 2015. The report had been prepared by Total Compensation Systems, Inc.

IGM/COP Hart reported that the Actuarial Study was a legal requirement, that a study had to be done every two years, and that the District had worked with Total Compensation Systems for several years. He noted that Mr. Benson and members of the public had spoken with the actuary. He said the Finance Committee had reviewed the report on December 17th, at which time a motion had been made to move the report forward for the Board's consideration. He introduced Ms. Russell and Mr. Benson, who summarized the work that had been completed.

Ms. Russell said she had completed some work that had been requested and she distributed copies of her work. She said one of the questions that had arisen had to do with the number of active and retired members. She said she had prepared a recap, which matched the budget. She said the actuary had been given one retiree too many and that, at the time of the report's preparation, there had been nine active members, which was what the actuary had used. Ms. Russell had prepared a schedule, by age group and by active or retired category, and the type of plan in which the members were enrolled. She said the second page of her summary showed the premiums being paid for the members. She said the budget reflected real numbers.

Mr. Benson said he had reviewed the actuarial report. He noted that the Finance Committee had raised some questions about some of the assumptions but that, without answering those specific questions, the report, as prepared, satisfied the District's legal obligation. He added that nothing prohibited the District from contributing more than the ARC (Annual Required Contribution) to the OPEB Trust. He said actuaries had some discretion in making assumptions but that modifying those assumptions would affect the result, negatively or positively.

IGM/COP Hart reported much had been said about the trend rate. Ms. Russell responded that the actuary stood by his rate of 4%. She added that some in the community had questioned that rate but that the District had hired a professional who had been approved and who, even after having been approached by members of the community, stood by that rate. Mr. Benson said a 4% medical trend rate was a little on the low side, if looking over a short period of time. He noted that CalPERS rate declined by 3.8% in 2015 but went up by about 4.5% in 2016. IGM/COP responded that the actuarial report covered a 24-year period of time and that this drove the actuary determining a 4% trend rate. Discussion ensued about the range of medical trend rates used by various actuaries, with Mr. Benson concluding that a 4% trend rate was not as conservative as he would like to see.

Mr. Benson discussed the discount rate. He noted that the District had a little over \$600,000 in the trust, invested in one of CalPERS' three CERBT portfolios, with each of the three portfolios having a different target rate of return. He said the actuary had used a 7% discount rate, that using this rate was pretty consistent, and that he didn't think the District needed to lower that rate.

IGM/COP asked if Mr. Benson and Ms. Russell were comfortable with the actuarial report. They responded in the affirmative.

President Welsh noted that Mr. Benson had raised the issue of the medical trend rate being on the low side and, as a result, the Board might want to consider contributing more to the OPEB Trust. Mr. Benson responded that, if the market declined, newly added money would likely decline in value. Ms. Russell added that, if extra were to be contributed, it would be a cash transaction involving the moving of cash from savings to the trust but that the transaction wouldn't affect the District's income statement.

Jim Watt said he was opposed to the Board approving the actuarial study and handed out a document he had prepared. He said the vote of the Finance Committee, recommending that the Board accept the Study as prepared, had been eight to one, with himself as the dissenting vote. He said that he was opposed to the Board's accepting the report as prepared; instead, he wanted the Board to ask Mr. Benson to prepare some alternatives: a 5% medical trend and a 6% discount rate. He said that the Board should approve a report based on reasonable assumptions and accurate data and that it needed to

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approve a report that would ensure that adequate money would be available for the officers' medical costs upon their retirements. He summarized his rationale for using different rates than those used by the actuary. He also said he disagreed with the mortality assumptions made by the actuary and said that the actuary had failed to include the implied subsidy, which he said would increase the amount that the District would need to contribute.

Mr. Watt concluded by recommending that the District contract for a new actuarial report by either Bartle Associates, the District's former actuarial firm, or by Nicolay Consulting, which prepares actuarial reports for the Fire District. He added that a report prepared by Bartle would cost about \$8,500 and one prepared by Nicolay would cost about \$4,000.

At 9:21, the Board took a break in Item 9h and moved to Item 9b.

9b. The Board received a presentation from the Interim General Manager, who recognized the 2015 Kensington Police Department Citizen's Academy participants for their contributions to the community.

IGM/COP Hart said voluntarism was unique to Kensington. He read the memo he had prepared that summarized topics the Citizen's Academy had covered. He said he had commissioned challenge coins for the Kensington Police Department, gave a history of challenge coins, and then presented coins to each of the Directors and to each of those who had participated in the Academy. Academy graduate participants were: Bill Benson, Mabry Benson, David Garfin, Susan Garfin, Katie Gluck, Peter Liddell, Gretchen Gillfillan, Jim Watt, and S.D.

Mabry Benson and Susan Garfin encouraged others to attend the Citizens' Academy.

IGM/COP Hart also recognized Officer Wilkens for organizing the Citizens' Academy and presented her with a challenge coin – the first member of the Kensington Police Department to have received one.

President Welsh thanked all those who had participated in the Citizens' Academy.

At 9:34 the President Welsh entertained a motion to extend the meeting.

MOTION: Director Toombs moved, and President Welsh seconded, that the meeting go beyond 10:00 PM.

Motion passed: 5 – 0.

AYES: Welsh, Gillette, Toombs, Sherris-Watt, Cordova NOES: 0 ABSENT:

The Board resumed discussion of Item 9h.

Paul Dorroh reiterated that the Finance Committee's vote to recommend Board approval of the actuarial study had been eight to one and explained why he had voted in the affirmative in light of Mr. Watt's extensive presentation. He said it was a legal requirement to determine an amount that the District would record as an expense and that the amount had to come from an actuarial study. He said he had more than 24 years of experience in the insurance business and that he had reviewed many actuarial reports during that time. He said that, based on his experience, the number prepared by the actuary might not be wrong. He noted that actuaries were almost always wrong because they were in the business of predicting the future – which nobody can do. He said that, while there might be discrepancies among various actuaries, he urged the Board not to get a new actuarial study. Instead, he recommended waiting to have a new report prepared in two years and, in the meantime, possibly interviewing different actuarial firms.

Director Gillette thanked Mr. Watt for his research and Mr. Dorroh for his explanation. She said she thought Mr. Dorroh's comments were appropriate, in that the District had paid for the report. She added that the District had the option of contributing more than the actuary recommended and that the Board

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should consider this. She asked Marilyn Stollon and Mr. Watt not to attribute bad motive or intent to people trying to do their jobs – whether the actuary or one of the people in the District. She said Mr. Watt had raised sufficient cause for the District to consider whether this was the right actuary for the District.

Vice President Sherris-Watt said the District had just completed its three-year contract with this company. She noted that the mathematics of the report were correct but the premise was incorrect. She said she was uncomfortable approving the actuarial report because some of its assumptions were incorrect and its conclusion would impact the budget and other decisions for the next two years. She asked Randy Riddle what the Board's legal obligation was. Ms. Russell responded that, if the District opted to request another actuarial report, the District would need those numbers by March or April for purposes of preparing the budget. Director Gillette asked if the District could ask for a new actuarial report next year. IGM/COP Hart responded in the affirmative but added there would be a cost associated with it. Vice President Sherris-Watt asked, if there were new numbers in a new MOU, might that be a good time to prepare a new actuarial study. Director Gillette said she didn't want to jump to conclusions; this had been recommended by the Finance Committee, with eight of nine members voting in the affirmative. Vice President Sherris-Watt responded that she had done her due diligence and spoken with other actuaries and that she would be happy to write up a report for the Board's next agenda.

President Welsh said he wanted to hear what Fire Board Director, Larry Nagel, had to say. Mr. Nagel reported that, at the prior night's Fire District meeting, the Fire Board had reviewed an actuarial report prepared by Nicolay, which used a more conservative set of assumptions. He said he appreciated the fact that some of the KPPCSD Directors were concerned about the report they had received. He said the Nicolay report came back with a 13% increase in the amount of money the Fire District should set aside for medical costs for its retirees. He noted that the Fire District had nowhere near as many retirees and no active members. He said that, the prior night, they had gone from a position of being \$200,000 over funded, to one of \$26,000 underfunded. He said what had contributed to the change was that people were living longer.

President Welsh asked Randy Riddle if the actuarial report failed to meet the GASB legal requirements. Mr. Riddle responded that this wasn't his area of expertise. Mr. Benson responded that the actuary was certified and so met the requirement. President Welsh said he didn't see any benefit to obtaining another report. Mr. Benson added that the District's minimum requirement was the pay-as-you-go amount.

Jim Watt noted that Total Compensation Systems actuary had decreased the recommended ARC between his report of two years earlier and his current report and said he found this unintelligible. President Welsh responded that he wasn't in favor of spending more money for another actuarial report, adding that the Board could always contribute more than the recommended amount.

Vice President Sherris-Watt said she thought the report was faulty, and she wanted what was best for Kensington. Director Cordova added that the Directors, as fiduciaries, had a legal responsibility to adopt an actuarial report and an even greater one to adopt a report in which they had confidence. She said the report had failed to include the implied subsidy and more current mortality information, and it contained incorrect employee counts. She asked that the item be continued, with Mr. Benson seeing what he could come up with as an estimate. She added that, if the Board voted on the item that night, she would be a "no" vote.

Director Gillette asked if the District could ask the actuary come to explain his report. The response was in the negative.

Ron Weisman asked that the Board put aside more money.

Celia Concus noted that \$6,500 had been budgeted for recruiting but had not been spent. She said that, when IGM/COP Hart had decided he needed health insurance, the Board just voted for it – no one

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complained that the District didn't have the money. She concluded by saying the District needed to be financially responsible.

President Welsh called for the question.

MOTION: Director Toombs moved, and Director Gillette seconded, that the Board accept the report as presented, with the caveat added by Director Gillette that the Board would revisit and consider adding more than the recommended amount to the account.
Motion passed 3 – 2.

AYES: Welsh, Gillette, Toombs NOES: Sherris-Watt, Cordova ABSENT:

Upon the motion having been made and seconded, Gloria Morrison added that the Finance Committee had said it wanted to do what had been added as the caveat and said she supported Director Toombs' motion.

President Welsh asked if it would make sense to have a new actuarial report. Director Toombs responded he, Mr. Benson, President Welsh, and IGM/COP Hart had a conversation on December 30th about these issues. One of the recommendations they had made was to have the actuary re-run some numbers and then have orders of magnitude done by Mr. Benson. He said that Mr. Benson had done reports of orders of magnitude and cost and that they weren't anywhere near as bad as people had thought; but they still had not asked the actuary to run new numbers with different assumptions. He said that, under these circumstances, it seemed premature to have a new actuarial report done. He added that what had been discussed at the Finance Committee had been to run new numbers with different medical trend rates and discount rates, see what the numbers looked like, and have Mr. Benson prepare an order of magnitude report. President Welsh responded that preparing a new actuarial report could be tabled, pending the discussion at the next Finance Committee meeting.

6. Update from Ad Hoc Committee on Governance

David Spath reported that there had been a meeting the prior week and that work plans and suggested timelines had been received for all but one of the three tasks: Rick Artis had been injured and so had been unable to submit his work but would be doing so shortly. Dr. Spath said the groups had indicated that they likely would complete their work by June.

Dr. Spath reported there was some difficulty associated with obtaining information on contracting out: The committee would need Board authorization to contact and engage in discussions about costs of service with other agencies. President Welsh responded that he didn't see any difficulty with that.

President Welsh asked if the Committee was taking into consideration transition costs that the District would bear if it were to contract out for services, noting that he had heard these could be very costly. He asked if the Committee planned to go to a fiscal expert to determine what the cost of transition would be – in addition to the contract costs. Dr. Spath responded that this was something the Committee would need to look at. President Welsh noted that the District had its own OPEB and CalPERS obligations and said that his understanding was that these wouldn't go away: The District would owe a bill if it were to make a transition to contracting out for police services. He said this suggested that conversations would need to be had with CalPERS and a financial consultant. Dr. Spath responded that a good place to start might be to ask the Fire District what its transition costs had been when it contracted out for service. Dr. Spath added that there would be obligations with respect to retirees and that, if the current officers weren't hired by the contracting agency, there would be an added cost there as well. President Welsh suggested that Mr. Benson might be able to assist with this issue. Director Gillette responded that she thought it would not be a good idea to rely on twenty-year-old information from the Fire District, with respect to transition costs. President Welsh clarified that, in addition to the cost for contracted service, there would be a cost associated with getting out of the District's current structure of providing its own service.

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Vice President Sherris-Watt said there likely would be hidden costs and surprises with any of the options being considered. Director Gillette responded that she didn't think this was a hidden cost: it's a very real cost.

Mabry Benson said the concerns were very real but that the Board was asking a lot of a volunteer committee for whom this was not an area of expertise. President Welsh clarified that he thought a consultant would be needed to identify such costs. Dr. Spath responded that the Committee was still in its beginning stages and was just beginning to identify where it might need consultants.

Randy Riddle asked for clarification of what the Committee was seeking from the Board. President Welsh responded that it was seeking a letter giving members of the Committee permission to engage in dialog with different jurisdictions about what the costs might be if the District were to contract out for services. Mr. Riddle responded that this was within the scope of the Committee's charge from the Board and that, if President Welsh wanted to sign a letter memorializing this, it would be fine. President Welsh asked Dr. Spath to prepare a draft letter. Director Cordova asked for confirmation that Mr. Riddle would review the letter before President Welsh signed it. President Welsh responded in the affirmative.

Dr. Spath reported that each of the subcommittees would be providing updates at the Committee's meetings. He said members of the public were welcome to attend the Committee's meetings and to submit documents and letters. Director Cordova complimented Dr. Spath on the job he was doing as the Committee's Chairman.

Dr. Spath announced there would be a Community Forum on January 23rd, with coffee being served a 9:30 and the forum going from 10:00 until noon.

Ron Weisman said, if the Ad Hoc Committee wouldn't be completing its work until June, it wouldn't be in time for the ballot. He said no one was talking about getting rid of the Dorroh amendment and that this prohibited the splitting of the GM/COP position. Dr. Spath responded that the Committee's role was to present findings of fact. President Welsh noted that Mr. Riddle had given an opinion that the Dorroh initiative wasn't lawful. Dr. Spath clarified that the Dorroh document had to do with contracting out for services.

IGM/COP Hart said he had received documents that individuals had asked to have posted on the Ad Hoc Committee's section of the website. He said he wanted to ensure that the Board wanted this to occur. Dr. Spath clarified that there were documents that the Committee had received from the public on issues relevant to the Committee's work. IGM/COP Hart clarified that the Board would not see these until they had been posted online. Director Gillette responded that this would give undue importance to those documents and that she foresaw judgment calls that could prove troublesome. She said that, on the other hand, she wasn't sure it really mattered, given she wasn't sure how many people would look at them. Director Toombs said that the Committee should look at the good and the bad, synthesize it, and then let the Board know what was critically relevant.

Steve Bates said he had concerns about contracting out: How much influence would Kensington have over what kind of police service it would have. He said this was very different from fire service. He said he was concerned that an oppressive culture could result. He asked if the Board would be looking at the kind of service the community would be receiving, if it were to contract out. Dr. Spath responded that these points were well taken and that the Committee would be meeting with jurisdictions that had contracts with the Sheriff's Department to discuss issues such as these. He added that a couple of jurisdictions had terminated their service contracts with the Sheriff's Department. Vice President Sherris-Watt noted that UC Berkeley contracted out for service: bomb disposal. Dr. Spath responded that contracting out for bomb disposal service was different from contracting out for community policing.

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Randy Riddle said, with respect to the documents that would be posted, he would like to talk to Dr. Spath off-line; noting that the District would need to be careful about personal identifiers on the documents and that there should be some criteria about what goes up and what doesn't.

- 9a. Director Cordova appointed an alternative member to the Ad Hoc Committee on Governance to replace Miki Tal, who had recently resigned.

Director Cordova announced that Miki Tal had tendered her resignation and thanked Ms. Tal for her service. Director Cordova recommended that the Board appoint Mabry Benson to the Committee. She introduced Mabry Benson and said Ms. Benson had been attending all of the Ad Hoc Committee's meetings.

**MOTION: Director Cordova moved, and President Welsh seconded, that the Board appoint Mabry Benson to the Ad Hoc Committee on Governance.
Motion passed 5 – 0.**

AYES: Welsh, Gillette, Toombs, Sherris-Watt, Cordova NOES: 0 ABSENT:

At 10:31 the Board took a five-minute break.

CONSENT CALENDAR

President Welsh asked if anyone wanted to pull an item from the Consent Calendar.

Director Toombs said that he was interesting in the interim financial report, but the Board would be discussing this item later in the agenda.

**MOTION: Vice President Sherris-Watt moved, and President Welsh seconded, adoption of the Consent Calendar.
Motion passed: 5 – 0.**

AYES: Welsh, Gillette, Toombs, Sherris-Watt, Cordova NOES: 0 ABSENT:

President Welsh and IGM/COP Hart clarified that the presence of the Police Fees Resolution on the Consent Calendar constituted its second reading.

- 9c. General Counsel presentation on legal opinion regarding the ability of the same individual to hold the position of General Manager and Chief of Police.

Randy Riddle reported that he had been asked to issue an opinion about whether it was unlawful for the District to have the same individual serve as General Manager and Chief of Police. He said a perspective to be considered was whether it was unlawful for the District to have consolidated the duties of the two positions: The Board had made the determination that it wanted the same individual to perform these duties. Mr. Riddle reviewed his December 8, 2015 Memorandum in which he concluded:

- Community Service District Law does not limit the District from assigning its General Manager the additional title and duties of Chief of Police.
- Having a single person serve as both GM and COP would not violate the doctrine of incompatible offices.
- The above were consistent with the opinion of the District's prior counsel.

He said he had a high degree of confidence that, if a court were to consider this issue, this was the conclusion it would reach.

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David Bergen read comments that had been prepared by Marilyn Stollon, which stated that she thought that having one person serve in both capacities constituted a conflict of interest and that the community would continue to have ongoing legal suits as long as it continued to have a combined GM/COP position. A copy of Ms. Stollon's comments is included in the February Board Packet, under Correspondence.

President Welsh clarified that there was a difference between the legal opinion and what the Board might choose to do – as a business decision – and said that the Ad Hoc Committee would be addressing this issue.

Mr. Riddle said that, as the GM/COP, Mr. Hart would have a single duty: Loyalty to the District.

Dr. Schwartzburd asked if it would be legal for a Special District to have one person serve as Fire Chief and General Manager. Mr. Riddle responded that he hadn't looked into this, with respect to Special Districts.

9d. The Board received a presentation from the Interim General Manager/Chief of Police regarding the mid-year 2015/16 review of the budget.

IGM/COP Hart gave a brief overview of the budget. He reported:

- The District had received more revenue than budgeted.
- Police Salaries were approximately \$7,000 lower than budgeted.
- District's net income was \$140,000 ahead of what had been budgeted.
- He expected to be under budget at the end of the year.

IGM/COP Hart thanked District Administrator Wolter for preparing the footnotes, which added a better understanding of the mid-year summary. Director Toombs said that he was impressed by the footnotes and thanked District Administrator Wolter for doing them. Director Toombs asked about Account 449. District Administrator Wolter responded that the District had just received a check from Bay View Refuse, in the amount of \$32,000 that represented the 7% franchise fee. She added that staff would need to review gross receipts to calculate the amount that needed to go to the County. Director Toombs asked if Bay View Refuse was current in what it owed. IGM/COP Hart responded in the affirmative. President Welsh added that Bay View Refuse had apologized for having been late in sending the fees and that they would pay monthly in the future.

9e. The Board received the proposed Resolution 2016-01 of the Kensington Police Protection and Community Services District amending Board policy governing the process for resolving public complaints regarding the General Manager/Chief of Police to provide separate procedure for resolving complaints against the General Manager/Chief of Police, and consider placing the resolution on the February 2016 agenda for approval.

Director Gillette introduced the item, saying that the proposed resolution was intended to provide a short-term fix until there could be a holistic review of the Policy and Procedures Manual. She explained that the way the policy manual was currently written was such that, if someone had a complaint against the GM/COP the individual had to go first to the GM/COP. She said this made no sense and that in order to correct this she had prepared proposed changes to Section 1030 (Public Complaints). Her proposal was that the complainant would, instead, first go to the Board President or to a person designated by the Board President. She noted that outside counsel had reviewed the proposed amendment. She clarified that what this meant was that a member of the Board would determine whether the Board would review the matter, in which case that Board member would have to recuse him or herself from any further involvement – because the Board acts as an appellate in such circumstances. Or, an outside investigator would review the matter. She added that the intent was to have a separate person so there could be an objective evaluation of a complaint.

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David Bergen conveyed information contained in a statement written by Marilyn Stollon, which reiterated that she thought there was a conflict of interest in having one person holding the combined position of General Manager and Chief of Police.

Mabry Benson said she was concerned that having just the Board President or a member of the Board decide what to do about a complaint was not going to be satisfactory because there had been instances where officers had come to the Board and asked to have a problem resolved and the Board just threw it away. She said that there wasn't enough specificity in the language.

Vice President Sherris-Watt thanked Director Gillette for proposing the language. She asked if two Board members might be good.

Director Toombs said he would like "more meat on the bones" to the proposal. He said he wanted to ensure that it would be clear what the Board President would decide and he would prefer to have an outside person conduct any investigation of any alleged complaint against the GM/COP, especially because the Board might need to act as the appellate.

Director Gillette responded that, in a corporate setting, it was typical for complaints against the CEO to be brought to the President of the Board. She said she would be willing to take another look at it and add "more meat" and bring it back. She said she wanted to get something in place sooner rather than later.

Director Cordova said that, if the Board had a policy of a rotating presidency, she would find this more palatable. She said the Board President's powers should stop at running the meetings and making appointments. She added that, given the District's structure, any complaints against the GM/COP should go to a civil review panel. She said she was not willing to cede her fiduciary power. Director Gillette responded that perhaps this could be a rotating ombudsman position of the Board. Director Cordova responded that this was headed in the right direction – that she would like to see this as a rotating position. Director Gillette said she would revamp and come back with something next month.

IGM/COP Hart clarified that this would not constitute a first reading. Rather, there would be another proposal.

- 9f. The Board reviewed proposed Resolution 2016-02 of the Kensington Police Protection and Community Services District amending Board policy governing the preparation of the budget to ensure consistency with state law provisions governing the budget process, and consider placing the resolution on the February 2016 Board agendas for approval.

Randy Riddle presented the item. He noted that there were inconsistencies between state law and the Board's Policy and Procedures Manual and, thus, he had prepared an amended policy, which would be consistent with State law, for the Board to consider. He said there had been a typographical error on the document. It had said both June 1 and July 1. The correct date was July 1. Director Toombs noted another typographical error with respect to an April date and a May one. Mr. Riddle confirmed that the May date was correct. President Welsh asked if this constituted the first reading. IGM/COP Hart confirmed that was correct and that, with a four-fifths vote of the Board at the next meeting, it would be adopted. IGM/COP Hart said there would need to be a motion amending Section 3020.4 of the resolution to read July 1, instead of June 1.

MOTION: Director Gillette moved, and President Welsh seconded, that Section 3020.4 of the Resolution be amended to read "July."

Motion passed 5 – 0.

AYES: Welsh, Gillette, Toombs, Sherris-Watt, Cordova NOES: 0 ABSENT:

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- 9g. Pursuant to Board Policy 4060.1, Board President Len Welsh appointed and publicly announced the members of the standing committees and Board Coordinators for calendar year 2016.

President Welsh announced the following appointments:

Finance Committee

President Welsh would continue as the Chairman, Director Toombs would continue as Vice Chairman, the current Board members (Pat McLaughlin, Gloria Morrison, Elena Caruthers, Karl Kruger, Paul Dorroh, Simon Brafman, Derek Suring, Paula Black, Linda Lipscomb, Jim Watt and Paul Haxo) would continue, and Rob Firmin would be a newly appointed member.

Solid Waste Committee: President Welsh

Emergency Preparedness Committee: Director Toombs as Chairman and President Welsh as Co-Chair

Board Coordinator: President Welsh

Intergovernmental/External Issues: Director Cordova

District Policy and Procedures Manual: Director Gillette

Public Safety Building Board Coordinator: Vice President Sherris-Watt

Park Planning and Recreation: Grounds – President Welsh with current committee members (Katie Gluck, Charli Danielson, Gretchen Gillfillan, Ray Barazza, and Peter Liddell) continuing.

Park Buildings – Vice President Sherris-Watt with current committee members (Ciara Wood, Peter Liddell, Katie Gluck, Jim Watt, Paula Black, Gretchen Gillfillan, and Peter Conrad) continuing with Todd Hodson as a new committee member.

Park Funding – Vice President Sherris-Watt

Community Outreach: Director Gillette

MOTION: Director Gillette moved, and President Welsh seconded, that the Board adjourn back into Closed Session.

Motion passed: 5 – 0.

AYES: Welsh, Gillette, Toombs, Sherris-Watt, Cordova NOES: 0 ABSENT:

The Board adjourned to go back into Closed Session at 11:23 P.M.

The Board entered into Closed Session and then came out of Closed Session at 11:45 P.M. President Welsh announced there was no reportable action.

The meeting was adjourned at 11:45 P.M.

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Len Welsh
KPPCSD Board President

Lynn Wolter
District Administrator

DRAFT

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Meeting Minutes for 1/26/16

A Special Meeting (Closed Session) of the Board of Directors of the Kensington Police Protection and Community Services District was held Tuesday, January 26, 2016, at **10:30 A.M.**, at the Community Center, 59 Arlington Avenue, Kensington, California.

ATTENDEES

<u>Elected Members</u>	<u>Speakers/Presenters</u>
Len Welsh, President	Randy Riddle, Renne Sloan
Rachelle Sherris-Watt, Vice President	John Hotzman, Renne Sloan (by phone)
Patricia Gillette, Director	Celia Concus
Chuck Toombs, Director	Andrew Gutierrez
Vanessa Cordova, Director	John Gaccioni
<u>Staff Members</u>	
IGM/COP Kevin Hart	
Sgt. Hui	
Lynn Wolter, District Administrator	
<u>Press</u>	

President Welsh called the meeting to order at 10:31 A.M. and took roll call. President Welsh, Vice President Sherris-Watt, Director Gillette, Director Toombs, Director Cordova, Interim General Manager and Chief of Police Kevin Hart, and District Administrator Wolter were present.

President Welsh asked that the Board take public comments on the first item only because John Holzman would be joining the Closed Session by phone and had limited available time. President Welsh said he would take public comments for the other Closed Session items upon completing discussion of the first Closed Session item. Director Cordova responded that she objected to this.

PUBLIC COMMENTS

John Gaccioni questioned why the meeting was special and said the special meeting didn't speak very well for the Board. He said a crisis had been created by an inability to do something. He noted the meeting was being held at 10:30 A.M. and there were more Board members than people. He said he didn't really understand what was going on. He said it didn't seem as though it was being administered in an effective way and things were happening that just shouldn't happen. He said it was the job of the Board to be taking care of things but he just didn't see them doing so. He said some of the meetings

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came off as a farce because the Board had the meetings but nothing got done, so then people were forced to come and attend a Special Meeting. He said people had been telling the Board to pay attention to the fact that Mr. Hart's contract was coming up and the Board needed to do something.

Mr. Gaccioni said that he had a long list of things that go on and never get resolved and that one couldn't run a business like this – with meetings being held on such short notice. He said that the Board's view was no longer than two years down the road, and it needed to look longer and to plan ahead.

Mr. Gaccioni said there was discussion about Mr. Hart. He said he didn't understand the whole Berkeley incident. He said he couldn't get the coincidence of the guy negotiating the MOU turning up in Berkeley and he was the guy involved in Reno and now was involved with one of the Directors. He said it fell on the Directors to make sense of that. He said it didn't speak of good management.

Director Cordova asked why, at this meeting, President Welsh wasn't accepting public comment on all items on the Closed Session at the start of the meeting. President Welsh responded that he was proposing that the Board go into Closed Session to discuss the MOU with John Holtzman and then come back into Open Session to take public comment on the remaining Closed Session items.

Andrew Gutierrez said that procedures appeared to be "made on the fly" but that, for the sake of courtesy, he would accept them. He said:

- Having the meeting on such short notice was a disservice to the community.
- He thought it was premature to discuss the MOU and an evaluation without having a process in place.
- Some of the data that had been presented at the Saturday Ad Hoc Committee Forum had been misleading and designed to make the Police Department's financial circumstances be better than they are.
- The morning's evaluation was ill advised.
- He was not being well served by this Police Department.
- To have one person as the GM and COP, would require someone who was a saint. He said Mr. Hart had said he wasn't a saint and, as such, this joint position would always be problematic.
- Kensington Police Department had had high turnover rates, had been fraught with controversy, had had lawsuits, and had all kinds of things unbecoming.

Mr. Gutierrez said the notion of the Fire Department and the Police Department being merged into one was an idiot idea: One didn't put a good organization into a bad one and expect something reasonable to result. He said the Police Department needed to prove it was competent and capable in order for a merge to be considered. He said the meeting had been set on an impromptu basis, was ill advised, and did a disservice to all.

Director Toombs asked if the public comments were to address the labor negotiations only. President Welsh responded that, because there were so few people present, comments on all the Closed Session items would be alright.

Celia Concus said she wanted to address only the performance evaluation. She said there were a number of things she hoped the Board would take into account with respect to IGM/COP Hart.

- It was a failure on his part not to have used the term "interim" from the outset and this demonstrated a lack of professionalism in all fields.
- It was a failure on his part not to get the Watch Commanders' Reports consistently correct.
- It was a mistake on Mr. Hart's part not to be willing to pay for his own medical insurance premiums: It had been understood that Mr. Hart would not need this. This would have been a benefit to the District because it would have saved money.
- He had hired Officer Armanino after Officer Turner had left and the new officer hadn't been needed.
- Officer Armanino's FTO was not an exemplary officer.

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- He had spent money on a new vehicle instead of a new sound system.
- He failed to reply in a timely manner to requests for information.
- He had taken an excessive time away from Kensington for meetings and training.
- He failed to acknowledge his officers harass people.
- She asked if Director Cordova had been harassed.

Ms. Concus concluded by saying that the Board had hired primarily a Chief of Police and that, as an ancillary, he was the General Manager and by saying it was time to have a General Manager to whom the Chief of Police reported.

Director Cordova said that there had been too much procedural maneuvering, she was uncomfortable discussing and unwilling to participate in Item (c), and asked President Welsh to consider moving the item to date certain in the future so that more members of the public could participate in discussion.

Vice President Sherris-Watt said she had spoken to Mr. Holtzman that morning and had let him know she would not be able to participate in Items (c) or (d) because it had not been part of her understanding that these would be discussed that morning.

Director Cordova said she had meant Item (d) as well.

Director Toombs asked why the agenda had changed. Randy Riddle responded by explaining what was to be discussed in Closed Session: the evaluation of the IGM/COP; a threshold decision of whether or not to place the IGM/COP's contract extension on the February agenda; and if so, giving direction to Mr. Riddle regarding the appropriate agenda materials. He clarified what would not be on the Closed Session agenda: any discussion of whether or not to extend the contract. He said this was the same approach the Board had used during the initial contract discussions, and he summarized that process. He said the agenda, as prepared, complied with the Brown Act and added that he was very knowledgeable in the Brown Act.

Vice President Sherris-Watt responded that her not participating in Items c and d was not a comment on Mr. Riddle and Mr. Holtzman – she holds them in high esteem.

Director Toombs asked Mr. Riddle to clarify that the Board would not be discussing extending the contract. Mr. Riddle responded in the affirmative; there would be discussion only on whether to place this discussion on the February agenda – the full discussion would occur at the February meeting.

Director Toombs said that the reason the Board was meeting at this time was because it was the only time that all members of the Board were available between the prior and the next Board meetings and that everyone present knew this. He added that Director Cordova had said she would be available by phone. Director Cordova responded that she thought Director Toombs was discussing something that had been discussed in Closed Session, and she said that what had been agreed upon had not included Items (c) and (d). Director Toombs responded that Items (c) and (d) were on the agenda only to determine whether or not they would appear on the February agenda.

Director Gillette said this was an issue of form over substance and that it appeared that Director Cordova and Vice President Sherris-Watt were trying to take some kind of laudable position when, in fact, all Board members knew what was going to be discussed at the meeting.

Director Gillette addressed Mr. Gaccioni and said she understood his concerns about timing. She said that, because the Board was so constrained by time, it had to complete the IGM/COP's evaluation and set an Open Session to discuss extending his contract.

Cecilia Concus asked how long it would be before the Board would come out of Closed Session and whether it would report out anything. Director Gillette responded that the Board would report whether or not it had performed an evaluation of Mr. Hart and whether or not the possible extension of his contract would appear on the February agenda.

These are draft minutes. Once approved by the Board, the minutes will be posted on the District website, under the dropdown menu "Approved Minutes."

The Board entered into Closed Session at 10:56 A.M.

Closed Session

- a. Conference with Labor Negotiators (Government Code Section 54957.6). Agency designated representative: Jonathan Holtzman, Renne Sloan Holtzman Sakai, Randy Riddle, LLP. Employee organization: Kensington Police Officers Association. The Board was to receive and update on contract negotiations.
- b. Public Employee perform evaluations (Government Code section 54957(b)) Title: Interim General Manager/Chief of Police.
- c. Public Employee Appointment (Government Code section 54957 (b)) Title: Interim General Manager/Chief of Police.
- d. Conference with Labor Negotiators (Government Code Section 54957.6) Agency designated representative: Jonathan Holtzman, Renne Sloan Holtzman Sakai, Randy Riddle, LLP. Unrepresented Employee: Interim General Manager/Chief of Police.

The Board came out of Closed Session and reported the following:

- With respect to item (a), Counsel was given guidance by the Board and negotiations are continuing.
- With respect to item (b), the Board discussed the evaluation of the Interim General Manager/Chief of Police. The Board will continue its discussion of the evaluation during a Closed Session at the Board's next meeting on February 11, 2016.
- With respect to items (c) and (d), there was an apparent misunderstanding of the purpose of the notice of these items. They had been added with wording they had at the request of the District's General Counsel to ensure compliance with the Brown Act. As a point of clarification, these items were on the agenda solely for the purpose of seeking a Board determination as to whether to place the issue of extending the Interim General Manager's contract for three months on the February Regular Board Meeting Open Session agenda.
- However, the Board realized that it did not need to reach Items (c) and (d) in Closed Session, because a request for placement of this issue on the February agenda had been previously made by a Board member. Therefore, because of the previous Board member request, this issue will be placed on the February Board Meeting Open Session.

The meeting was adjourned at 12:40 P.M.

Len Welsh
KPPCSD Board President

Lynn Wolter
District Administrator

KPPCSD
Unaudited Profit & Loss Budget Performance
January 2016

	Jan 16	Budget	Jul '15 - Jan 16	YTD Budget	Annual Budget
Ordinary Income/Expense					
Income					
400 · Police Activities Revenue					
401 · Levy Tax	5,912.42	0.00	1,537,196.18	1,527,750.00	1,527,750.00
402 · Special Tax-Police	0.00		681,690.00	680,000.00	680,000.00
403 · Misc Tax-Police	0.00	0.00	0.00	0.00	0.00
404 · Measure G Supplemental Tax Rev	0.00		514,175.88	514,177.50	514,177.50
409 · Asset seizure forfeit/WEST NET	18,525.71		18,525.71		
410 · Police Fees/Service Charges	240.00	125.00	1,475.00	875.00	1,500.00
411 · Kensington Hilltop Srvcs Reimb	0.00	0.00	9,450.00	9,450.00	18,900.00
412 · Special Assignment Revenue	0.00	0.00	11,912.79	0.00	0.00
413 · West County Crossing Guard Reim	8,230.00	0.00	20,758.56	3,610.00	10,830.00
414 · POST Reimbursement	0.00	0.00	2,185.52	0.00	0.00
415 · Grants-Police	21,175.04	0.00	81,772.19	0.00	0.00
416 · Interest-Police	0.00	400.00	583.32	800.00	1,600.00
418 · Misc Police Income	1,019.67	1,666.67	6,652.95	11,666.69	20,000.00
419 · Supplemental W/C Reimb (4850)	153.52	0.00	25,048.09	17,194.24	17,194.24
Total 400 · Police Activities Revenue	55,256.36	2,191.67	2,911,426.19	2,765,523.43	2,791,951.74
420 · Park/Rec Activities Revenue					
424 · Special Tax-L&L	0.00		35,190.86	33,000.00	33,000.00
427 · Community Center Revenue	8,750.00	2,400.00	21,093.00	23,000.00	33,000.00
435 · Grants-Park/Rec	0.00		0.00	5,000.00	5,000.00
438 · Misc Park/Rec Rev	40.00	50.00	120.00	300.00	500.00
Total 420 · Park/Rec Activities Revenue	8,790.00	2,450.00	56,403.86	61,300.00	71,500.00

Account 409 – Asset Seizure Forfeiture/WestNet

\$18,526 was disbursed to KPPCSD upon adjudication of some WestNET cases, as a result of the KPD's participation in WestNet.

Account 411 – Kensington Hilltop Srvcs Reimb

The current month amount should include \$4,725, which was inadvertently recorded to Account 413 – West County Crossing Guard.

Account 413 – West County Crossing Guard

The current month amount for this line item should be \$3,505. The YTD amount for this account includes \$4,300, which should be assigned to Account 419 – Supplemental Workers' Comp.

The entries for Accounts 411, 413, and 419 are in the process of being amended.

24

KPPCSD
Unaudited Profit & Loss Budget Performance
 January 2016

	Jan 16	Budget	Jul '15 - Jan 16	YTD Budget	Annual Budget
440 · District Activities Revenue					
448 · Franchise Fees	31,216.58	16,266.67	39,694.91	32,533.34	48,800.00
449 · District Revenue	0.00		1,147.00		
456 · Interest-District	0.00	0.00	0.00	0.00	0.00
458 · Misc District Revenue	0.00	0.00	829.00	0.00	0.00
Total 440 · District Activities Revenue	31,216.58	16,266.67	41,670.91	32,533.34	48,800.00
Total Income	95,262.94	20,908.34	3,009,500.96	2,859,356.77	2,912,251.74
Expense					
500 · Police Sal & Ben					
502 · Salary - Officers	73,574.12	81,702.83	539,112.77	571,919.81	980,434.00
504 · Compensated Absences	0.00	0.00	25,755.66	17,100.00	20,000.00
506 · Overtime	5,433.37	5,000.00	54,337.41	35,000.00	60,000.00
508 · Salary - Non-Sworn	8,093.11	6,825.00	57,529.68	47,775.00	81,900.00
516 · Uniform Allowance	618.97	850.00	4,783.88	5,950.00	10,200.00
518 · Safety Equipment	0.00	0.00	445.96	250.00	3,250.00
521-A · Medical/Vision/Dental-Active	15,139.53	12,496.33	101,192.80	87,474.31	149,956.00
521-R · Medical/Vision/Dental-Retired	13,736.47	13,957.83	107,135.74	97,704.81	167,494.00
521-T · Medical/Vision/Dental-Trust	0.00		0.00	31,642.00	31,642.00
522 · Insurance - Police	245.00	245.00	3,063.50	2,965.00	5,240.00
523 · Social Security/Medicare	1,280.35	1,389.00	9,301.36	9,723.00	16,668.00
524 · Social Security - District	543.12	423.17	3,865.25	2,962.19	5,078.00
527 · PERS - District Portion	13,696.36	32,285.08	297,051.11	225,995.56	387,421.00
528 · PERS - Officers Portion	5,765.20	7,032.25	44,517.15	49,225.75	84,387.00
530 · Workers Comp	0.00	0.00	43,966.71	38,000.00	50,000.00
Total 500 · Police Sal & Ben	138,125.60	162,206.49	1,292,058.98	1,223,687.43	2,053,670.00

Accounts 502 – Police Salaries, 504 – Compensated Absences, and 506 - Overtime

YTD, Accounts 502, 504 and 506, combined, equal \$5,000 less than the total amount budgeted YTD for these three accounts.

Accounts 508 & 601 Non-Sworn and Park & Rec.

For December and for the past few months, non-sworn staff has been assigned more tasks in part because three officers have been out or on light duty.

Thus, hourly wages, YTD, for these two accounts are \$62,341 and the amount budgeted is \$52,325; a difference of about \$10,000.

Account 521 Medical/Vision/Dental

CalPERS medical premiums for the following month are due on the 10th of the month. Thus, the YTD amount is \$23,000 greater than the \$185,179 budgeted, YTD.

sl

KPPCSD
Unaudited Profit & Loss Budget Performance
 January 2016

	Jan 16	Budget	Jul '15 - Jan 16	YTD Budget	Annual Budget
550 · Other Police Expenses					
552 · Expendable Police Supplies	0.00	141.67	1,367.78	991.69	1,700.00
553 · Range/Ammunition Supplies	2,025.30	500.00	2,025.30	3,000.00	5,000.00
560 · Crossing Guard	601.65	600.00	4,813.22	4,900.00	10,830.00
562 · Vehicle Operation	1,445.41	11,500.00	9,535.18	39,200.00	50,000.00
564 · Communications (RPD)	9,096.16	0.00	62,086.25	78,035.00	156,070.00
566 · Radio Maintenance	181.72	180.00	1,090.17	20,900.00	21,750.00
568 · Prisoner/Case Exp./Booking	797.70	2,000.00	4,775.18	4,500.00	6,400.00
570 · Training	570.00	800.00	4,058.16	5,800.00	10,000.00
572 · Recruiting	0.00	541.67	4,290.53	3,791.69	6,500.00
574 · Reserve Officers	0.00	337.50	174.50	2,362.50	4,050.00
576 · Misc. Dues, Meals & Travel	150.00	50.00	1,840.00	2,950.00	3,140.00
580 · Utilities - Police	1,473.56	1,000.00	6,342.21	6,900.00	10,000.00
581 · Bldg Repairs/Maint.	0.00	416.67	4,602.59	2,916.69	5,000.00
582 · Expendable Office Supplies	920.45	500.00	4,023.59	3,500.00	6,000.00
588 · Telephone(+Rich. Line)	586.78	750.00	3,716.23	5,100.00	8,904.00
590 · Housekeeping	467.37	333.33	2,684.26	2,333.31	4,000.00
592 · Publications	421.59	50.00	2,579.91	2,250.00	2,500.00
594 · Community Policing	534.45	100.00	4,678.79	2,400.00	4,000.00
596 · WEST-NET/CAL I.D.	0.00		5,508.00	5,925.00	5,925.00
599 · Police Taxes Administration	0.00	850.00	2,607.54	2,600.00	3,500.00
Total 550 · Other Police Expenses	19,272.14	20,650.84	132,799.39	200,355.88	325,269.00

Account 562 – Vehicle Operation

YTD expenses are almost \$30,000 less than the YTD budgeted amount. This is due, in part, to relatively low gas prices.

