

Minutes to the Regular Meeting of the Sonoita-Elgin Fire District Board of Directors
Wednesday, May 15, 2013
6 p.m.

Call to order

Pledge of Allegiance

Roll Call – Izzo, Berry, Rinaldi, Bianchi and Pfitzenmaier present.

Approval of Minutes – motion to approve minutes from meeting of April 8, 2013 by Bianchi, seconded by Pfitzenmaier, motion carried.

Call to the Public – **Terry Plympton, Elgin** – Reiterated her position for the third night in a row on keeping the tax rate low and not impinging on the taxpayers any more than absolutely necessary. **Michelle Cardillo, Sonoita** – expressed concerns for additional burdens on taxpayers while commending the Firefighters. **Carla Cafarelli, Sonoita** – Talked about healthcare and the affects of Obamacare on providing health insurance in relation to the budget request for \$40,000 towards health insurance coverage.

Chief's Report – Chief De Wolf presented information on website hits, run report, upcoming Chipper Day in West Gate, and the current Fuels Mitigation Work being done in the District. The financial report and current grant information was postponed to the June Board meeting.

Current Events – none

Old Business – none

New Business – Adoption of Budget;

Izzo – Motion to adopt the proposed budget with the following changes; deletion of \$10,000 Capital Project Funds, line item 58 would be reduced by \$500, line item 61 reduced by \$2,000, line item 73 be reduced by \$1,400, line item 36 reduced by \$5,500, line item 40 be reduced by \$1,400, line item 96 reduced by \$800, line item 97 reduced by \$1,600, line item 98 reduced by \$500, for a total reduction of line items of \$13,700. So that's a total reduction of the proposed budget of \$23,000. **Pfitzenmaier** – seconded. I'd like to lean on the Chief a bit. There is another way to look at those reductions that you looked at line by line. Because those reductions were applicable and proper in the current budget, in some cases due to extenuating circumstances, they may or may not be applicable in next year's budget which we are here to approve. The Chief had discussed with me the possibility of rather than reducing the budget by those amounts, but we leave them the same and carry them over to next year. I want to put this on the table because it's an alternative way to look at this. **Bianchi** – Larry, what you're saying is that the total amount would not be identified as an expense item but would really go in as an income item and would therefore, I presume, reduce the tax items on the budget. **Izzo** – it would be an income item. **Bianchi** – Well carryover is an income item, isn't it? If the money doesn't get spent, I presume the Chief would go along that wouldn't get spent? **Izzo** – If that doesn't get spent then we have that as a carryover it doesn't relate to next year's budget. **De Wolf** – Yes, it does. If we take \$13,700, it's just like we did last year when we took the \$18,000 or whatever it was from the GOERS Grant and carried it forward to this year's budget. What we would have to do is control our spending and hope nothing goes wrong in those

areas and take that \$13,000, put it up in the carry forward which would take our carry forward from \$15,637 to 28,637 which would then reduce the bottom line of the 2013-2014 Budget. **Izzo** – I agree that we should carry over any savings that we have this year. