

# Fiscal Analysis Overview



August 8, 2024



Municipal Advisory | Pension Cost Optimization | Financial Planning

## Kensington Police Protection and Community Services District



# Fiscal Analysis Methodology



- Detailed staffing model (50-54% of total expenses)
- **Separate historical and projection models for each fund:**
  - Review of capital assets (buildings and vehicles)
  - Review of outstanding debt obligations
  - Review of pension liability
  - Review of OPEB Liability and Trust
  - Historical revenues and costs, 2025 budget, line-item projections
- **Multiple rounds of review with staff**

# Fiscal Analysis – Key Assumptions



- Conservative approach – error on the side of caution
- District is fully staffed at all times
- Escalation Factors:
  - Property taxes increase at 3.5% per year
  - General inflation of 3%
  - Salaries increase at 1.7% after approved step increases are completed
  - Medical costs increase at 5% per year
  - CalPERS: Normal Cost increases at 0.05% of salaries per year; UAL is based on actuarial report
- Capital Outlay mostly covered through grants

# Fiscal Analysis – Fund-Level Overview



**General Fund** generates annual operating surplus



**Police Fund** generates annual operating deficit, which is covered by the General Fund



**Parks Fund** generates annual operating deficit, which is covered by the General Fund

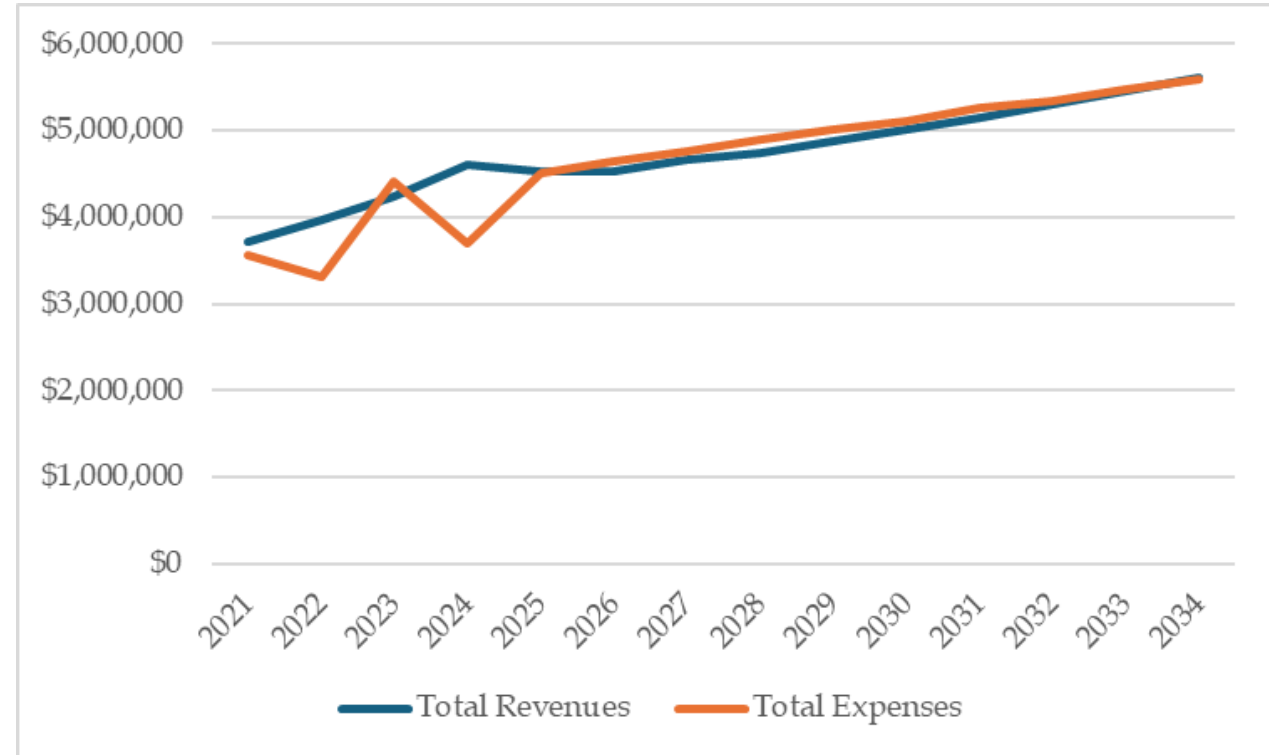


**Waste Management Fund** operates at long-term break-even (small surplus)

# Combined Net Operating Results



FYE		Total Revenues	Total Expenses [1]	Operating Surplus
2021	Historical	\$3,711,162	\$3,568,871	\$142,291
2022		\$3,963,101	\$3,312,977	\$650,124
2023		\$4,247,578	\$4,403,352	(\$155,774)
2024		\$4,609,416	\$3,700,444	\$908,972
2025	Projected	\$4,519,500	\$4,513,672	\$5,829
2026		\$4,532,743	\$4,639,031	(\$106,288)
2027		\$4,654,832	\$4,760,558	(\$105,726)
2028		\$4,750,288	\$4,900,459	(\$150,170)
2029		\$4,879,627	\$5,007,275	(\$127,649)
2030		\$5,013,228	\$5,099,596	(\$86,368)
2031		\$5,153,635	\$5,263,977	(\$110,341)
2032		\$5,297,164	\$5,332,656	(\$35,491)
2033		\$5,448,882	\$5,469,340	(\$20,458)
2034		\$5,605,163	\$5,587,720	\$17,443



Sources: KPPCSD and Ridgeline

[1] Includes capital outlay and debt services.

# Key Conclusions



KPPCSD is projected to operate near break-even, while continuing to provide same level of services and facilities



Any major capital projects, expansion of services, and District building require additional funding (grants, assessments, bonds, etc.)

# Permanent Location Scenarios



- **Alternative 1:** Remain at Current Location (possibly buy out modular unit)
- **Alternative 2:** Modular Building at District-Owned Land
  - \$2-4M total cost
  - \$82-157 per parcel (assuming 100% financing)
- **Alternative 3:** Permanent Building at District-Owned Land
  - \$10-12M total cost
  - \$378-452 per parcel (assuming 100% financing)
- **Alternative 4:** Kensington Public Safety Building – does not work, but may accommodate administrative personnel

# Next Steps



- Receive and incorporate Board feedback
- Incorporate FYE 2024 financial statements
- Incorporate FYE 2023 CalPERS actuarial report and FYE 2024 investment return impact
- Finalize analysis for combined study



# Questions?



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