Account 564 Communications (RPD)

Payments are made on a monthly basis, and we were just invoiced for November. The allocation, for budgeting purposes, is quarterly. The YTD amount is \$16,000 less than the YTD budgeted amount because of timing. This difference will resolve itself over the course of the year.

96

KPPCSD
Unaudited Profit & Loss Budget Performance
 January 2016

	Jan 16	Budget	Jul '15 - Jan 16	YTD Budget	Annual Budget
600 · Park/Rec Sal & Ben					
601 · Park & Rec Administrator	666.90	650.00	4,812.90	4,550.00	7,800.00
602 · Custodian	1,750.00	1,900.00	12,250.00	13,300.00	22,750.00
623 · Social Security/Medicare - Dist	0.00	49.75	0.00	348.25	597.00
Total 600 · Park/Rec Sal & Ben	2,416.90	2,599.75	17,062.90	18,198.25	31,147.00
635 · Park/Recreation Expenses					
640 · Community Center Expenses					
642 · Utilities-Community Center	382.34	340.00	2,963.40	3,200.00	5,616.00
643 · Janitorial Supplies	0.00	0.00	825.15	800.00	800.00
646 · Community Center Repairs	685.00	250.00	1,792.43	1,750.00	3,000.00
Total 640 · Community Center Expenses	1,067.34	590.00	5,580.98	5,750.00	9,416.00
660 · Annex Expenses					
662 · Utilities - Annex	0.00		493.43		
666 · Annex Repairs	0.00	83.33	0.00	583.31	1,000.00
668 · Misc Annex Expenses	0.00	83.33	0.00	583.31	1,000.00
Total 660 · Annex Expenses	0.00	166.66	493.43	1,166.62	2,000.00
670 · Gardening Supplies	0.00	83.33	0.00	583.31	1,000.00
672 · Kensington Park O&M	3,025.31	6,525.00	29,952.95	45,675.00	78,300.00
674 · Park Construction Exp	0.00		0.00	5,000.00	5,000.00
678 · Misc Park/Rec Expense	0.00	83.33	170.00	583.31	1,000.00
Total 635 · Park/Recreation Expenses	4,092.65	7,448.32	36,197.36	58,758.24	96,716.00

Account 672 Kensington Park O&M
 The YTD amount is \$15,700 less than the amount budgeted YTD.

2

KPPCSD
Unaudited Profit & Loss Budget Performance
 January 2016

	Jan 16	Budget	Jul '15 - Jan 16	YTD Budget	Annual Budget
800 · District Expenses					
810 · Computer Maintenance	145.00	3,270.00	16,916.77	15,988.00	24,288.00
820 · Cannon Copier Contract	387.38	400.00	2,736.11	3,700.00	5,700.00
830 · Legal (District/Personnel)	6,713.14	8,300.00	59,347.44	58,100.00	99,530.00
835 · Consulting	1,701.50	0.00	17,458.54	10,000.00	15,000.00
840 · Accounting	3,115.00	2,000.00	26,707.00	14,000.00	34,000.00
850 · Insurance	0.00	0.00	27,480.79	30,000.00	30,000.00
860 · Election	0.00	0.00	0.00	0.00	0.00
865 · Police Bldg. Lease	0.00	0.00	0.00	1.00	1.00
870 · County Expenditures	0.00	0.00	8,383.54	7,500.00	22,300.00
890 · Waste/Recycle	-952.54	500.00	259.74	22,100.00	25,000.00
898 · Misc. Expenses	341.23	1,275.00	13,932.00	8,925.00	15,300.00
899 · Depreciation Expense	0.00	0.00	0.00	0.00	0.00
Total 800 · District Expenses	11,450.71	15,745.00	173,221.93	170,314.00	271,119.00

Account 835 Consulting

The YTD amount exceeds the amount budgeted YTD by \$7,500. Most of this is for Adam Benson's MOU analyses.

Account 840 Accounting

The YTD amount exceeds the YTD budgeted amount by \$12,700. Review of the detail for this account revealed that approx. \$21,000 has been paid to CPA Deborah Russell YTD. This is the amount that was budgeted for her work for the full fiscal year. This is due, in large part, to the additional financial analyses Ms. Russell has been asked to do for the Board and for the Finance Committee.

20

KPPCSD
Unaudited Profit & Loss Budget Performance
January 2016

	Jan 16	Budget	Jul '15 - Jan 16	YTD Budget	Annual Budget
950 - Capital Outlay					
962 - Patrol Cars	0.00	0.00	0.00	30,000.00	30,000.00
963 - Patrol Car Accessories	0.00	0.00	0.00	3,000.00	3,000.00
965 - Weapons / Radios	0.00		0.00	10,000.00	10,000.00
967 - Station Equipment	119.29		5,119.29	7,000.00	7,000.00
968 - Office Furn/Eq	-1,000.00		1.00	6,000.00	6,000.00
972 - Park Buildings Improvement	0.00	2,100.00	13,658.25	14,600.00	25,000.00
Total 950 - Capital Outlay	-880.71	2,100.00	18,778.54	70,600.00	81,000.00
Total Expense	174,477.29	210,750.40	1,670,119.10	1,741,913.80	2,858,921.00
Net Ordinary Income	-79,214.35	-189,842.06	1,339,381.86	1,117,442.97	53,330.74
Other Income/Expense					
Other Expense					
700 - Bond Issue Expenses					
701 - Bond Proceeds	0.00		-177,746.56	0.00	0.00
710 - Bond Admin.	0.00	0.00	8,999.40	0.00	0.00
715 - Bond Interest Income	0.00	0.00	-75.24	0.00	0.00
720 - Bond Principal	0.00	0.00	125,718.06	0.00	0.00
730 - Bond Interest	0.00	0.00	17,992.40	0.00	0.00
Total 700 - Bond Issue Expenses	0.00	0.00	-25,111.94	0.00	0.00
995 - Loss/(Gain) - Asset Disposition	0.00	0.00	0.00	0.00	0.00
Total Other Expense	0.00	0.00	-25,111.94	0.00	0.00
Net Other Income	0.00	0.00	25,111.94	0.00	0.00
Net Income	-79,214.35	-189,842.06	1,364,493.80	1,117,442.97	53,330.74

Accounts 962 & 963 Patrol Cars and Accessories

The Chief's car has been ordered, but the invoice has not yet been received. The budgeted amount is \$33,000.

Account 965 Weapons/Radios

New weapons have been budgeted at \$10,000 but they have not yet been ordered.

Account 967 Station Equipment

A new phone system has been installed. A \$5,000 deposit has been made. The contract total is about \$8,000. Thus, the annual amount will exceed the budgeted amount by about \$1,000.

Account 968 Office Furn/Equip

A new sound system has been budgeted but not yet purchased. Thus, the YTD total is \$5,000 less than the YTD total.

Bottom line: YTD Net Income exceeds the YTD budgeted amount by about \$247,000.

79

KPPCSD
Transaction Detail By Account
 July 2015 through January 2016

Date	Num	Name	Memo	Split	Amount
420 · Park/Rec Activities Revenue					
424 · Special Tax-L&L					
10/01/2015	JV07...	CCC Taxes-LLD	SP ASSESS ...	146 · Advance...	35,190.86
Total 424 · Special Tax-L&L					35,190.86
427 · Community Center Revenue					
07/16/2015	1189		CC Rental 6-...	112 · General ...	412.50
07/16/2015	4434		CC Rental 7-...	112 · General ...	300.00
07/16/2015	1350		CC Rental 7-...	112 · General ...	450.00
07/16/2015	1393		CC Rental 7-...	112 · General ...	300.00
07/16/2015	1036		CC Rental 7-...	112 · General ...	600.00
07/16/2015	006		Alanon Mtg J...	112 · General ...	90.00
08/04/2015	264		CC Rental P...	112 · General ...	700.00
08/04/2015	3751		CC Rental P...	112 · General ...	900.00
09/01/2015	208		CC Rental 8-...	112 · General ...	375.00
09/01/2015	224		CC Rental 8-...	112 · General ...	400.00
09/01/2015	3126		CC Rental 8-...	112 · General ...	375.00
09/01/2015	009		Wake Up to ...	112 · General ...	90.00
10/13/2015	1013		CC Rental 1...	112 · General ...	1,550.00
10/13/2015	1159		East Bay Coll...	112 · General ...	598.00
10/13/2015	10857		CC Rental Fe...	112 · General ...	375.00
10/13/2015	2889		CC Rental Fe...	112 · General ...	300.00
10/30/2015	16724	Micahel Collier	Reimburse...	112 · General ...	-75.00
11/16/2015	13		Wake Up to ...	112 · General ...	90.00
11/16/2015	2263		Michael Colli...	112 · General ...	1,000.00
11/16/2015	712		Kris Luna CC...	112 · General ...	400.00
11/16/2015	1979		Robin Green...	112 · General ...	412.50
11/16/2015	223		George Ferg...	112 · General ...	800.00
12/03/2015	1043		CC Rental P...	112 · General ...	300.00
12/03/2015	5927...		CC Rental P...	112 · General ...	800.00
12/03/2015	3014		CC Renal Py...	112 · General ...	800.00
01/07/2016	8250		KCC first half...	112 · General ...	7,500.00

KPPCSD
Transaction Detail By Account
 July 2015 through January 2016

<u>Date</u>	<u>Num</u>	<u>Name</u>	<u>Memo</u>	<u>Split</u>	<u>Amount</u>
01/07/2016	727		Rental Fee fo...	112 · General ...	450.00
01/12/2016	4468		CC Rental P...	112 · General ...	800.00
Total 427 · Community Center Revenue					21,093.00
438 · Misc Park/Rec Rev					
08/04/2015	4445		Tennis Court ...	112 · General ...	40.00
11/16/2015	4645		Tennis Court ...	112 · General ...	40.00
01/07/2016	4691		Tennis Court ...	112 · General ...	40.00
Total 438 · Misc Park/Rec Rev					120.00
Total 420 · Park/Rec Activities Revenue					56,403.86
TOTAL					56,403.86

KPPCSD

Transaction Detail By Account

July 2015 through January 2016

Date	Num	Name	Memo	Split	Amount
600 - Park/Rec Sal & Ben					
601 - Park & Rec Administrator					
07/15/2015		Di Napoli, Andrea		112 · General ...	395.10
07/30/2015		Di Napoli, Andrea		112 · General ...	388.20
08/14/2015		Di Napoli, Andrea		112 · General ...	314.10
08/28/2015		Di Napoli, Andrea		112 · General ...	385.80
09/15/2015		Di Napoli, Andrea		112 · General ...	330.90
09/30/2015		Di Napoli, Andrea		112 · General ...	402.60
10/15/2015		Di Napoli, Andrea		112 · General ...	211.50
10/30/2015		Di Napoli, Andrea		112 · General ...	344.70
11/13/2015		Di Napoli, Andrea		112 · General ...	354.30
11/30/2015		Di Napoli, Andrea		112 · General ...	357.60
12/15/2015		Di Napoli, Andrea		112 · General ...	424.50
12/29/2015		Di Napoli, Andrea		112 · General ...	236.70
01/14/2016		Di Napoli, Andrea		112 · General ...	330.00
01/28/2016		Di Napoli, Andrea		112 · General ...	336.90
Total 601 · Park & Rec Administrator					4,812.90
602 - Custodian					
07/15/2015	16466	William Driscoll	7/1 - 7/15/15 ...	112 · General ...	875.00
07/30/2015	16503	William Driscoll	7/16 - 7/31/1...	112 · General ...	875.00
08/14/2015	16539	William Driscoll	8/1 - 8/15/15 ...	112 · General ...	875.00
08/28/2015	16576	William Driscoll	8/16 - 8/31/1...	112 · General ...	875.00
09/15/2015	16601	William Driscoll	9/1 - 9/15/15 ...	112 · General ...	875.00
09/30/2015	16642	William Driscoll	9/15 - 9/30/1...	112 · General ...	875.00
10/15/2015	16665	William Driscoll	10/1 - 10/15/...	112 · General ...	875.00
10/30/2015	16697	William Driscoll	10/16 - 10/31...	112 · General ...	875.00
11/13/2015	16761	William Driscoll	11/1 - 11/15/...	112 · General ...	875.00
11/30/2015	16777	William Driscoll	11/16 - 11/30...	112 · General ...	875.00
12/15/2015	16806	William Driscoll	12/1 - 12/15/...	112 · General ...	875.00
12/30/2015	16838	William Driscoll	12/16 - 12/31...	112 · General ...	875.00

KPPCSD
Transaction Detail By Account
July 2015 through January 2016

<u>Date</u>	<u>Num</u>	<u>Name</u>	<u>Memo</u>	<u>Split</u>	<u>Amount</u>
01/15/2016	16872	William Driscoll	1/01 - 1/15/1...	112 - General ...	875.00
01/29/2016	16907	William Driscoll	1/16 - 1/31/1...	112 - General ...	875.00
Total 602 · Custodian					12,250.00
Total 600 · Park/Rec Sal & Ben					17,062.90
TOTAL					17,062.90

23

January 2016 WATCH COMMANDER MONTHLY REPORT

Sergeant-Varies

TEAM #1 STATISTICS

Officer:	RAMOS (K41) (0600-1800)	(K) (1200-2400)	WILSON (K38) (1800-0600)
Days Worked	15	0	16
Traffic Stops	9	0	2
Moving Citations	0	0	0
Parking Citations	0	0	0
Vacation/Security Checks	0	0	13
FI-Field Interview	0	0	0
Traffic Accident Reports	3	0	3
Cases	3	0	1
Arrests	0	0	0
Calls for Service	52	00	23

BRIEFING/TRAINING:

- o Ca. Senate Bill 178; Electronic Communications Privacy

SERGEANT'S REVIEW:

SERGEANT'S SUMMARY:

We have been receiving reports of identity theft and several appear to be from mail theft. Typically we start seeing a rise in identity theft during the tax season as personal information is being mailed such as W-2's, employer, and property tax information. We ask you to be cognizant of when mail is being delivered and not leaving it in your mailbox for any extended amount of time. A good idea is to have a locking mailbox or a mail slot into your home or garage. Please be careful with your personal information. Some ID theft victims are due to matters beyond anyone's control. Two years ago, a health facility's main frame was breached, and the personal information of hundreds of patients were compromised and several Kensington residents had their information stolen. Please call 911 or the RPD Dispatch non-emergency number at 510-236-0474 and report anyone you think is suspicious or unknown to the area.

SIGNIFICANT EVENTS:

- 2016-24 – On 1-3-2016, Officer Ramos responded to the 500 block of Beloit Avenue for a reported theft of a porcelain figure from the front yard.
- 2016-130 – On 1-13-2016, Officer Wilson responded to the 300 block of Yale Avenue for a reported restraining order violation.
- 2016-224 – On 1-25-2016, Officer Ramos responded to the 00 block of Kensington Ct. for an identity theft.
- 2016-235 – On 1-26-2016, Officer Ramos responded to the 600 block of Oberlin Avenue for reported hit and run vehicle collision.

January 2016 WATCH COMMANDER MONTHLY REPORT

Sergeant Hull

TEAM #2 STATISTICS

Officer:	Armanino (K47) (0600-1600)	(K) (1130-2130)	Hull (K17) (2000-0600)
Days Worked	16	0	17
Traffic Stops	25	0	00
Moving Citations	18	0	00
Parking Citations	01	0	00
Vacation/Security Checks	25	0	02
FI-Field Interview	00	0	00
Cases	07	0	02
Self Initiated Cases	01	0	01
Arrests	00	0	01
Calls for Service	122	0	23

BRIEFING/TRAINING:

- Ca. Senate Bill 178; Electronic Communications Privacy

SERGEANT'S REVIEW:

- Ca. Public Records Act

SERGEANT'S SUMMARY:

I would like everyone to take note that the number of holiday season thefts were kept to a minimum when compared to previous years. I suspect this is due to the fact that residents and police have been working together to prevent crime. KPD received an uptick in suspicious persons and vehicle calls being reported throughout the District. This demonstrates a vigilance on the part of the public that KPD has been asking for so that crime and criminal activity could be reduced and kept to at a minimum. Please keep up the participation.

SIGNIFICANT EVENTS:

2016-0001 – On 1-1-2016, at 0445 hours, Sgt. Hull responded to the 00 block of Franciscan Wy. to a report of loud voices. San Pablo resident, Thalia Maria Aguilar was arrested for DUI and assaulting a police officer.

2016-0041 – On 1-5-2016, at 2342 hours, Sgt. Hui responded to the 100 block of Lawson Rd. and arrested a District resident, John Anthony Combs for domestic violence.

2016-0074 – On 1-8-2016, at 1458 hours, Officer Armanino responded to Highland Blvd/Kenyon Ave. to a report of a hit and run accident.

2016-0083 – On 1-9-2016, at 1335 hours, Officer Armanino responded to the 00 block of Highland Blvd. to a report of theft from a vehicle.

2016-0084 – On 1-9-2016, at 1415 hours, Officer Armanino responded to the 00 block of Norwood Ave. to a report of fraud.

2016-0085 – On 1-9-2016, at 1335 hours, Officer Armanino responded to the 300 block of Coventry Rd. to a report of a missing juvenile.

2016-0141 – On 1-14-2016, at 0824 hours, Officer Armanino responded to the 200 block of Arlington Ave. to a report of identity theft.

2016-0200 – On 1-21-2016, at 1805 hours, Sgt. Hull responded to the 200 block of Kenyon Ave. to a report of a hit and run accident.

2016-0203 – On 1-22-2016, at 1048 hours, Officer Armanino responded to the 00 block of Highgate Rd. to a report of residential burglary.

2016-0204 – On 1-22-2016, at 1636 hours, Officer Armanino responded to the 100 block of Highland Blvd. to a civil dispute between neighbors.

2016-0208 – On 1-23-2016, at 1121 hours, Officer Armanino responded to the 100 block of Colusa Ave. to a report of vandalism.

2016-0209 – On 1-23-2016, at 1136 hours, Officer Armanino responded to the 100 block of Ardmore Dr. to a report of identity theft.

2016-0210 – On 1-23-2016, at 1607 hours, Officer Armanino responded to Kenyon Ave./Wellesley Ave. to a report of a vehicle collision.

2016-0252 – On 1-23-2016, at 1156 hours, Officer Armanino responded to the 800 block of Coventry Rd. to a report of a vehicle collision.

KPD Monthly Crime Statistics

January 2016

Part 1 Crimes	Reported	Open/ Pending	Suspended	Closed	Arrest
Homicide	0	0	0	0	0
Rape	0	0	0	0	0
Robbery	0	0	0	0	0
Assault	2	0	0	2	2
Residential Burglary	1	1	0	0	0
Larceny Theft	2	0	2	0	0
Vehicle Theft	0	0	0	0	0
Arson	0	0	0	0	0

Part 1 Totals	<u>5</u>	<u>1</u>	<u>2</u>	<u>2</u>	<u>2</u>
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Other Crimes

Other Misdemeanor	0	0	0	0	0
Identity Theft	4	4	0	0	0
Fraud	0	0	0	0	0
Forgeries	0	0	0	0	0
Restraining Order Violations/ Stalking/ Criminal Threats	1	0	0	1	0
Sex Crimes (other)	0	0	0	0	0
Assault/ Battery (other)	0	0	0	0	0
Vandalism	2	0	2	0	0
Drugs	0	0	0	0	0
Warrant	0	0	0	0	0
Hit and Run Felony	0	0	0	0	0
Hit and Run Misdemeanor	3	3	0	0	0
Other Misdemeanor Traffic	0	0	0	0	0

Other Crime Totals	<u>10</u>	<u>7</u>	<u>2</u>	<u>1</u>	<u>0</u>
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All Crime Totals	<u>15</u>	<u>8</u>	<u>4</u>	<u>3</u>	<u>2</u>
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Traffic Accidents (Non Injury)	7
Traffic Accidents (Injury)	0

KPD Crime Statistics

YTD 2016

Part 1 Crimes	Reported	Open/ Pending	Suspended	Closed	Arrest
Homicide	0	0	0	0	0
Rape	0	0	0	0	0
Robbery	0	0	0	0	0
Assault	2	0	0	2	2
Residential Burglary	1	1	0	0	0
Larceny Theft	2	0	2	0	0
Vehicle Theft	0	0	0	0	0
Arson	0	0	0	0	0
Part 1 Totals	<u>5</u>	<u>1</u>	<u>2</u>	<u>2</u>	<u>2</u>

Other Crimes					
Other misdemeanor	0	0	0	0	0
Identity Theft	4	4	0	0	0
Fraud	0	0	0	0	0
Forgeries	0	0	0	0	0
Restraining Order Violations/ Stalking/ Criminal Threats	1	0	0	1	0
Sex Crimes (other)	0	0	0	0	0
Assault/ Battery (other)	0	0	0	0	0
Vandalism	2	0	2	0	0
Drugs	0	0	0	0	0
Warrant	0	0	0	0	0
Hit and Run Felony	0	0	0	0	0
Hit and Run Misdemeanor	3	3	0	0	0
Other Misdemeanor Traffic	0	0	0	0	0
Other Crime Totals	<u>10</u>	<u>7</u>	<u>2</u>	<u>1</u>	<u>0</u>

All Crime Totals	<u>15</u>	<u>8</u>	<u>4</u>	<u>3</u>	<u>2</u>
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Traffic Accidents (Non Injury)	7
Traffic Accidents (Injury)	0

* 2011 case

Investigation statistics

SIGNIFICANT EVENTS:

2016-01 Arrest for Assault on a Peace Officer

On 1/1/2016, Officers responded to the corner of Sunset Road at Franciscan Way for a reported vehicle and people in the middle of the street. One of the five subject became combative and was arrested for Assault on a peace officer. **Case pending lab results.**

2016-41 Arrest for Domestic Battery

On 1/5/2016, Officers responded to a 100 block of Lawson Drive for reported battery. During the investigation the officers determined that the male subject had committed a battery on the person of another. The male was arrested and transported to MDF. I performed several days of further investigation and submitted the case to Contra Costa County DA's Office for review. **Case closed.**

2016-74, 200, and 235. Hit and Run vehicle Collisions.

During the month of January the district sustained three hit and run traffic collisions by unknown vehicles. These cases are under investigation.

2016-84, 141,209, and 224 Identity Thefts

During the month of January, Officers responded to several identity thefts. At this time we are following up on several leads and have several suspects in these cases. These cases are under investigation.

2016-130 Restraining Order Violation.

On 1/13/2016, Officer Wilson responded to the 300 block of Yale Avenue for a reported violation of a restraining order. The suspect was not present at the time. We have arrested the subject in the past for the same violation and he was arrested for making threats against a member of this department. I filled a case with the Contra Costa County Richmond DA's Officer and I am seeking an arrest warrant.

2016-203 Residential burglary

On 1/22/2016, Officer Armanino, Sgt. Hui and I responded to a reported residential burglary in the 00 block of Highgate Road. The victims returned home and found the front door open. A search of the home was conducted and the suspect(s) had already fled the scene. We are awaiting lab results and are still conducting further investigation.

Marilyn Stollon, Jan 14, 2016- Comments RE : PLG Opinion**Pls enter into the record**

The law offices of Hanson Bridgett and Public Law Group refer to 3 principles when discussing the incompatibility of offices doctrine. I will be addressing one of these.

HB states it is incompatible when the following occurs:

1. Either of the offices may audit, overrule, remove members of, dismiss employees, or exercise supervisory powers over the other office or body.
2. **Based on the powers and jurisdiction of the offices there is a possibility for a significant clash of duties or loyalties between the offices.** Clash meaning, conflict, disagreement, to be at odds.
3. Public policy considerations make it improper for one person to hold both offices.

While policies need to be in place for outside investigations, it does not absolve us of the dilemma of having one person performing 2 jobs that require, 2 different management styles (paramilitary and business mgmt), 2 sets of competing loyalties, and questionable public policy considerations that should concern any tax paying citizen.

A combined position creates a conflict for the chief of police, because the Chief/GM has a clash of duties/loyalties: evident when he advocates for his staff in order to promote mutual loyalty, to want the best for his staff in terms of compensation, & to look out for and protect his staff from accusations and investigations etc. This is in contrast to his general manager role which is to manage the financial/budgetary priorities of the town and oversee all district staff.

The General Manager role requires looking at the bigger picture of the town's operations and needs, of which the police department is only a part—

Now here is an example of how the clash of duties and loyalties gets played out with the board where the Chief and GM need to present at times competing arguments. ...

The Chief wants the police office painted etc. for his staff, demonstrating his loyalty and concern for his staff's morale, the Chief also wanted a new car for himself, & for his department, even though the budget is very tight. Now, on the otherside, we have the GM responding recently to the public and to the board's strong request at these very meetings to buy and improve the audio system to directly benefit the residents at meetings.

So the Chief and GM have competing budget needs, clashing duties and loyalties, and what happened? Well, we all know the \$30k car was approved for the police dept and painting etc., but we still do not have a sound system, one year later, and a request for \$20k from KCC was turned down to fund the audio system.

This is just one instance where a clear clash of duties & loyalties makes having in practice a combined position untenable, and prevents the board from ensuring there is good fiscal management now and in the future.

I am opposed to approving the actuarial study prepared by Total Compensation Systems in order to meet the legal requirements of completing an actuarial study every two years, and then asking Adam Benson to prepare two alternative scenarios with a 5% medical trend cost and a 6% discount rate. Such a recommendation defies reasonable logic and is contrary to every principal of good financial governance. Here's why.

First, if there are good, sound financial reasons why the annual 4% medical trend rate used in the report needs to be increased, then it should be increased. The same can be said for changing the discount rate or correcting other aspects of the report, which I'll describe later. The primary point is that you should be approving a report that all agree is based on reasonable assumptions and accurate data. Our accountant, Debbie Reynolds, suggested that we approve this report and then if we want to make further changes requiring more funding we can do so, but will not have the legal obligation to continue the funding if the funds are needed elsewhere. This is not proper accounting behavior. How do you think our officers would feel if we told them we have set aside funds for their medical cost in retirement, but if it turns out we do not have enough money to meet those costs we won't pay them. You need to approve a report that sets aside the right amount of money, not a report that will underfund these medical costs with much larger catch up obligations coming down the road. And, as I'll explain later, that is exactly what you have been doing for the last 4 years.

Second, while I think Adam Benson is a very capable individual, I was not aware that he was trained to do actuarial studies. While it may be possible for Total Compensation Systems to re-run the numbers by changing the medical trend rate from 4% to 5%, Adam does not have all the other actuarial inputs available to him to make this calculation. Sure, Adam could pass judgment on what the medical trend rate should be, but he already gave us this information in his May 2015 report, when he projected medical cost increases at 5% to 6%.

Third, who said that the medical trend rate should be 5%? Why not 6% or maybe 7% declining to 5% over say 7 years. These are not numbers that should be pulled out of the air; they should be based upon some carefully considered data. This sort of analysis should be done by a qualified actuarial firm, and I will suggest several that would fit that bill, but not Total Compensation Systems. Here are some reasons why the 4% medical trend rate needs to be reassessed.

1. In looking at four actuarial reports for other agencies, I did not find another example of an actuarial firm that used a flat 4% rate. In fact all these firms used a declining scale, typically starting at about 7% to 8% in year one and declining to 5.0% or 5.5% in 7 to 12 years. Given the historical trend rate of medical costs, this seems like a logical assumption.
2. The firm of Bartel Associates, LLC is the largest public actuarial firm in the State, and is the firm used by the city of Dublin and many other California cities. Given that Mr. Hart is on the Dublin City Council, I assume he approved the Dublin actuarial report prepared by Bartel Associates in April 2014. This report used a declining scale starting at 8.0% going down to 5.0% by 2021. Since Dublin has a very experienced finance department, I would think that as our GM Mr. Hart would be particularly concerned about the 4% Trend Rate used in the Kensington report.
3. One of the most disturbing issues I found concerned my review of previous actuarial studies done for the District. In 2010, Nicolay Consulting did the District's actuarial study using a Medical Trend Rate starting at 8.2% and declining to 5.5% in 2019. They

7

estimated the District's OPEB contribution in FYE 2012 at \$254,000. Perhaps someone, like Chief Harmon, did not like such a high contribution, so they employed Total Compensation Systems which dropped the medical trend rate to 4%, thereby lowering the next year's contribution by \$108,000. As I will show in a handout I will leave with you, I would estimate that by changing actuarial firms in 2012, the District has reduced its OPEB commitment over the last 4 years by about \$400,000. Clearly that made past budgets look better than they would have otherwise, but gaming the system means that you have simply postponed the obligation to fund medical costs by \$400,000.

In addition to adjusting the Medical Trend Rate, these are other concerns I have with the proposed actuarial report.

1. We need to make certain that our count of both active and retired officers and surviving spouses is accurate. We know the active count is wrong, and based upon what I have observed, the retired count may not be accurate. I asked the District to provide further clarification, but the response left the impression that their records are not complete. Moreover, I heard that CalPERS did an audit of the District files and found that their record keeping was not good.
2. Both Bartel Associates, the Dublin actuarial firm, and Nicolay Consulting, used by the Kensington Fire district believe GASB 45 requires actuarial studies to include the impact of what is referred to as an implicit or implied subsidy. This subsidy takes into account the fact that younger employees are charged a premium higher than their claims thereby subsidizing older employees who have higher claims than premiums. According to the Dublin actuarial firm "This subsidy will significantly increase your OPEB liability". Total Compensation Systems believes that GASB 45 does not require this calculation, and have therefore not counted it.
3. In an effort to get the best advice I could on these matters I had an e-mail exchange with Mr. John Bartel, president and founder of Bartel Associates, one of the states largest actuarial firms. Here are quotes from this e-mail exchange.

Healthcare trend: Generally the 4% healthcare trend assumption TCS uses is much lower than other actuaries use. We believe a higher ultimate trend is more appropriate.

Mortality: CalPERS completed a more current demographic study which should be used rather than the 2009 study TCS uses. I would guess the mortality table used by TCS is the same as the one used in their 2013 valuation, and they did not anticipate any mortality improvement.

Implied Subsidy: To the best of my knowledge, TCS is the only actuary doing business in the state that believes the implied subsidy does not need to be included. We requested an informal response as to whether including the implied subsidy was required. The response was clear that it was required. Including the implied subsidy would significantly increase the liabilities.

4. My last comment has to do with the Discount Rate. Although the report you have before you uses a 7.0% Discount Rate, in my opinion this is too high, and a 6% Discount Rate would be much more realistic. Even Governor Jerry Brown chastised CalPERS in November about their decision to move their discount rate for pension funding from 7.5% down to 6.5% over 25 years. Brown thought they should move it down to the 6.5% within a few years, to which CalPERS responded, "A more rapid reduction in our discount rate would have caused financial strain on many of California's local municipalities." In other words, CalPERS is telling us that while it would be prudent to reduce the Discount Rate faster they do not want to put strain on municipal budgets, preferring to push these costs onto future taxpayers. Hopefully, this District is smarter than that and will adjust the Discount Rate accordingly.

Given the evidence before you, I strongly recommend that you contract for a new actuarial report from either Bartel Associates, or our former actuarial firm of Nicolay Consulting, who also does the actuarial report for the Kensington Fire District. In talking to both of these firms, it appears that the costs to redo the actuarial report by Bartel will be about \$8,500 and \$4,000 by Nicolay. Using either one will be money well spent.

Historical Medical Data

1. Actuarial OPEB Estimates By Year (from District budget)

Fiscal Year	10/11	11/12	12/13	13/14	14/15	15/16	Est. 15/16 Total Comp.
ARC/OPEB - \$	243,400	254,000	> 145,700	188,600	193,800	199,100	174,000

The ARC (Annual Required Contribution) is the sum, with some minor adjustments, required to fund OPEB (Other Post Employment Benefits) obligations. OPEB are all non-pension retirement benefits; like medical, dental drug and vision.

NOTE: In 12/13 the ARC dropped by over \$100,000 as a result of changing actuarial firms, resulting in a drop in the medical Trend Rate from about 7% to 4%. WHILE THIS HAS PROBABLY SAVED THE DISTRICT \$400,000 IN MEDICAL ACCURIALS THROUGH 15/16, IT COMES AT THE COST OF UNDERFUNDING MORE REALISTIC OPEB OBLIGATIONS BY \$400,000.

2 Annualized Change in Medical Premiums (Source CalPERS and Bartel Assoc)

Calendar Year	2001-2016	2006-2016	2010-2016
Kaiser	9.1%	6.7%	5.8%
PERS Choice	9.2%	7.0%	7.8%
Blue Shield	11.4%	9.1%	9.9%

The data shows that while Kaiser (the benchmark for Kensington officers) has done a better job than other plans, past experience suggest a 4% trend rate is too low. Recent articles suggest that 2016 premium rates were set with limited data on Affordable Care and will increase in 2017.

3. Assumed Medical Trend Rates by Various Actuaries (source city reports)

Calendar Year	2016	2017	2018	2019	2020	
Total Compensation (Kensington)	4%	4%	4%	4%	4%	
Bartel Assoc (Dublin)	7.5%	7.0%	6.5%	6.0%	5.5%	2021+ 5.0%
Nicolay Conslt. (Kensington Fire) - Pre-65	N.A.	8.0%	7.75%	7.50%	7.25%	2029+ 5.00%
Post-65	N.A.	5.50%	5.25%	5.00%+		
Menard Conslt. (Clayton)	6.8%	6.6%	6.4%	6.2%	6.0%	2025+ 5.0%

Total Compensation assumes medical trend rates that are well below those used by other firms.

4. Kensington Medical Participation by Active/Retired (Source, Annual budgets)

Fiscal Year	10/11	11/12	12/13	13/14	14/15	15/16	15/16 used by Total Comp
Active employees	10	10	10	10	10	9	9
Retirees	11	12	12	12	11	13	14

Total Compensation needs to adjust active employees from 9 to 10., since the chief's contract was changed to include medical benefits This will increase OPEB costs. Budget numbers for FYE 14/15 seem to have undercounted the number of retirees. This needs to be checked.

45

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Marilyn Stollon
January 14, 2016
Pls Add to the record

ICOPGM Hart's resolution for policy & procedures: Conflict of Interest

There are no other Community Service Districts with combined positions that are comparable to us. Of the 13 CSDs surveyed, many are gated, high end estates, retirement ,or full service communities. All of them have separate GM, COP , or contract out to avoid issues, regardless of their size.

I question whether any amount of changed or modified policy and procedures will or can address the inherent conflict of interest ~~issues~~ that have come up in the past, or will come up in the future when someone has an issue with the GM/COP or a board member and has no where to go. This is not do-able. Are we going to outsource all investigations? This would be unnecessary for some of the time, if there was a town manager.

The town manager of Colma, when interviewed, said it was necessary to have an "impartial" individual", "without a vested interest in the outcome of any disputes".

Pat Gillette, in the October, & November 2014 board minutes recommended the Board amend the process for non police complaints, including complaints against a director. She said it should be changed because the Chief of Police shouldn't investigate complaints against himself . She also said that currently the COP investigates complaints against directors, and she thought there was a potential conflict inherent in this arrangement because the chief reports to the directors. She said she was " conflicted and uncomfortable" with the process, particularly, if the complaint brought to the chief was about the chief . She repeatedly expressed "concerns about the process", that it was "potentially a problem" and "conflict of interest", when the chief "has to investigate himself".

Now I have had interactions with the chief and the board members, would I, as a resident be comfortable coming to the president of the board regarding a conflict, or issue similar to our board director, I do not think so, and that is why quite simply this town has, and will continue to have ongoing legal suits, as long as we continue to have a combined gmcop position.

KPPCSD BOD Meeting, January 14, 2016

Public Comment by A. Stevens Delk, Ph.D.

Unabridged Text for District Administrator Wolter

Re: Approved Minutes

I thank the Board and Staff for substantial improvements in the way minutes are amended and posted. The use of highlighting to point out changes made to the draft copy is terrific.

I understand how challenging revisions can be. In my 30-year professional career I wrote many scientific papers and documents, and for most of them I had to do it without that wonderful invention "word-processing" and when "cut and paste" was literally that (although it was actually cut and tape).

Under the tab Approved Minutes, there are no minutes listed for January, May, June, July, September, and October of last year. This suggests that there are no approved minutes for those months, when, in fact, these minutes are not included simply because they were approved without amendments. It seems to me, all approved, finalized minutes should be posted together, ideally under Approved Minutes. If not, a statement should be added to the menu page stating where unlisted approved minutes can be found and/or the tab title should be changed to Amended Minutes.

The current numbering system for minutes is terrible. A handwritten number is used to refer to the location in a particular agenda packet, but the agenda packet is not actually identified (although one would guess it would be the packet for the next month). For example, the first page of the December minutes has the number 4 following the footer KPPCSD Minutes – December 10, 2015, which refers to page 4 of the January agenda packet. Sometime, minutes for a particular meeting have been included in two different agenda packets and thus have two different sets of page numbers. Another example of the confusing system is that the pages of the original November 12, 2015 draft minutes are numbered (based on locations in the December agenda packet), but there are no pages numbers in the final approved version (because they were never in an agenda packet). The pages of the draft minutes should include a typed page number identifying its sequence in the original document. The revised minutes would have the same typed page numbers, making it easier to reconcile the two versions and for "everyone to be on the same page." This would not preclude using a handwritten number to identify the page location in an agenda packet.

With the current system, the addition or deletion of text may cause the draft and approved versions to be "out of sync" with respect to the text on a particular page. For example, the last line on page 4 of the November draft has been shifted to the next page of the approved version and the remaining pages are also one or more lines out of sync. This happened

primarily because of the addition of a header in the revised version, but it could happen if there ^{were} ~~is~~ anything more than a minor addition or deletion. It seems to me that a further improvement would be for the draft and the approved minutes to always be in sync with respect to the text on any given page.

Re: Policy Manual, Public Complaints

Under Policy Number 1030.40, regarding complaints against the Police Department, KPD Grievance Policy 7-13 is cited and a copy included. I believe it has been replaced by KPD Policy 1006. If so, KPPCSD Policy Number 1030.40 should be revised.

Policy Number 1030.30 deals with non-police complaints which are first to be addressed to the General Manager. This section concludes with the sentence "This policy in no way prohibits or is intended to deter a member of the community or staff from appearing before the Board to present verbally any testimony, complaint or statement in regard to actions of the Board, District programs and services, or impending considerations of the Board."

It's not clear to me what the policy is for a member of the public who wishes to register a formal complaint against the Board of Directors. Clarification would be appreciated, perhaps with a new section 1030.60 following the proposed new section 1030.50 regarding complaints against the General Manager/Chief of Police.

Yesterday I took this oath to be sworn into the CERT Program for Kensington.

I do solemnly swear (or affirm) that I will support and defend the Constitution of the United States and the Constitution of the State of California, against all enemies, foreign and domestic; that I will bear true faith and allegiance to the Constitution of the United States and the State of California, that I take this obligation freely, without any mental reservations or purpose of evasion; that I will well and faithfully discharge the duties upon which I am about to enter. I certify under penalty of perjury that the foregoing is true and correct

This is the same oath taken by each member of this board and Kevin Hart.

In my opinion and belief in its truth Len Welsh, Chuck Toombs and Kevin Hart have violated their oath of office as follows:

Welsh and Toombs have both violated the constitution of California in their conducting of meetings as President of the Board by violating the rights of members of the public to freely and appropriately express themselves at meetings. (CA Supreme Ct case Vargus vs The City of Salinas) There has been intimidating bullying behavior in doing so by both Toombs and Welsh. Welsh has cooperated in what I regard as a cover up of the dishonest falsification of the minutes of the KPPESD first brought to his attention almost exactly 10 months ago.

Regarding Toombs he has continued what I regard as unconscionable bullying as he did with board director Cathie Kosel which I first became aware of when he was president of the board and which I confronted him about to his face. Both

Toombs and Welsh have made statements over time that I do not believe were true. Welsh privately to me when he engaged in bullying when I tried to civilly raise questions, "Are you accusing me of lying" angrily hurled at me, more than once. Toombs statements made publicly, most recently in his Nextdoor bullying attack on Marilyn. Statements I believe to be false, and I think with good reason.

Kevin Hart who I regard as violating his oath of office in cooperating with the attempted cover up of the dishonest falsification of the minutes by dragging his feet in discharging his duty to provide the public with an accurate record of the meetings.

Dishonest minutes undermine the very legitimacy of our community's government.

In my opinion Hart further violated his oath by his response to my complaint of the dishonest and false police report by Ramos of a crime against me investigated on December 15th--- Ramos also purposely destroyed evidence of the crime. After I submitted a full correction of the Ramos report , on December 28TH Hart defended him during a meeting with me by absurdly, in violation of the laws of physics, asserting explanations suggesting that no crime was committed. Hart finally suggested that perhaps it was one of my neighbors or patients that committed the crime. Perhaps most telling was that I informed Hart that I had videoed the Ramos investigation and Ramos said he was too. Remarkably Hart did not ask to see the video.

Seems to me that neither Ramos or Hart were interested in clear evidence, first of the crime and next of Ramos' quite remarkable "investigation." I have reluctantly arrived at the

conclusion that Hart, a politician as well as a police officer, was brought in with the understanding that he would defend the status quo, one plausible explanation for the sweet heart financial package along with a new car that he got for signing on the dotted line. It's an explanation that I believe is true. He is not the man for Kensington.

Hart has known for a number of months about the minutes and since December 25th about the Ramos matter.

On January 5th I wrote to Hart asking for the status of my formal complaint about the minutes. I asked about, "... the steps taken to correct them in a fashion that makes the correction as available to the public as the corrupt draft minutes." Also asked, "Please inform me of the status of the falsified and totally unprofessional crime report and the destruction of evidence by Officer Juan Ramos regarding his 12-15-15 "investigation" of the resumption of break in's to my house."

"At the end of our meeting you told me the Ramos report would be adjusted. But like with the meeting with you and Welsh months ago regarding the falsified minutes, and the subsequent individual meeting you and I had, the talk doesn't get walked."

On January 12th you wrote back to me:

"I am working on responses to both of these questions. Should have completed by the end of this week."

I responded that day:

"Kevin, after Thursday is too late.

I am both quite angry and also sad because I always hope for the best with and from people, and that's what I did with Len, Chuck and Kevin. Unfortunately, I think each of you mistook

my desire to see you as the kind of people who do the right thing because it's the right thing to do, for naivety and a vulnerability to be played. I wasn't played I hung in with you because I'm a diehard --- that's not why I'm angry. I'm angry because I could no longer sustain hope for you because each of you have worn out the diehard in me and have proven to my satisfaction that you are not public servants who are there to serve the public.

Lynn Wolter

From: Kevin Hart
Sent: Tuesday, January 19, 2016 9:33 AM
To: Lynn Wolter
Subject: FW: Resent, please include in the record

Kevin E. Hart
Interim General Manager/Chief of Police
Kensington Police Protection and Community Services District
217 Arlington Avenue
Kensington, CA 94707-1401
khart@kensingtoncalifornia.org
(510) 526-4141 Office
(510) 982-6349 Cell

From: Len Welsh [mailto:lenwelsh@gmail.com]
Sent: Monday, January 18, 2016 3:39 PM
To: Kevin Hart <khart@Kensingtoncalifornia.org>
Subject: Fwd: Resent, please include in the record

Fyi

----- Forwarded message -----

From: ashane@ips.net <ashane@ips.net>
Date: Mon, Jan 18, 2016 at 3:28 PM
Subject: Resent, please include in the record
To: Len Welsh <lwelsh@kensingtoncalifornia.org>, Vanessa Cordova <vanessa.cordova.kppcsd@gmail.com>, Chuck Toombs <ctoombs@kensingtoncalifornia.org>, Rachelle Sherris-Watt <shwatt@sbcglobal.net>, Pat Gillette <pgillette@kensingtoncalifornia.org>
Cc: Randy Riddle <riddle@publiclawgroup.com>, rick radin <ironradin@comcast.net>, Thomas Peele <tpeele@bayareanewsgroup.com>

I've edited this with the hope you'll share it for the purpose of advancing community awareness:

Dear Board,

As you know, I have continued to do my best to convince you that the citizens of Kensington are subject to possible retaliation from the police department, because we can't report our concerns and complaints to a general manager who would investigate complaints and keep our identities confidential.

I gave the example of newly hired interim chief Hart writing to the Richmond police chief that I am 'challenged,' when he was repeatedly asking me, and asking others to ask me, to meet with him face to face, after I'd already told him I didn't want to.

(After I'd asked Richmond why it took 20 minutes for an officer to respond to a report of

gun fire near Colusa Circle, the Richmond police chief wrote to me that Hart told him not to answer any questions from Kensington residents, and Hart then wrote to me that he had obtained that information and he'd tell me if I'd meet with him in person. I filed a PRA to get that information from Richmond, and it included their correspondence.)

And the example of his strange and rather expensive interference in my attempt to get a fence line survey subsequent to a property line dispute, and then writing to all five KPPCSD directors his opinion that I am not truthful, during the time I had initiated recall.

I take advice wherever I can get it, and I'd been advised that your defense of a police chief being the general manager too is legal, since a general manager is legally allowed to manage a police department, misses the vital difference between the reversal, namely the conflict of interest of a police chief supervising himself and recommending expenditures that may favor his own salary and benefits and may favor the police department over the parks and public buildings.

Cocotax did an analysis and found that the police department share of the budget increased from 85% to 90% over a four-year period of time. The costs associated with defending employees from charges made by other employees has likely made up a large share of this increase, as well as other pointless lawsuits, but it likely also reflects the addition of an extra officer, the costs associated with training a larger number of reserve officers, the policy of allowing officers to use squad cars to commute, and the increasing costs of providing full benefits as officers retire.

I also pointed out that none of the five directors in 2014 who were informed of the Reno incident questioned Harman regarding the scope of the investigation that he apparently claimed he'd been conducting over a 9 month period, to the point of accepting he'd had a rational basis for his determination that Barrow posed no risk to the community, when after the fact we learned from Barrow's lawyer that he has an addiction disease yet was loaned at our liability to the county drug task force, where he went on drug raids and served warrants to citizens accused of drug-related offenses. I am sure you also recall that he investigated a case of sexual misconduct (it's in the agenda) and apparently found it had no merit, when he had himself engaged in a sexual act with a drug-impaired woman more than twenty years his junior.

I have been advised that the cost of filing a writ to ask a judge to order you to follow the law and hire a qualified general manager would be very expensive if I hire a lawyer, and that the filing fees alone are about \$500. So, I will most likely have to prepare it myself, as best I can, as is my right as a citizen.

But more importantly I have been advised to first ask one or all of you to approach the California State Attorney General, which I can't do because I am not an elected director and I don't have standing, and ask that she rule on whether or not the police chief supervising himself is a conflict of interest and isn't what the legislators had in mind when they required that special police districts employ general managers but did not require that special police districts employ police chiefs.

On another issue I have been informed that El Cerrito has prepared a newer contracting bid, and that for your ad hoc committee to fairly address the costs of maintaining the status quo over contracting out, that that information, as well as bid information from all the other possibilities, would be necessary, and that any of the five of you has standing to ask El Cerrito for a copy of their latest contracting bid.

Therefore I ask that one to all five of you approach the AG and ask for a ruling on whether a police chief managing civilians is exactly the same as a civilian managing a police department, and ask that one to all five of you request a copy of the El Cerrito bid and enter it into the record so that any of us can read it.

I would greatly appreciate one to all five of you acting on these two requests.

Thank you,

Anna Shane, PhD

Lynn Wolter

From: Rachelle Sherris-Watt <shwatt@sbcglobal.net>
Sent: Wednesday, January 27, 2016 10:35 AM
To: Lynn Wolter
Subject: Fw: Resent, please include in the record

On Monday, January 18, 2016 3:32 PM, "ashane@jps.net" <ashane@jps.net> wrote:

I've edited this with the hope you'll share it for the purpose of advancing community awareness:

Dear Board,

As you know, I have continued to do my best to convince you that the citizens of Kensington are subject to possible retaliation from the police department, because we can't report our concerns and complaints to a general manager who would investigate complaints and keep our identities confidential.

I gave the example of newly hired interim chief Hart writing to the Richmond police chief that I am 'challenged,' when he was repeatedly asking me, and asking others to ask me, to meet with him face to face, after I'd already told him I didn't want to.

(After I'd asked Richmond why it took 20 minutes for an officer to respond to a report of gun fire near Colusa Circle, the Richmond police chief wrote to me that Hart told him not to answer any questions from Kensington residents, and Hart then wrote to me that he had obtained that information and he'd tell me if I'd meet with him in person. I filed a PRA to get that information from Richmond, and it included their correspondence.)

And the example of his strange and rather expensive interference in my attempt to get a fence line survey subsequent to a property line dispute, and then writing to all five KPPCSD directors his opinion that I am not truthful, during the time I had initiated recall.

I take advice wherever I can get it, and I'd been advised that your defense of a police chief being the general manager too is legal, since a general manager is legally allowed to manage a police department, misses the vital difference between the reversal, namely the conflict of interest of a police chief supervising himself and recommending expenditures that may favor his own salary and benefits and may favor the police department over the parks and public buildings.

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addition of an extra officer, the costs associated with training a larger number of reserve officers, the policy of allowing officers to use squad cars to commute, and the increasing costs of providing full benefits as officers retire.

I also pointed out that none of the five directors in 2014 who were informed of the Reno incident questioned Harman regarding the scope of the investigation that he apparently claimed he'd been conducting over a 9 month period, to the point of accepting he'd had a rational basis for his determination that Barrow posed no risk to the community, when after the fact we learned from Barrow's lawyer that he has an addiction disease yet was loaned at our liability to the county drug task force, where he went on drug raids and served warrants to citizens accused of drug-related offenses. I am sure you also recall that he investigated a case of sexual misconduct (it's in the agenda) and apparently found it had no merit, when he had himself engaged in a sexual act with a drug-impaired woman more than twenty years his junior.

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Therefore I ask that one to all five of you approach the AG and ask for a ruling on whether a police chief managing civilians is exactly the same as a civilian managing a police department, and ask that one to all five of you request a copy of the El Cerrito bid and enter it into the record so that any of us can read it.

I would greatly appreciate one to all five of you acting on these two requests.

Thank you,

Anna Shane, PhD

Office Report prepared by Marty Westby, Administrator
Kensington Community Council Board Meeting
February 1, 2016

KASEP:

KASEP Winter Session is at the half way mark, Week 5 of a 10 week session. Classes end Friday, March 18th. KCC will be closed, no KASEP classes, President's Week, February 15-19th.

Spring KASEP starts Monday, March 21st and ends Friday, May 27th. KASEP Spring Brochure is complete and will be distributed to Hilltop students the week of February 22nd. Online registration is scheduled for Tuesday, March 8th at 7:30pm. Spring KASEP will be online available for viewing on Monday, Feb. 22nd.

Exciting new classes for spring session: Elaine Chu is returning to teach Book Making for older students. We welcome Odessa Spore, a new teacher who will explore the world of Block Printing. Sara Brown, karate instructor, is offering a self-defense class for girls, and lastly PlayWell Technology is hosting a LEGOS Engineering Fundamentals class.

After 32 years of teaching carpentry, Sandy Thacker is going on sabbatical. She is taking spring session off, returning for the coveted first week of summer camp as the specialty teacher, June 13th and returning for FALL KASEP 2016.

Tax forms, both W-2 and 1099s were distributed for tax year 2015. KCC office staff prepared 1099s for KASEP teachers, camp counselors, and Outlook contractors.

KCC Classes and Events:

Jazzercise, Body Sculpting and Acrylic Artists continue as part of our adult recreation program. Scheduled times are published in the Outlook each month.

April 4-8th, Spring Break Kids Cooking Camp: Little Spoons Café
Ages 7-12, limited space - up to 12 maximum. Organic and pesticide free
New-- Monday through Friday, half day cooking camp for young students put on by Chef Eric, 9:30 - 12:30pm at the community center. For more information, parents can call the KCC office at 510-525-0292.

KCC Summer Day Camp:

Summer Camp runs for 10 weeks, starting June 13th and ending August 19th. Enroll by the week; campers must be entering first through 6 grades, in the fall. Summer Camp planning is finished and we are putting the information online. Camp online registration starts Tuesday, March 1st. Final camp schedule will be available for viewing online the week of February 22nd. Brochures will be sent home the week of February 22nd.

KCC

SAVE the DATE: May 1st Kensington Hilltop Graduating High School Senior Photo Shoot. 4:00pm, KCC Office. The picture will be published in the June Outlook.

50

February 2016

February 2016							March 2016						
Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa
	1	2	3	4	5	6			1	2	3	4	5
7	8	9	10	11	12	13	6	7	8	9	10	11	12
14	15	16	17	18	19	20	13	14	15	16	17	18	19
21	22	23	24	25	26	27	20	21	22	23	24	25	26
28	29						27	28	29	30	31		

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
Jan 31	Feb 1 7:00pm **Cub Scouts** (CCM) 7:00pm KCC Mtg (CC3)	2 7:30pm *Boy Scouts (CCM)	3 7:00am AA (CCM)	4 7:00pm Ad Hoc Mtg (CCM) 7:15pm EBC (CC1)	5 6:00pm CC Rental Set Up (CCM)	6 1:00pm CC Rental (CCM)
7	8 7:00pm **Cub Scouts** (CCM)	9 7:30pm *Boy Scouts (CCM)	10 7:00am AA (CCM) 7:00pm *KFD Mtg (CC3)	11 6:00pm KPPCSD Mtg (CCM)	12	13 9:00am Compost Class (CC3)
14	15 7:00pm **Cub Scouts** (CCM)	16 7:30pm *Boy Scouts (CCM)	17 7:00am AA (CCM) 8:00am Andrea out of office - Andrea Di Napoli	18 7:15pm EBC (CC1)	19	20
21	22 7:00pm **Cub Scouts** (CCM) 7:30pm *KIC (CC3)	23 7:30pm *Boy Scouts (CCM) 7:30pm *KMAC (CC3)	24 7:00am AA (CCM) 7:00pm Park Bldg Committee (CC3)	25	26	27
28	29 7:00pm **Cub Scouts** (CCM)	Mar 1	2	3	4	5

March 2016

March 2016							April 2016						
Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa
		1	2	3	4	5						1	2
6	7	8	9	10	11	12	3	4	5	6	7	8	9
13	14	15	16	17	18	19	10	11	12	13	14	15	16
20	21	22	23	24	25	26	17	18	19	20	21	22	23
27	28	29	30	31			24	25	26	27	28	29	30

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
Feb 28	29	Mar 1 7:30pm *Boy Scouts (CCM)	2 7:00am AA (CCM)	3 7:00pm Ad Hoc Mtg (CCM) 7:15pm EBC (CC1)	4	5 8:00am Tentative Hold (CCM)
6	7 7:00pm **Cub Scouts** (CCM) 7:00pm KCC Mtg (CC3)	8 7:30pm *Boy Scouts (CCM)	9 7:00am AA (CCM) 7:00pm *KFD Mtg (CC3)	10 6:00pm KPPCSD Mtg (CCM)	11	12 6:00pm CC Rental (CCM)
13	14 7:00pm **Cub Scouts** (CCM)	15 7:30pm *Boy Scouts (CCM)	16 7:00am AA (CCM) 8:00am tentative hold	17 8:00am tentative hold 7:15pm EBC (CC1)	18	19 8:00am Tentative Hold (CCM)
20	21 7:00pm **Cub Scouts** (CCM)	22 7:30pm *Boy Scouts (CCM)	23 7:00am AA (CCM)	24	25	26 8:00am KIC & KPOA
27	28 7:00pm **Cub Scouts** (CCM) 7:30pm *KIC (CC3)	29 7:30pm *Boy Scouts (CCM) 7:30pm *KMAC (CC3)	30 7:00am AA (CCM) 7:00pm Park Bldg Committee (CC3)	31	Apr 1	2

KENSINGTON POLICE PROTECTION AND COMMUNITY SERVICES DISTRICT

General Manager January 2016 Report

General

During January, I presented a District update at the annual K group meeting and answered questions posed by about 20 community residents.

I attended several meetings and participated in conference calls regarding loss data from our Records Management System, coordinated by the Richmond Police Department.

I attended the monthly West Contra Costa County Police Chiefs meeting, as well as the full county Police Chiefs meeting. During these meetings we were briefed on situational awareness and potential threats during the Super Bowl, new procedures for drug testing in Contra Costa County, NIBIN opportunities, new protocols for DA charging, the county Training Plan for Disaster preparedness, and a new software for digital reporting.

Officer Wilkins and I attended a Traffic Safety presentation at the San Pablo Police Department. Of particular interest was their Automated License Plate Reader (ALPR) and situational awareness camera system. This system reads license plates of vehicle entering and leaving San Pablo and has helped solve 5 homicides in the past three years.

On January 23, 2016, I attended the Public Forum held by the Ad Hoc Committee on Governance. The event was well attended.

The FBI is accepting applications for 2016 FBI Teen Academy. It's a one day class for any junior or a senior students from Kensington that may be interested in a career in law enforcement.

Text to 911 is in full operation for Kensington residents. See Press Release on January 27, 2016 for more details.

Richmond Police Department's investigation of traffic stop is still in progress. Investigator asked for an additional week in completing the report. This investigation/report will be at no cost to the District. I anticipate receiving the final report by mid-February.

As a result of the recent newspaper article concerning 911 calls and the accusation of harassment by the police force by individuals who claimed not to have called 911, I have launched an inquiry into specific 911 disconnect calls as indicated in the article. I have most of the data already and should have this inquiry completed before the Board meeting in March.

Kensington Police Officer Chris Armanino has submitted his resignation. He has accepted another law enforcement position outside of the county. We wish him well in his new endeavor. I intend to replace him as soon as possible.



Kevin E. Hart,
Interim General Manager

80

RESOLUTION NO. 2016-02

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE KENSINGTON POLICE PROTECTION AND COMMUNITY SERVICES DISTRICT AMENDING BOARD POLICY NUMBER 3020 GOVERNING PREPARATION OF THE BUDGET TO ENSURE CONSISTENCY WITH STATE LAW PROVISIONS GOVERNING THE BUDGET PROCESS

The Board of Directors of the Kensington Police Protection and Community Services District) hereafter referred to as the "Board of Directors) does resolve as follows;

WHEREAS, Section 61110 of the Government Code establishes the general process for the KPPCSD to prepare and adopt its annual budget; and

WHEREAS, KPPCSD Policy Number 3020 sets forth the District's policy for preparing its budget, and is not entirely consistent with Section 61110 of the Government Code; and

WHEREAS, the Board of Directors wishes to amend KPPCSD Policy Number 3020 to ensure it is fully consistent with Section 61110 of the Government Code.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Kensington Police Protection and Community Services District that KPPCSD Policy Number 3020 is hereby amended as follows:

Budget Preparation

POLICY NUMBER: 3020

- 3020.1 A preliminary annual budget proposal shall be prepared by the General Manager no later than May1.
- 3020.2 Prior to review by the Board of Directors, the Board's Finance Committee shall meet with the General Manager and review his preliminary annual budget proposal.
- 3020.3 The proposed preliminary annual budget as reviewed and amended by the Finance Committee shall be reviewed by the Board at its regular meeting in May.
- 3020.4 The proposed preliminary annual budget as amended by the Board during its review shall be adopted at its regular meeting in June. Any exceptions to this date must be approved by Board action, but in no event shall the preliminary annual budget be adopted later than July 1.
- 3020.5 The final annual budget shall be adopted no later than September 1. The General Manager shall publish the public notice required by Government Code section 61110(c).

62

PASSED AND ADOPTED by the Board of Directors of the Kensington Police Protection and Community Services District at a regular meeting thereof held on the _____ day of _____ 2016, by the following vote, to wit:

Ayes:

Len Welsh, President

Noes:

Rachelle Sherris-Watt, Vice President

Absent:

Chuck Toombs, Director

Vanessa Cordova, Director

Patricia Gillette, Director

Attest:

Lynn Wolter,
District Administrator

KENSINGTON POLICE PROTECTION AND COMMUNITY SERVICES DISTRICT

DATE: February 5, 2016
TO: KPPCSD Board
FROM: Jonathan V. Holtzman
SUBJECT: Extension of Employment Contract for Kevin Hart-Item 9a

Background

The District and Chief Kevin Hart entered into an employment contract for a one-year term which expires on March 1, 2016. Under the terms of the employment contract, the parties may mutually agree to extend the contract until June 1, 2016 with no change in the monthly compensation, benefits or other terms and conditions of Chief Hart's employment. As the expiration of the employment contract draws near, it is an appropriate time for the District to consider exercising the three-month contract extension clause of the employment contract.

The terms of the employment contract are as follows:

<u>Term</u>	<u>Description</u>
Term	Adoption of Agreement and swearing in as Chief of Police until March 1, 2016 to be extended until June 1, 2016
Salary	\$145,000 (annual)
Employment Status	At-Will
Health Benefits	The District will contribute the monthly premium amount for Mr. Hart and his spouse ("employee plus one") at the Kaiser Bay Area plan rate. The District's contribution will be made up of the PEMHCA statutory minimum and contributions through a cafeteria plan. Any additional costs above the Kaiser Bay Area plan rate at the employee plus one level of coverage shall be the responsibility of Mr. Hart.
Retirement	As a classic member, Mr. Hart is eligible for 3% at 50 based on single highest year of compensation with 1959 fourth level Survivor Benefits. The District will initially pay 6% of the employee contribution. If there are any negotiated changes between the District and the Kensington Police Officers' Association to the amount of District contribution, Mr. Hart's benefit will likewise change.
Other Benefits	Life Insurance, Disability, Uniforms, Cell Phone Allowance

Mr. Hart understands that if rank and file District employees begin contributing a portion towards their monthly premium for health and medical benefits, he shall contribute in the same manner.

The cost of the three-month extension, under the same terms as the original employment contract, is approximately \$50,197 (or \$16,732 per month). These approximate costs do not reflect any "new" costs to the District as the Fiscal Year 2015-2016 Adopted Budget assumes the General Manager and Chief of Police would have to be filled for the full fiscal year regardless.

ab

RESOLUTION NO. 2016-03
FIXING THE EMPLOYER CONTRIBUTION AT AN EQUAL AMOUNT FOR EMPLOYEES AND ANNUITANTS
UNDER THE PUBLIC EMPLOYEES' MEDICAL AND HOSPITAL CARE ACT

- WHEREAS, (1) Kensington Community Services District is a contracting agency under Government Code Section 22920 and subject to the Public Employees' Medical and Hospital Care Act (the "Act"); and
- WHEREAS, (2) Government Code Section 22892(a) provides that a contracting agency subject to Act shall fix the amount of the employer contribution by resolution; and
- WHEREAS, (3) Government Code Section 22892(b) provides that the employer contribution shall be an equal amount for both employees and annuitants, but may not be less than the amount prescribed by Section 22892(b) of the Act; and
- RESOLVED, (a) That the employer contribution for each employee or annuitant shall be the amount necessary to pay the full cost of his/her enrollment, including the enrollment of family members, in a health benefits plan up to a maximum of:

Medical Group	Monthly Employer Contribution
001 Kensington Police Officers Association	100% Kaiser Bay Area Rate Basic/Supplement (No Change)
002 General Manager/Police Chief	Up to the maximum of the PEHMCA Minimum

Plus administrative fees and Contingency Reserve Fund assessments; and be it further

- RESOLVED, (b) Kensington Community Services District has fully complied with any and all applicable provisions of Government Code Section 7507 in electing the benefits set forth above; and be it further
- RESOLVED, (c) That the participation of the employees and annuitants of Kensington Community Services District shall be subject to determination of its status as an "agency or instrumentality of the state or political subdivision of a State" that is eligible to participate in a governmental plan within the meaning of Section 414(d) of the Internal Revenue Code, upon publication of final Regulations pursuant to such Section. If it is determined that Kensington Community Services District would not qualify as an agency or instrumentality of the state or political subdivision of a State under such final Regulations, CalPERS may be obligated, and reserves the right to terminate the health coverage of all participants of the employer.
- RESOLVED, (d) That the executive body appoint and direct, and it does hereby appoint and direct, Interim General Manager/Chief of Police Kevin E. Hart to file with the Board a verified copy of this resolution, and to perform on behalf of Kensington Community Services District all functions required of it under the Act.

bb

Adopted at a regular meeting of the Board of Directors of the Kensington Police Protection and Community Services District at Kensington CA, , this 11th day of February, 2016.

Signed: _____
Len Welsh, President

Attest: _____
Lynn Wolter, District Administrator

KENSINGTON POLICE PROTECTION AND COMMUNITY SERVICES DISTRICT

Date: February 11, 2016
TO: KPPCSD Board of Directors
FROM: Kevin E. Hart, Interim General Manager
Subject: **Item 9c-Budget Increase request-Capital Outlay/Asset Forfeiture funds**

Police Agencies that participated in the West Contra Costa County Narcotics Enforcement Team, (WEST-NET) recently received Asset Forfeiture funds that were generated by the unit. This resulted because most of the criminal cases have been adjudicated and, therefore, some funds are ready for distribution to police agencies. Last week, \$18,525.71, was disbursed to KPPCSD as part of our share for involvement in the task force. I anticipate more asset forfeiture funds as other cases are adjudicated. A new revenue line item has been created to account for this in the budget.

The Board approved its FY 15/16 budget for Capital Outlay at its regular meeting in August 2015. Line item 965 was approved for \$10,000, to purchase weapons for use by each Kensington Police Officer while on duty.

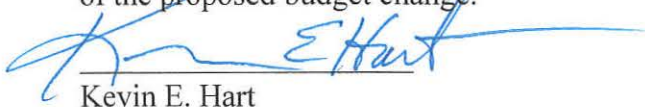
Extensive research has been done to identify the best type of weapon, model, holster, lighting source, and ammo holders to suit Kensington's needs. The results of the research revealed the costs to purchase weapons and associated equipment would exceed the budgeted amount significantly.

Additionally, the District currently does not issue body armor for its police officers. The cost associated with the purchase of body armor is more in line with the budgeted amount approved for weapons of \$10,000.

I recommend the \$10,000 originally approved for the purchase of weapons be allocated for the purchase on body armor for each Kensington Police Officer. KPD previously submitted a grant request to purchase body armor and was denied. We have renewed our grant proposal, and if successful, this request may offset the cost.

The Finance Committee met on February 1, 2016, and reviewed the recommendation of the Interim General Manager and voted unanimously to recommend to the Board of Directors, approval to accept the Asset Forfeiture funds and increase the FY15/16 year budget by \$18,525.71, and recommend the board approve the expenditure for weapons and associated equipment for an amount not to exceed \$18,000. This would increase line 965 from a budgeted \$10,000 to \$28,000.

General Manager Recommendation: Take public comment, deliberate, and consider approval of the proposed budget change.



Kevin E. Hart
Interim General Manager

KENSINGTON POLICE PROTECTION AND COMMUNITY SERVICES DISTRICT

Date: February 11, 2016
TO: KPPCSD Board of Directors
FROM: Kevin E. Hart, Interim General Manager
Subject: **Item 9d-Staff report on revising rental fees for use of District facilities**

On April 12, 2001, the Kensington Police Protection and Community Services District Board unanimously approved Ordinance 2001-01 thereby revising “the rental fees and other charges for the use of District facilities.”

During the intervening 14½ years, the Consumer Price Index for San Francisco – San Jose has averaged 2.43% annually, for a total increase of approximately 40%.

Spreadsheets containing relevant market data were presented to the Board at its December 10, 2015 meeting. The matter was tabled at the time for additional staff work. Included within this report is comparable data from the communities of El Cerrito, Albany and Berkeley.

I recommend the Board consider revising the rental fees and other charges for the use of District facilities.

Should the Board wish to proceed, I’ll provide an ordinance for the Board to consider at its regular meeting in March.

General Manager’s recommendation: Take public comment, deliberate, and approve the increase to fees for use of District facilities.



Kevin E. Hart
Interim General Manager

Community Center/Park Rental Comparison

Community Center & Park Rental Fees	All Individuals/Groups	Resident	Non Resident	Hour Min.
Kensington Community Center				
Community Center		\$75.00	\$100.00	4 hrs.
Kitchen				
Side Room 1				
Side Room 2				
Side Room 3				
Grassy Area				
Ampitheater				
BBQ				
Transfer of Date Fee				
Alcohol Permit				
Key Deposit	\$125.00			
Cleaning Deposoit	\$250 without alcohol; \$500 with alcohol			
Kensington Park/Picnic Areas				
Kensington Park		N/A		
El Cerrito Community Center				
Hall, Kitchen & Garden		\$255.00	\$314.00	5 hrs. Saturdays, 3 hrs. Fri. & Sun. (25% off Fri. & Sun.)
Skylight Room (Adjoining)		\$68.00	\$85.00	
Decoration/Rehersal/Clean Up (2hr Max day of event)	\$104.00			
Optional Clean-up Service	\$100-\$200			
Alcohol Permit	\$180.00			
Transfer of Date Fee	\$42.00			
El Cerrito Park/Picnic Areas				
Picnic Area W/BBQ		\$73.00 a day	\$92.00 a day	
Picnic Area W/O BBQ		\$62.00 a day	\$77.00 a day	
Arlington Areas # 5 & 6		\$137.00 a day	\$171.00 a day	
Arlington Areas # 4, 5, & 6		\$210.00 a day	\$264 a day	
Transfer Fee	\$17.00			
Restroom Key	\$17.00			

Community Center/Park Rental Comparison

Community Center & Park Rental Fees	All Individuals/Groups	Resident	Non Resident	Hour Min.
Albany				
Community Center				
Community Center	Community Based Organization(not for profit)	\$78.00	\$85.00	Fri. - Sun. 4 hr. min.
Community Center	Private Rental for Social or Fundraising Activities	\$106.00	\$113.00	Fri. - Sun. 4 hr. min.
Community Center	Commerical & Business	\$119.00	\$126.00	Fri. - Sun. 4 hr. min.
Albany				
Park/Picnic Areas				
Memorial East		\$16.00 an hour	\$18.00 an hour	4 tables, 1 standing BBQ, 1 Lg. BBQ
Memorial West		\$20.00 an hour	\$22.00 an hour	5 tables, 2 standing BBQ's, 1 Lg. BBQ
Entire Memoral Picnic Area		\$26.00 an hour	\$38.00 an hour	9 tables, 3 standing BBQ's, 2 Lg. BBQ's
Berkley				
Community Centers				
Frances Albrier Auditorium	\$200.00 Deposit to hold date	\$96.00	\$80.00	2 hour min.
Kitchen	\$59.00 Flat rate for use of			
Insurance	Through homeowners or city - rates vary if going through city - depends on amount of people			
Set up cost	\$61.00 Flat rate			
Alcohol Not Premitted				
Jame Kenney Community Center				
	\$200.00 Deposit	\$65 W/O Kitchen	\$78 W/O Kitchen	2 hour min.
		\$83 With Kitchen	\$100 With Kitchen	
Insurance	Through homeowners or city - rates vary if going through city - depends on amount of people			
Alcohol Not Premitted				
Smaller Room - 25 People	\$200.00 Deposit	\$45 M-F	\$54 M-F	2 hour min.
		\$60 Sat-Sun	\$72 Fri-Sun	2 hour min.
Insurance	Through homeowners or city - rates vary if going through city - depends on amount of people			



Community Center/Park Rental Comparison

Community Center & Park Rental Fees	All Individuals/Groups	Resident	Non Resident	Hour Min.
Proposed Increase				
Kensington Community Center				
Community Center		\$125.00	\$150.00	4 hour min
Kitchen	\$60 Flat Rate For Use Of			
Side Room 1		\$35.00 W/O Kitch	\$45.00 W/O Kitch	4 hour min
Side Room 2		\$20.00 W/O Kitch	\$28..00 W/O Kitch	4 hour min
Side Room 3		\$55.00 W/O Kitch	\$65.00 W/O Kitch	4 hour min
Grassy Area	\$50.00 Flat Rate For Use Of			
Ampitheater	\$50.00 Flat Rate For Use Of			
BBQ	\$75.00 Flat Rate For Use Of			
Transfer of Date Fee	\$30.00			
Alcohol Permit For Non Sale	\$140.00			
Alcohol Permit For Sale requires ABC Fee plus	\$140.00			
Kensington Fee				
Key Deposit	\$125.00			
Cleaning Deposoit	\$250 without alcohol; \$500 with alcohol			
Kensington Park/Picnic Areas				
Picnic Area W/BBQ		\$73.00 a day	\$92.00 a day	
Transfer of Date Fee	\$17.00			

In order to rent Side Rooms 1-3, a lock would need to be added to the interior door that leads into the main hall.

Tables	Price	Charis	Price
8' x 30" Rectangular (seats 8-10)	\$8.00 each	Metal Folding Chair	\$1.00
6" x 30" Rectangular (seats 6-8)	\$7.75 each		
60" Round (seats 10)	\$10.00 each		

22

Rental Comparison Chart

	Type of Rate	Deposit	Minimum Rental?	Resident	Non-Res.	Alcohol Permitted?	Insurance Required
Kensington Community Center (current)	Hourly	\$125/key, \$250/clean	4 hours	\$75	\$100	Yes, \$500 deposit, plus \$100 use	No
Community Center (proposed)	Hourly		4 hours	\$125	\$150	Yes, \$500 deposit, plus \$140	
Side Room 1	Hourly	\$125/key	4 hours	\$35	\$45	Yes	
Side Room 2	Hourly	\$125/key	4 hours	\$20	\$28	Yes	
Side Room 3	Hourly	\$125/key	4 hours	\$55	\$65	Yes	
Kitchen	Flat Rate	N/A	4 hours	\$60	\$60		
Grassy Area	Flat Rate	N/A	4 hours	\$50	\$50		
BBQ	Flat Rate	N/A	4 hours	\$75	\$75		
Arlington Community Church	Hourly	Yes	No		50% less for non-profits		
Social Hall	Hourly	Yes	No	\$100	\$50	Yes	Yes
Kitchen	Hourly	Yes	No	\$40	\$20	Yes	Yes
Fireside Room	Hourly	Yes	No	\$50	\$25	Yes	Yes
Camp Herms Main Hall	Daily	No	Daily	\$300	N/A	No	Yes
Kitchen (full commercial)	Daily	No	Daily	\$175	N/A	No	Yes
North Room	Daily	No	Daily	\$120	N/A	No	Yes

	Type of Rate	Deposit	Minimum Rental?	Resident	Non-Res.	Alcohol Permitted?	Insurance Required
Camp Herms Wedding Reception	Daily	No	Daily	\$500 includes all of above	N/A	No	Yes
El Cerrito Community Center Hall, Kitchen and Garden	Hourly	Yes	5 hrs Sat. 3 hrs. Fri. and Sun. (25% off rates)	\$255	\$314	Yes, \$180 permit	
Skylight Room	Hourly	Yes	Yes	\$68	\$85	Yes	
Albany Community Center (non-profit use)	Hourly		Fril.-Sun. 4 hour min.	\$78	\$85		
Social Use	Hourly		4 hours	\$106	\$113		
Commercial Use	Hourly		4 hours	\$119	\$126		

Picnic Area Rentals of the East Bay

City or Facility	Resident	Non-Resident	Features
Albany - East Side	\$15/hr	\$19/hr	4 Picnic Tables, ½ Large BBQ, Small BBQ
Albany - West Side	\$18.50/hr	\$23.50/hr	5 Picnic Tables, ½ Large BBQ, Small BBQ
Albany - East & West	\$30.25/hr	\$39.25/hr	all of the above
Albany - Terrace Park	\$18.50/hr	\$23.50/hr	5 Picnic Tables, 2 BBQs
Berkeley - Aquatic Park	\$45	\$54	4 hour block
Berkeley - Codornices, Area 1	\$75	\$90	4 hour block
Berkeley - Codornices, Area 2	\$60	\$72	4 hour block
Berkeley - Live Oak	\$60	\$72	4 hour block
East Bay Regional Parks	\$60	\$84 (outside Alameda or CC counties)	Per day, up to 35 people
East Bay Regional Parks	\$80	\$112 (outside Alameda or CC counties)	Per day, up to 50 people
El Cerrito	\$73	\$92	Per day, with BBQ
El Cerrito	\$62	\$77	Per day, without BBQ
Oakland Museum of CA	\$19	\$19	4 hour block
Orinda - Com. Center	\$57	\$66	3 hour block
Orinda - Wilder Park	\$34	\$39	3 hour block, up to 20 people

9e

**East Bay Regional Park District
MEASURE WW LOCAL GRANT PROGRAM**

Applications Accepted February and March each year.

PROJECT APPLICATION

PROJECT NAME	AMOUNT OF GRANT REQUESTED \$
	Estimated TOTAL PROJECT COST (Grant and other funds) \$
GRANT APPLICANT (Agency and Address)	PROJECT ADDRESS
Expected Date of Completion:	

Grant Applicant's Representative Authorized in Resolution

Name / Title	E-mail Address	Phone
--------------	----------------	-------

Person with grant administration responsibility for Project (if different from authorized representative)

Name / Title	E-mail Address	Phone
--------------	----------------	-------

Scope of Work:

For Dev. Projects Land Tenure – _____ Acres

For Acquisition Projects:

_____ Acres owned in fee simple by Grant Applicant

_____ Acres to be acquired in fee simple. (Provide purchase agreement and appraisal for approval prior to acquisition.)

_____ Acres available under an permanent easement.

_____ Acres to be acquired under public access easement. (Provide copy of easement for approval prior to acquisition.)

_____ Acres available under a lease

Other (explain) _____

Other (explain) _____

I certify that the information contained in this Project application is accurate and I further certify that this Project is consistent with the park and recreation element of the applicable city or county general plan, park district and recreation plan, or appropriate recreation planning document.

Application Submitted by	Title
--------------------------	-------

Date

76



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Public Law Group™

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98

Memorandum

To: Len Welsh, President, Board of Directors
Kensington Police Protection & Community Services District

From: Adam Benson, Senior Consultant
Public Management Group

Date: January 28, 2016

Re: Review of Actuarial Study for Retiree Health Liabilities as of July 1, 2015

You asked that I review key assumptions in the July 1, 2015 Retiree Health Actuarial Study and outline alternative options for the Board's consideration, including the potential financial impact of such alternatives.¹ This memorandum responds to that request.

This analysis is not intended to replace the current actuarial study, which satisfies the requirements of the Governmental Accounting Standards Board ("GASB") for the accounting and financial reporting of Other Post-Employment Benefits ("OPEB") and conforms to actuarial standards. Rather, this memorandum seeks to identify key assumptions that drive the District's Annual Required Contributions ("ARC") and provide an order-of-magnitude estimate of the costs associated with using alternative assumptions, should the Board decide to pursue a course of action that accelerates pay-down of the unfunded liabilities.

It is important to note that nothing prohibits an employer from contributing more than the ARC, regardless of the assumptions being used. The decision to do so is a matter of policy and should be made in the context of financial forecasts, cash flow, current reserve levels, other unmet needs, and existing plan assets. Because the District's resources are limited – like all public agencies in California – the Board must balance pre-funding retiree medical benefits against all other competing priorities.

All actuarial valuations – whether for pensions or OPEB – are based on estimates of future results at a particular point in time and include both economic and non-economic assumptions. Economic assumptions include items such as general inflation, investment return rate (or discount rate), medical inflation, and payroll growth. Non-economic assumptions include mortality rates,

¹ The Public Management Group provides human resources, labor relations, employee benefit, and financial consulting services to public agencies in California. We are not an actuary, nor do we provide actuarial services. The analysis presented herein provides order-of-magnitude estimates to help the Board make informed financial decisions. The District should consult with an actuary prior to implementation of any specific actions.

77



Kensington Police Protection & Community Services District
January 28, 2016
Page 2

retirement rates, and plan participation. Collectively, all of these assumptions allow the actuary to project the ARC.

The ARC consists of two main components: 1) the normal cost and 2) the amortization of the unfunded actuarial accrued liability (“UAAL”). The normal cost reflects the value of the benefits earned by active employees over the term of the measurement period. The UAAL is the difference between the plan’s actuarial value of assets (“AVA”) and the actuarial accrued liabilities (“AAL”). In simplified terms, the UAAL is the difference between the assets set aside in trust relative to the cost of providing the benefit. The UAAL is then amortized over an average working career, typically anywhere from 20-30 years. In many jurisdictions, the ARC will be reflected as a percentage of payroll.

In the case of Kensington, the ARC is \$173,677, of which \$53,559 is attributed as normal cost and \$120,118 is the amortization of the UAAL (for simplicity I have combined the initial and residual UAAL). In arriving at these figures, the District’s actuary uses the following key economic assumptions (which can be found in more detail on pages 15-19 of the Actuarial Study):

Current Assumption	
Inflation	2.75%
Discount Rate	7.00%
Medical Trend Rate	4.00%
Payroll Growth	2.75%
Actuarial Value of Asset	5-Year Smoothing (20% MV Corridor)

A change to any of these assumptions can change the ARC, either positively or negatively. Two of these assumptions in particular have been raised by the Finance Committee as potential areas for further review, including the Discount Rate and the Medical Trend Rate:

- The Discount Rate (or investment return rate) assumption is currently 7.0% per year. This reflects the assumed long-term rate of return on plan assets. This assumption is consistent with the long-term expectations for CERBT Strategy 1 based on the asset allocation of the portfolio. Further, the 7.0% discount rate is similar to what other public employers with similar funding levels are using currently. Nonetheless, the overall trend is downward with many plans reducing their return assumptions in line with broader market performance. On the pension side, for example, CalPERS recently enacted reforms that are expected to reduce its discount rate from 7.5% to 6.5% over a long-term period (keep in mind that CalPERS pension and health are separate trusts).
- The Medical Trend Rate assumption is currently 4.0% per year. This reflects the assumed growth rate in medical premiums year-over-year. Over the last 10 years, measured from



Kensington Police Protection & Community Services District

January 28, 2016

Page 3

2006 through 2016, Kaiser Bay Area premiums for single coverage have a compound annual growth rate of 7.5%, well above the assumption being used. In more recent years, however, Kaiser Bay Area premium growth has been consistent with the assumption (single premiums decreased by -3.8% in 2015 and increased 4.5% in 2016). Many actuaries use a more conservative medical trend rate. At least in the short-term, I have seen medical trend rates anywhere from 7.0% to 10.0% per year, ramping down to a 4.0% to 5.0% range after 5 to 10 years. Such an approach balances the current realities in the healthcare marketplace against prolonged premium growth rates that are unsustainable from a macroeconomic perspective.

A third issue not raised by the Finance Committee, but that could have a significant impact on the District's retiree health liabilities, is known as the Implicit Subsidy. In general, younger individuals (i.e., active workers) tend to have lower healthcare costs, while older employees and retirees have higher healthcare costs due to greater utilization. When the experience of active employees and retirees in a health plan are combined to develop a single premium (such as PEMHCA), there is said to be an Implicit Subsidy. In other words, the actual premiums being charged to active employees are greater than their actual claims cost. Retirees, on the other hand, are being charged less than their actual claims cost.

In most cases, Actuarial Standard of Practice (ASOP) 6 requires actuaries to include the cost of the Implicit Subsidy in the valuation. The District's actuary discusses ASOP 6 at length in the actuarial valuation and provides rationale for excluding the Implicit Subsidy in the valuation, which is permitted under limited circumstances. However, there is some disagreement among actuaries on whether this exception can and should be invoked in the case of PEMHCA. If the District were to include the cost of the implicit subsidy in its actuarial valuation, its OPEB costs would be substantially higher.

Further, actuaries are generally required to incorporate improvements in life expectancy in valuations (commonly referred to as "longevity" or "mortality"). The current valuation does not provide a rationale for the selected mortality rates. If the District were to incorporate longevity improvements (and the results of the most recent CalPERS mortality study), the ARC would be significantly higher.

Without recommending specific modifications to these actuarial assumptions and after consulting generally with an actuary, I developed a range of potential costs if the District were to make changes. All figures should be considered estimates and the District should consult with its actuary prior to making modifications to the assumptions in the future. For purposes of this analysis, the impact of modifying the Discount Rate was excluded.



Kensington Police Protection & Community Services District

January 28, 2016

Page 4

Current Annual Required Contribution		\$173,677
<u>Potential Modifications</u>	<u>Low</u>	<u>High</u>
Reduce Discount Rate	--	--
Mortality Improvements	\$15,500	\$21,000
Increase Medical Trend Rate	\$12,000	\$16,500
Include Implicit Subsidy	\$17,500	\$27,000
<i>Sub-Total</i>	<i>\$45,000</i>	<i>\$64,500</i>
<i>Additional Costs (%)</i>	<i>26%</i>	<i>37%</i>
Modified Annual Required Contribution	\$218,677	\$238,177

As shown above, the District could expect to pay anywhere from \$45,000 to \$64,500 above the current ARC if modifications to the actuarial assumptions were implemented. The magnitude of additional costs is dependent on the degree to which each assumption is changed, with more drastic increases resulting in substantially higher costs and minor modifications less so. Such accelerated pay-down, however, comes with its own set of risks – including the potential for market losses – that the Board should consider.

The District's FY2015-16 Adopted Budget reflects a total retiree health care expenditure of \$199,136 (sum of Budget Code 521R and 521T), which includes both pay-as-you-go costs and the District's expected contribution to the OPEB Trust. From a budget perspective, the District would need to set aside an additional \$19,541 to \$39,041 above the current budgeted level to begin to address these potential modifications to the actuarial assumptions. Regardless, the Board should consider incorporating these assumptions in the District's next OPEB actuarial valuation.

Again, nothing prohibits an employer from contributing more than the ARC. Such action would accelerate pay-down of the unfunded OPEB liabilities, but it is not required. While the existing actuarial valuation report satisfies the District's obligations under GASB, in the future, the District may wish to make modifications to reflect its assessment of market conditions, medical inflation, and other assumptions being used. If the District were to have available resources to put toward unfunded retiree health liabilities, an amount in the range presented would be reasonable.

cc: Kevin Hart, Interim General Manager/Chief of Police
Charles Toombs, Director

80



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Public Law Group™

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96

Memorandum

To: KPPCSD Board

From: Teresa Stricker

Date: February 5, 2016

Re: Report on Negotiations with Conterra Ultra Broadband

Conterra Ultra Broadband recently requested KPPCSD's permission to construct and operate an underground conduit below the portion of Kensington Park Road that is owned by KPPCSD. Conterra plans to use the conduit to provide broadband services to Kensington Hilltop Elementary School.

Conterra obtained a permit from the County to perform the necessary construction on County-owned property. But the County will not issue a permit for any construction on KPPCSD's property without KPPCSD's authorization.

KPPCSD staff and counsel are working to put the necessary license agreement in place with Conterra to allow Conterra to construct, install, operate and maintain a conduit on KPPCSD property. Because the planned conduit will run directly by the Kensington Community Center, as part of the agreement, staff has asked Conterra to "stub out" the Community Center for broadband service so that KPPCSD has the option of obtaining WIFI service for the Community Center in the future.

Once the agreement is finalized, Conterra will need to obtain a permit from the County before it may commence construction on KPPCSD property.

81

KENSINGTON POLICE PROTECTION AND COMMUNITY SERVICES DISTRICT

Date: February 11, 2016
TO: KPPCSD Board of Directors
FROM: Kevin E. Hart, Interim General Manager
Subject: **Item 9h-Staff report on forming a sub-committee to develop a Budget Reserve Policy for the District**

In February 1, 2016, the Finance Committee met and discussed among other items, the possibility of forming a sub-committee comprised of five members of the Finance Committee to develop a Budget Reserve Policy.

After discussion and a presentation from Adam Benson, five members of the Finance Committee volunteered to be of the non-Brown Act committee. The members are; Jim Watt, Gloria Morrison, Rob Firmin, Paula Black, Karl Kruger.

Included within this staff report are copies of possible framework and other Agencies policies on budgetary items and reserves.

General Manager's recommendation: Take public comment, deliberate, and provide direction.



Kevin E. Hart
Interim General Manager



Reserve Levels

Developing a Policy Framework

- The adequacy of fund balance should be assessed based on an agency's own specific circumstance – there is no universally accepted “right level”
 - **Revenue Source Stability:** How stable is the District's tax base in the face of adverse economic conditions? How broad are the District's revenue sources? Are any revenue sources at risk due to State or Federal actions?
 - **Expenditure Volatility:** What are the District's contractual obligations and how much will they mandate ongoing expenditure levels? Are there new programmatic areas that the District will undertake?
 - **Extreme Circumstances:** What is the risk of natural disaster or other one-time outlay (i.e., earthquake, fire, etc.)? How much (if any) of this risk can be insured against?
 - **Liquidity:** What are the District's cash flow needs (i.e., when are property tax revenues received relative to when expenses are incurred)? How have reserves fluctuated in the past and what is the general trend?
 - **Leverage:** What are the City's unfunded liabilities and ongoing capital needs? Pension? OPEB?

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Home / Products and Services / Resources / Best Practices/Advisories / Appropriate Level of Unrestricted Fund Balance in the General Fund

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Appropriate Level of Unrestricted Fund Balance in the General Fund

Type: Best Practice

Approved by GFOA's Executive Board: September 2015

Background:

In the context of financial reporting, the term *fund balance* is used to describe the net position of governmental funds calculated in accordance with generally accepted accounting principles (GAAP). Budget professionals commonly use this same term to describe the net position of governmental funds calculated on a government's budgetary basis.¹ While in both cases *fund balance* is intended to serve as a measure of the financial resources available in a governmental fund; it is essential that differences between GAAP *fund balance* and budgetary *fund balance* be fully appreciated.

1. GAAP financial statements report up to five separate categories of fund balance based on the type and source of constraints placed on how resources can be spent (presented in descending order from most constraining to least constraining): *nonspendable fund balance*, *restricted fund balance*, *committed fund balance*, *assigned fund balance*, and *unassigned fund balance*.² The total of the amounts in these last three categories (where the only constraint on spending, if any, is imposed by the government itself) is termed *unrestricted fund balance*. In contrast, budgetary fund balance, while it is subject to the same constraints on spending as GAAP fund balance, typically represents simply the total amount accumulated from prior years at a point in time.
2. The calculation of GAAP fund balance and budgetary fund balance sometimes is complicated by the use of sub-funds within the general fund. In such cases, GAAP fund balance includes amounts from all of the subfunds, whereas budgetary fund balance typically does not.
3. Often the timing of the recognition of revenues and expenditures is different for purposes of GAAP financial reporting and budgeting. For example, encumbrances arising from purchase orders often are recognized as expenditures for budgetary purposes, but never for the preparation of GAAP financial statements.

The effect of these and other differences on the amounts reported as GAAP *fund balance* and *budgetary fund balance* in the general fund should be clarified, understood, and documented.

It is essential that governments maintain adequate levels of fund balance to mitigate current and future risks (e.g., revenue shortfalls and unanticipated expenditures) and to ensure stable tax rates. In most cases, discussions of fund balance will properly focus on a government's general fund. Nonetheless, financial resources available in other funds should also be considered in assessing the adequacy of unrestricted fund balance in the general fund.

Recommendation:

GFOA recommends that governments establish a formal policy on the level of unrestricted fund balance that should be maintained in the general fund for GAAP and budgetary purposes.³ Such a guideline should be set by the appropriate policy body and articulate a framework and process for how the government would increase or decrease the level of unrestricted fund balance over a specific time period.⁴ In particular, governments should provide broad guidance in the policy for how resources will be directed to replenish fund balance should the balance fall below the level proscribed.

Appropriate Level. The adequacy of unrestricted fund balance in the general fund should take into account each government's own unique circumstances. For example, governments that may be vulnerable to natural disasters, more dependent on a volatile revenue source, or potentially subject to cuts in state aid and/or federal grants may need to maintain a higher level in the unrestricted fund balance. Articulating these risks in a fund balance policy makes it easier to explain to stakeholders the rationale for a seemingly higher than normal level of fund balance that protects taxpayers and employees from unexpected changes in financial condition. Nevertheless, GFOA recommends, at a minimum, that general-purpose governments, regardless of size, maintain unrestricted budgetary fund balance in their general fund of no less than two months of regular general fund operating revenues or regular general fund operating expenditures.⁵ The choice of revenues or expenditures as a basis of comparison may be dictated by what is more predictable in a government's particular circumstances.⁶ Furthermore, a government's particular situation often may require a level of unrestricted fund balance in the general fund significantly in excess of this recommended minimum level. In any case, such measures should be applied within the context of long-term forecasting, thereby avoiding the risk of placing too much emphasis upon the level of unrestricted fund balance in the general fund at any one time. In establishing a policy governing the level of unrestricted fund balance in the general fund, a government should consider a variety of factors, including:

84

1. The predictability of its revenues and the volatility of its expenditures (i.e., higher levels of unrestricted fund balance may be needed if significant revenue sources are subject to unpredictable fluctuations or if operating expenditures are highly volatile);
2. Its perceived exposure to significant one-time outlays (e.g., disasters, immediate capital needs, state budget cuts);
3. The potential drain upon general fund resources from other funds, as well as, the availability of resources in other funds;
4. The potential impact on the entity's bond ratings and the corresponding increased cost of borrowed funds;
5. Commitments and assignments (i.e., governments may wish to maintain higher levels of unrestricted fund balance to compensate for any portion of unrestricted fund balance already committed or assigned by the government for a specific purpose). Governments may deem it appropriate to exclude from consideration resources that have been committed or assigned to some other purpose and focus on unassigned fund balance, rather than on unrestricted fund balance.

Use and Replenishment.

The fund balance policy should define conditions warranting its use, and if a fund balance falls below the government's policy level, a solid plan to replenish it. In that context, the fund balance policy should:

1. Define the time period within which and contingencies for which fund balances will be used;
2. Describe how the government's expenditure and/or revenue levels will be adjusted to match any new economic realities that are behind the use of fund balance as a financing bridge;
3. Describe the time period over which the components of fund balance will be replenished and the means by which they will be replenished.

Generally, governments should seek to replenish their fund balances within one to three years of use. Specifically, factors influencing the replenishment time horizon include:

1. The budgetary reasons behind the fund balance targets;
2. Recovering from an extreme event;
3. Political continuity;
4. Financial planning time horizons;
5. Long-term forecasts and economic conditions;
6. External financing expectations.

Revenue sources that would typically be looked to for replenishment of a fund balance include nonrecurring revenues, budget surpluses, and excess resources in other funds (if legally permissible and there is a defensible rationale). Year-end surpluses are an appropriate source for replenishing fund balance.

Unrestricted Fund Balance Above Formal Policy Requirement. In some cases, governments can find themselves in a position with an amount of unrestricted fund balance in the general fund over their formal policy reserve requirement even after taking into account potential financial risks in the foreseeable future. Amounts over the formal policy may reflect a structural trend, in which case governments should consider a policy as to how this would be addressed. Additionally, an education or communication strategy, or at a minimum, explanation of large changes in fund balance is encouraged. In all cases, use of those funds should be prohibited as a funding source for ongoing recurring expenditures.

Committee: Accounting, Auditing, and Financial Reporting
Governmental Budgeting and Fiscal Policy

Notes:

1. For the sake of clarity, this recommended practice uses the terms GAAP fund balance and budgetary fund balance to distinguish these two different uses of the same term.
2. These categories are set forth in Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.
3. Sometimes restricted fund balance includes resources available to finance items that typically would require the use of unrestricted fund balance (e.g., a contingency reserve). In that case, such amounts should be included as part of unrestricted fund balance for purposes of analysis.
4. See Recommended Practice 4.1 of the National Advisory Council on State and Local Budgeting governments on the need to "maintain a prudent level of financial resources to protect against reducing service levels or raising taxes and fees because of temporary revenue shortfalls or unpredicted one-time expenditures" (Recommended Practice 4.1).
5. In practice, a level of unrestricted fund balance significantly lower than the recommended minimum may be appropriate for states and America's largest governments (e.g., cities, counties, and school districts) because they often are in a better position to predict contingencies (for the same reason that an insurance company can more readily predict the number of accidents for a pool of 500,000 drivers than for a pool of fifty), and because their revenues and expenditures often are more diversified and thus potentially less subject to volatility.
6. In either case, unusual items that would distort trends (e.g., one-time revenues and expenditures) should be excluded, whereas recurring transfers should be included. Once the decision has been made to compare unrestricted fund balance to either revenues and/or expenditures, that decision should be followed consistently from period to period.

Download Best Practice

City of El Cerrito
Comprehensive Financial Policy

Approved November 11, 2015
Resolution: 2015-70

PURPOSE:

To establish a comprehensive set of financial policies for the City that will serve as a guideline for operational and strategic decision making related to financial matters.

POLICY:

The following financial policies are intended to establish a comprehensive set of guidelines for use by the City Council and staff on decision-making that has a fiscal impact. The goal is to maintain the City's financial stability in order to be able to continually adapt to local, regional and national economic changes. Such policies will allow the City to maintain and enhance a sound fiscal condition.

This financial policy will be reviewed annually by the Financial Advisory Board and any proposed substantive revisions will be submitted to the City Council for approval. The City's comprehensive financial policies will be utilized when preparing the Annual Operating Budget and shall be in conformance with all state and federal laws, generally accepted accounting principles (GAAP) and standards of the Governmental Accounting Standards Board (GASB) and the Government Finance Officers Association (GFOA).

1. OVERVIEW & LONG-TERM FINANCIAL PLANNING

- 1.1. A Five-Year Year Financial Plan will be prepared at a minimum for the General Fund, and Integrated Waste Management Funds. The City's Five-Year Financial Plan is the long-term picture of the City's finances and will be updated annually as part of the annual budget process.
- 1.2. The City shall seek a balance in the overall revenue structure between more stable revenue sources (e.g. Property Tax and Utility Taxes) and economically sensitive revenue sources (e.g., Sales Tax).
- 1.3. The City shall develop and maintain methods for the evaluation of future development and major fiscal impacts on the City budget.

- 1.4. The City shall develop and implement a financial plan to address its funding needs for issues like deferred maintenance and unfunded liabilities.
- 1.5. The City shall address issues related to cash flow requirements and any short term borrowing requirements on a timely basis.
- 1.6. The City shall require any annexation agreements to have a long-term beneficial financial impact on the City.

2. BUDGET POLICIES

- 2.1. The City Manager shall prepare a proposed annual budget to be reviewed by the Financial Advisory Board and presented to the City Council within all statutorily prescribed deadlines. The City Council will adopt the budget at a public hearing by June 30 of each year.
- 2.2. A Budget will be adopted by Resolution of the City Council annually, which will contain the budget amendment process, budget amendment authority, and spending authorities.

All departments are responsible for meeting the City's financial policy goals and ensuring the City's long-term financial health. Budget control is maintained at the fund level. The City Manager is authorized to transfer budgeted amounts within departments and within funds. In addition, amendments that are made to authorize spending of increased or new special purpose revenues may be approved by the City Manager. Budget modifications between funds or increases or decreases to a fund's overall budget must be approved by the City Council.

- 2.3. It is the City's policy to adopt a balanced General Fund budget where operating revenue is equal to, or exceeds, operating expenditures. In the event a balanced budget is not adopted, due to a deliberate reduction of accumulated fund

balance or if the cause of the imbalance is expected to last for no more than one year, as with the case of a one time settlement or large purchase, the planned use of reserves to balance the budget is permitted as long as the reserve is consistent with the amounts described in Section 3., General Fund Balance Reserve Policy.

- 2.4. The operating budget shall serve as the annual financial plan for the City. It shall serve as the City's management plan for implementing goals and objectives of the City Council, City Manager and departments and will define service levels.
- 2.5. During the annual budget development process, the existing budget shall be examined to assure removal or reduction of any services or programs that should be eliminated or reduced in cost.
- 2.6. The annual review process shall include an assessment to determine if funds are available to operate and maintain proposed capital facilities and other public improvements.
- 2.7. Any year-end operating surpluses will revert to unappropriated balances for use in maintaining reserve levels set by policy and will be available for capital projects and/or one-time expenditures upon approval of the City Council/.
- 2.8. Where practical, the City's annual budget will include performance measures of workload, efficiency, and effectiveness.

2.9. Revenues:

2.9.1. The City will estimate annual revenues using an objective, analytical process; specific assumptions will be documented and maintained. Budgeted revenues will be estimated conservatively using accepted standards and estimates provided by the state, other governmental agencies, and/or reliable economic forecasters when available.

2.9.2. Specific revenue sources will not be dedicated for specific purposes, unless required by law or Generally Accepted Accounting Principles (GAAP). All non-tax increment, non-restricted revenues will be deposited in the General Fund and appropriated through the

budget process. On-going revenues will fund on-going expenditures.

2.9.3. A diversified and stable revenue system will be maintained to the extent possible to protect programs from short-term fluctuations in any single revenue source.

2.10. Appropriations:

2.10.1. The City shall, to the extent possible, pay for current year expenditures with current year revenues. Where authorized activities or equipment remain incomplete and/or unpurchased, revenues and/or fund balance may be carried forward at the City Manager's direction to the next fiscal year to support such an activity/purchase.

2.10.2. The City shall avoid budgetary procedures which rely on financial strategies that defer payment of current operating expenses to future years.

2.10.3. Department Heads are responsible for ensuring that department expenditures stay within the department's budgeted appropriation.

2.10.4. A City Council Resolution is necessary to increase any total fund appropriation where no corresponding revenue offset exists that is restricted for that purpose.

2.10.5. The City Manager may adjust appropriations among departments within a fund.

3. GENERAL FUND RESERVE POLICY

3.1. The purpose of the reserve policy is to set aside funds to insure against events that would adversely affect the financial condition of the City and jeopardize the continuation of necessary public services. The reserve is designed to provide adequate cash flow, protect bond ratings, and offset economic downturns and revenue shortfalls. The reserve is also available to provide for one-time funding in the event of an emergency situation such as a natural disaster or unanticipated liability.

3.2. It is a goal of the City to achieve a general fund annual operating reserve of 15%, with a minimum of 10%, of projected General Fund operating expenditures in each fiscal year. As part

City of El Cerrito
Comprehensive Financial Policy

Approved November 11, 2015
Resolution: 2015-70

of the annual budget process, the City Council shall consider a Five-Year Plan that attempts to maintain the minimum reserve balance of 15%. The City Council may adopt a deficit budget to deal with the uses discussed in Section 3.5 so long as the projected reserve does not go below 10% in any year of the Five-Year Plan. Should the General Fund reserve fall below 10%, each budget year the City will adopt a plan to restore the reserve percentage to 10% within five years and 15% within 10 years.

3.3. **NEW** It is a goal of the City to achieve and maintain a minimum cash balance equal to 15 days of authorized operating expenses in order to meet anticipated City obligations without reliance on borrowed funds. Should the cash balance fall below the minimum due to unanticipated circumstances, the minimum cash balance should be restored as soon as practical.

3.4. The portion of the reserve below 10% should be utilized only for a financial emergency (as determined by the City Council), natural disaster or significant unanticipated liability. If this portion of the reserve is utilized for such an event, the Ten-Year Plan presented with the Annual Operating Budget must be developed so that the 10% base threshold is replenished within five years.

3.5. The unreserved fund balance in an Internal Service Fund may be transferred to the General Fund only for a fiscal emergency or for one-time uses such as natural disasters or unforeseen liabilities.

3.6. The reserves between the 10% and 15% level are designed to be used by the City to deal with revenue fluctuations that arise as a result of changes in the economy and provide opportunities to maintain services and programs where funding may be difficult. Also, a portion of any operating reserve in excess of 10% of annual revenues resulting from the previous fiscal year's operations could be committed to capital improvement

projects or used to retire existing debt, fund future liabilities or potential legislative actions, establish or replenish equipment replacement funds, and/or establish or replenish deferred maintenance funds as long as the amount is considered in the adopted Ten-Year Plan to achieve a balance of 15% within ten years.

3.7. One-time revenues will not be used to fund ongoing City programs. Any one-time revenue receipt during the fiscal year should be recognized and recorded in a "non-recurring revenue source" category. One-time revenue windfalls include: sales of City-owned real estate, CalPERS rebates, lump sum (net present value) savings from debt restructuring, litigation settlement, unexpected revenues, and other similar sources of revenue as designated by the City Council.

3.8. **NEW** The operating reserve should be itemized as cash or cash equivalents and be separately stated on the financial statements.

4. FINANCIAL REPORTING POLICIES

4.1. Accounting Standards:

4.2. The City's accounting and financial reporting systems shall be maintained in conformance with all state and federal laws, generally accepted accounting principles (GAAP) and standards of the Governmental Accounting Standards Board (GASB) and the Government Finance Officers Association (GFOA). The City will make every attempt to implement all changes to governmental accounting practices at the earliest practicable time.

Annual Audit:

4.2.1. An annual audit will be performed by an independent public accounting firm with an audit opinion to be included with the City's published Comprehensive Annual Financial Report (CAFR). The

CAFR will be submitted annually to the Government Finance Officers Association for peer review with the goal of continuing receipt of the Certificate of Achievement for Excellence in Financial Reporting.

4.2.2. The independent firm will be selected through a competitive bidding process at least once every five years. The contract may be for an initial period of three years with two additional one-year options at the City Council's discretion. The current firm may be allowed to participate in the bid process. The need for rotation of the audit staff or audit firm will be considered in the bid process. The Finance Director will review the qualifications of prospective firms and make a recommendation to the City Council. The audit contract will be awarded by the City Council.

5. OPERATIONAL MANAGEMENT POLICIES

5.1. The City shall endeavor to avoid committing to new spending for operating or capital improvement purposes until an analysis of all current and future cost implications relating to those programs and projects is completed.

5.2. All departments will participate in the responsibility of meeting policy goals and ensuring long-term financial health. Future service plans and program initiatives will be developed to reflect current policy directives, projected resources and future service requirements.

5.3. Departmental requests for increases in staffing will be thoroughly analyzed; only those that meet adopted program initiatives and policy directives will be considered. To the extent feasible, personnel cost reductions will be achieved through attrition.

5.4. User Fees and Charges and Development Impact Fees:

5.4.1. Where direct services to users can be measured, as set forth in the Master Fee Schedule, the City should use appropriate fees, charges or assessments rather than general tax funds. All user fees and charges will be examined or adjusted annually to determine the direct and indirect cost of service. User fees and charges for

services shall be established at a level related to the cost of providing such service except where the City Council has determined there is a public benefit to subsidize the service with tax based revenue. The acceptable recovery rate and any associated changes to user fees and charges will be approved by the City Council following public review.

5.4.2. The City may identify the costs associated with new development as a basis for establishing development impact fees but the long-term benefit of the development to the City should be considered in establishing such fees.

5.5. Grant Management:

5.5.1. The City shall actively pursue federal, state and other grant opportunities when deemed appropriate. Before accepting any grant, the City shall thoroughly consider the implications in terms of ongoing obligations that will be required in connection with acceptance of said grant and present that report for approval by the City Council.

5.5.2. The term of Grant funded positions for programs should be clearly identified and presented to the City Council for approval. It is mandatory to disclose if General Fund revenues will be needed to fund a position during or after the Grant or program expires.

5.5.3. Grant funding will be considered to leverage City funds. Inconsistent and/or fluctuating grants should not be used to fund ongoing programs. Programs financed with grant monies will be budgeted in separate cost centers, and the service program will be adjusted to reflect the level of available funding. In the event of reduced grant funding, City resources may be substituted only after all program priorities and alternatives are considered.

5.5.4. The cost of all externally mandated services for which funding is available shall be fully evaluated, including overhead, to allow for complete reimbursement of expenses.

5.6. Revenue Collection Policy:

5.6.1. The City will pursue revenue collection and auditing to assure that monies due the City are received in a timely manner.

5.6.2. The City will seek reimbursement from the appropriate agency for State and

City of El Cerrito
Comprehensive Financial Policy

Approved November 11, 2015
Resolution: 2015-70

Federal mandated costs whenever possible.

5.6.3. The City will centralize accounts receivable/collection activities so that all receivables are handled consistently.

5.6.4. Accounts receivable management and diligent oversight of collections from all revenue sources are imperative. Sound financial management principles include the establishment of an allowance for doubtful accounts. Efforts shall be made to pursue the timely collection of delinquent accounts. When such accounts are deemed uncollectible, they will be written-off from the financial statements in accordance with established policies.

6. FINANCIAL MANAGEMENT POLICIES

- 6.1. Staff shall keep City Council apprised of financial opportunities available and shall develop appropriate recommendations.
- 6.2. All requests for City Council action shall include an analysis of the immediate and future fiscal impact of such action. No appropriation for new or expanded programs or staffing levels shall be approved without identifying the amount and source of available funds.
- 6.3. All externally mandated services for which funding is available shall be charged to allow for complete reimbursement of expenses including overhead.
- 6.4. **Cash Management Investment:**
 - 6.4.1. Cash and Investment programs will be maintained in accordance with California Government Code Section 53600 et seq. and the City's adopted investment policy and will ensure that proper controls and safeguards are maintained. Pursuant to the Investment Policy, the Financial Advisory Board, at least annually will review, and the City Council will affirm, a detailed investment policy.
 - 6.4.2. Reports on the investment portfolio and cash position will be developed and presented to the Financial Advisory

Board and the City Council in conformity with the California Government Code.

6.4.3. Funds will be managed in a prudent and diligent manner with emphasis on safety of principal, liquidity, and yield, in that order.

6.4.4. The quarterly report shall include a statement in compliance with government code 53646.

7. CAPITAL IMPROVEMENT PROJECT POLICIES

- 7.1. A Ten-year Capital Improvement Plan will be developed and updated annually, including anticipated funding sources. Capital Improvement projects are defined as infrastructure or equipment purchases or construction which result in a capitalized asset and have a useful (depreciable) life of two years or more.
- 7.2. Each Capital Improvement Project will identify, where applicable, current operating maintenance costs and funding streams available to repair and/or replace deteriorating infrastructure and to avoid significant unfunded liabilities.
- 7.3. The City will develop and implement a post-implementation evaluation of its infrastructures condition on a specified periodic basis, estimating the remaining useful life, and projecting replacement costs.
- 7.4. The City shall actively pursue outside funding sources for all Capital Improvement Projects. Outside funding sources, such as grants, shall be used to finance only those Capital Improvement Projects that are consistent with the Ten-year Capital Improvement Plan and/or local governmental priorities, and whose operating and maintenance costs will be included in future operating budget forecasts.
- 7.5. Capital improvement lifecycle costs will be coordinated with the development of the Operating Budget. Future operating, maintenance and replacement costs associated with new capital improvements will be forecasted, matched to available revenue sources,

and included in the Operating Budget. Capital project contract awards will include a fiscal impact statement disclosing the expected operating impact of the project and when such cost is expected to occur.

- 7.6. The City must carefully seek and analyze the appropriate type of financing instrument appropriate for financing capital projects. Several options may be available – general obligation debt, fee-supported debt, fund reserves, tax increment, etc. All debt financing mechanisms shall be carefully considered and analyzed for fiscal benefit and cost effectiveness. Long-term borrowing shall be restricted to projects too large to be financed from current revenues (pay-as-you-go). Where possible, special assessment, revenue or other self-supporting bonds shall be used in lieu of general obligation bonds.

8. DEBT MANAGEMENT POLICIES

8.1. Issuance of Debt:

8.1.1. The City will not use long-term debt to pay for on-going operations. The use of bonds, certificates of participation or capital leases will only be considered for significant capital and infrastructure improvements.

8.1.2. New debt issues, and refinancing of existing debt, must be analyzed for compatibility within the City's overall financial planning within the Ten-Year Financial Plan. The review shall include, but not be limited to, cash flow analysis and the maintenance of the City's bond rating. Annual debt service shall not produce an adverse impact upon future operations.

8.1.3. Debt financing should not exceed the useful life of the infrastructure improvement with the average (weighted) bond maturities at or below twenty years.

8.1.4. Total debt will not exceed two percent (2%) of the total assessed value of property in the City and General Fund Debt Service will not exceed 5% of operational appropriations.

8.2. Credit Rating:

8.2.1. It is the City's goal to acquire an AAA/Aaa credit rating from all three major rating agencies in order to minimize costs and preserve access to credit.

8.2.2. The City may pay the bond insurance which is considered as part of the rating, however, the rating agency will evaluate the structure of the bond to validate the bond rating. To support this policy, the City will continue to maintain its position of full financial disclosure and proactive fiscal planning.

9. EQUIPMENT REPLACEMENT FUND

9.1. The City may maintain a dedicated fund to provide for replacement of vehicles and certain equipment. Unreserved fund balance will be available for transfer to the General Fund only in the event of a fiscal emergency as described in Section 3.4.

10. ENTERPRISE FUNDS

10.1. All Enterprise Funds user fees will be examined annually to ensure that they recover all direct and indirect costs of service, provide for

10.2. capital improvements and maintenance, and maintain adequate reserves.

10.3. Rate increases shall be approved by the City Council following formal noticing and a public hearing. Rate adjustments will be based on the projected expenditures in the Ten-Year Financial plan.



Town of Atherton

Fund Balance Policy for the General Fund

Exhibit A

Purpose

To help the Town of Atherton provide quick response to weather economic uncertainty, unexpected situations such as natural disasters, provide sufficient cash flow to avoid the need for short-term borrowing. The policy establishes the appropriate level of reserves which the Town will strive to maintain in its General Fund balance; how the target fund balances will be funded; and the conditions under which fund balances can be used.

For purposes of this Policy, the definition of "reserves" is limited to the portion of fund balance that is unreserved. Unreserved is to mean not set aside for existing legal obligations of the Town.

1. Amounts Held in Reserve

The Town will strive to hold the amounts listed below in General Fund balance, expressed as a percentage of the Town's annual operating expenditures of the General Fund. These amounts are expressed as goal ranges to recognize that fund balance levels can fluctuate from year to year due to the normal course of Town government operations.

- 15-20% - Budget Stabilization Reserve for economic uncertainty, possible State borrowing of Town's fund, known or anticipated future obligations.
- 15-20% - Emergency Disaster Reserve for unforeseen events such as natural disasters, catastrophic accidents.
- 5-10% - Working Capital to provide sufficient cash flow.

2. Funding Target Fund Balance

Funding of General Fund balance targets will generally come from excess revenues over expenditures or one-time revenues. The reserves will be funded in the following priority order:

- Budget Stabilization
- Emergency Disaster

- Working Capital
- Self-insurance Reserve
- GASB 45 unfunded post-employment benefits other than pensions (retiree health-care)
- Capital improvement projects

3. Conditions for Use of Reserves

The use of reserves shall be limited to unanticipated, non-recurring needs, or anticipated future obligations. Fund balances shall not be used for normal or recurring annual operating expenditures.

The City Manager is authorized to make recommendations to the City Council for use of reserves. A majority vote of the City Council will be required to use reserves. Any recommendation shall be accompanied by a proposal for the replenishment of the reserves to the City Council.

In no circumstances shall the total General Fund reserve balance drop below 15% of the Town's annual operating expenditures for the General Fund.

Policies & Glossary | Policies and Practices

Pension and Post-employment Benefits

The City provides pension and medical benefits for its public safety and non-safety employees through two contracts with CalPERS. The contracts include benefit levels negotiated by the City with its employee units and for which it has executed contract amendments. The plans also include some benefit levels approved by the State Legislature without contract amendment and funding mechanisms approved by the CalPERS Board of Administration. The City also provides post-retirement benefits in the form of limited contributions toward health insurance costs for certain retirees based on the provisions of labor agreements in effect at the date of the employees' retirement.

Reserve or Stabilization Accounts

Reserves accumulated during years when revenues exceeded expenditures cushion the City's transition to a lower revenue base and allow the City to adjust spending in response to economic downturns and State revenue takeaways. The General Fund maintains three reserves: the Contingency Reserve, the Program Investment Reserve, and the Budget Uncertainty Reserve. The City also maintains reserves for fee-based cost center operations and certain other special revenue funds, including the following:

- Development Cost Center Contingency Reserve
- Development Cost Center Technology and System Improvement Reserve
- Integrated Waste Management Disposal Differential Reserve
- Integrated Waste Management Post-Disaster Debris Removal Reserve
- Urban Runoff Clean Water Program Contingency Reserve
- Recreation Cost Center Contingency Reserve
- Recreation Cost Center Operating Improvement Reserve

General Fund Contingency Reserve

Contingency Reserve funds help mitigate the effects of unanticipated situations such as natural disasters and severe, unforeseen events. The Contingency Reserve also serves as back-up liquidity to the Risk Management Fund if this need were to arise. The Contingency Reserve was previously funded at a level at least equal to 12.5% of annual operating expenditures and transfers out. For FY 2009/10, this level will drop to 10% and the difference will be transferred to the Budget Uncertainty Reserve. All uses of the Contingency Reserve must be approved by the City Council. Any such uses are to be repaid to the Contingency Reserve over a period of no more than three years. (Adopted by the City Council on June 9, 2009)

12.5% target

General Fund Program Investment Reserve

The Program Investment Reserve provides a source of working capital for the following:

- a. New programs or undertakings that have the potential for receiving significant funding from outside sources.
- b. Organization retooling, process improvement, and strategic entrepreneurial opportunities.

The Program Investment Reserve is funded at a level at least equal to 2.5% of annual operating expenditures and transfers out. All uses of the Program Investment Reserve must be approved by the City Council. Any such uses are to be repaid to the Program Investment Reserve over a period to be determined by the City Council at the time of usage approval, with a target repayment period of no more than three years. (Adopted by the City Council on June 4, 1996)

General Fund Budget Uncertainty Reserve

The General Fund Budget Uncertainty Reserve is targeted to offset quantifiable revenue uncertainty in the multi-year forecast. The long-term funding level for this reserve is determined by measuring the level of financial risk associated with the following three areas of uncertainty:

- 1. Revenue risks: Revenues falling short of budget projections may cause shortfalls. Transitional funding is also necessary to respond to reductions in major revenues due to local, regional, and national economic downturns (estimated to take one to three years).
- 2. State budget risks: There is a strong possibility that the State may implement budget solutions that legislatively reallocate intergovernmental revenues from local jurisdictions to the State (in the absence of guarantees or constitutional protection of these revenues). These include property taxes, sales taxes, vehicle license fees, gas taxes, grants, and reimbursements.
- 3. Uncontrollable costs: The City requires a source of supplemental funding for further increases in CalPERS retirement rates that result from CalPERS investment performance that falls short of actuarial assumptions. In addition, there may be other cost increases that are beyond the City's control (e.g., various fuel and utility charges).

All uses of this reserve must be approved by the City Council. If the risk factors described above are eliminated as a result of new revenue sources, legislation, or major changes in economic conditions, the basis for the reserve will be reviewed and the funding level may be adjusted accordingly. In the event the reserve has accumulated funding beyond the established level reasonably required to offset the risks above, excess funds will be designated for capital projects, budgeted for service enhancement, or returned to the General Fund available fund balance. (Adopted by the City Council on June 4, 2002, and modified on June 10, 2003)

95

KENSINGTON POLICE PROTECTION AND COMMUNITY SERVICES DISTRICT

PROPOSED RESOLUTION

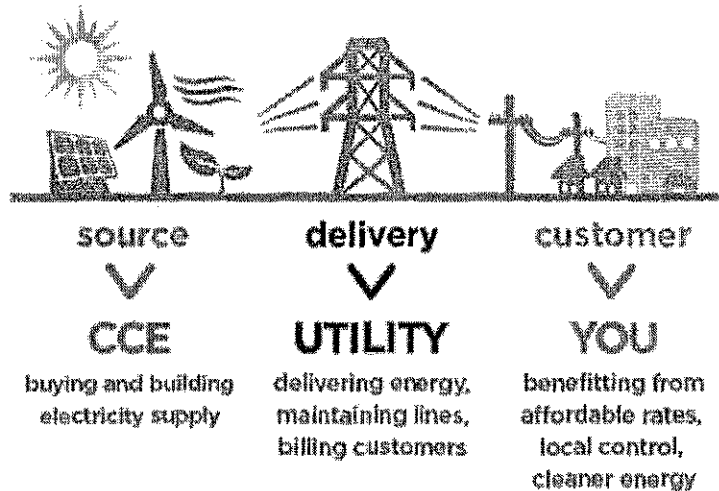
APPROVE SUPPORT FOR THE STUDY OF THE FORMATION OF A COUNTYWIDE COMMUNITY CHOICE AGGREGATION (CCA) ENTITY AND INCLUSION OF STAKEHOLDERS FROM UNINCORPORATED COMMUNITIES IN THE COUNTY'S FUTURE CCA FORMATION PLANNING

The Contra Costa County Board of Supervisors is currently studying the feasibility of a countywide Community Choice Energy (CCE) program. This proposed resolution would formally demonstrate support of the county's examination and encourage the inclusion of stakeholders from unincorporated communities, such as Kensington, in any related planning initiated by the Board of Supervisors.

The resolution does not advocate support for any particular policy approach.

BACKGROUND

Community Choice Energy, also referred to as Community Choice Aggregation (CCA), is the practice of pooling consumer electricity demand within a region for the purpose of procuring energy and selling it to customers. By promoting electricity generation from renewable energy sources, CCA offers consumers a choice in purchasing electricity with potential opportunities for cost savings.



There are various benefits and risks associated with CCA. According to the Contra Costa County Department of Conservation and Development, CCA program schemes:

KENSINGTON POLICE PROTECTION AND COMMUNITY SERVICES DISTRICT

- Consider long-term regional air quality goals, as well as economic development objectives, such as local job creation;
- Provide consumer choice for energy where none currently exists;
- Are revenue supported, not taxpayer subsidized;
- Often yield less expensive energy rates, but are subject to material market fluctuations, which can adversely impact rate competition and discourage consumer participation;
- Allow for more efficient expansion to cleaner power supplies that can help reduce greenhouse gas emissions;
- Create new funding streams for energy efficiency and other programs, such as EV automobile charging stations;
- Retain the existing energy utility company (in this community, Pacific Gas & Electric) for transmission, distribution and billing;
- May be adversely impacted by regulatory decisions by the California Public Utilities Commission.

To date, all nine Bay Area counties are currently engaged in studying or participating in a CCA:

Operational CCA Marin and Sonoma Counties

Enjoined Marin CCA Cities of Richmond, San Pablo, El Cerrito and Benicia

Launching CCA City & County of San Francisco

Under Formation Alameda, San Mateo and Santa Clara counties

Early Study Contra Costa County

Next to Initiate Study Solano County

CONTRA COSTA COUNTY

The Contra Costa County Board of Supervisors has tasked its Internal Operations Committee with examining options for a countywide CCA. The committee, co-chaired by Supervisor John Gioia and Supervisor Candace Andersen, is currently measuring interest in

KENSINGTON POLICE PROTECTION AND COMMUNITY SERVICES DISTRICT

CCA formation among the county's incorporated cities in anticipation of a regional technical feasibility study. Sixteen municipalities have passed resolutions to join the study. However, as an unincorporated community, Kensington is unable to participate directly.

While the interests of Contra Costa's unincorporated areas will be stewarded at the county level, the inclusion of Kensington stakeholders in the future CCA formation planning phase is essential. Accordingly, approval of the resolution herein is strongly recommended.

FISCAL IMPACT

There is no fiscal impact associated with the proposed resolution of support.

NEXT STEPS

Upon Board approval, designated staff will forward the approved resolution of support to the Clerk of the Board, Contra Costa County Board of Supervisors by February 19, 2016.

Respectfully submitted February 7, 2016 by:

Director Vanessa Cordova
Intergovernmental Relations Coordinator

Director Len Welsh
President

Attachments

1. Draft Resolution of Support

98

KENSINGTON POLICE PROTECTION AND COMMUNITY SERVICES DISTRICT

Resolution 2016-04

RESOLUTION OF THE KENSINGTON POLICE PROTECTION AND COMMUNITY SERVICES DISTRICT BOARD, CONTRA COSTA COUNTY, CALIFORNIA APPROVING SUPPORT FOR THE STUDY OF THE FORMATION OF A COUNTYWIDE COMMUNITY CHOICE AGGREGATION (“CCA”) ENTITY AND INCLUSION OF STAKEHOLDERS FROM UNINCORPORATED COMMUNITIES IN THE COUNTY’S FUTURE CCA PLANNING

WHEREAS, in 2002 the California legislature adopted into law AB 117, the “Community Choice Aggregation” (CCA) model which authorizes cities or counties to create a Joint Powers Authority (a not-for-profit agency) to aggregate the purchasing power of all its customers in order to procure electricity with an emphasis on renewable sources, such as solar and wind, while maintaining the existing investor-owned utility to provide for electrical transmission, distribution, and maintenance, thereby offering its customers a choice they didn’t previously have, and maximizing the reduction of greenhouse gas emissions,

WHEREAS, CCA models can negotiate cost-competitive pricing with electricity suppliers and developers, and potentially enable the creation of local renewable projects on a scale significantly beyond that of an investor-owned, fossil fuel-oriented monopoly, and provide quality local jobs while sustaining environmentally and economically healthy communities, and

WHEREAS, Marin, Sonoma, Napa, San Francisco, San Mateo, Santa Clara and Alameda counties, and the cities of Richmond, El Cerrito and San Pablo have either created or joined a CCA or have voted to create a CCA,

THEREFORE BE IT RESOLVED, that the Kensington Police Protection and Community Services District, a special district in unincorporated Contra Costa County, supports the study of a countywide Community Choice Aggregation program and strongly encourages the inclusion of stakeholders from unincorporated communities in the County’s future CCA planning, and

BE IT FURTHER RESOLVED, that a copy of this approved resolution of support be sent to the Clerk of the Board of the Contra Costa County Board of Supervisors.

PASSED AND ADOPTED by the Board of Directors of the Kensington Police Protection and Community Services District at a regular meeting thereof held on the 11th day of February 11, 2016, by the following vote, to wit:

Ayes:

Len Welsh, President

Noes:

Patricia Gillette, Vice President

Absent:

Chuck Toombs, Director

Vanessa Cordova, Director

Rachelle Sherris-Watt, Director

Attest:

Lynn Wolter,
District Administrator

100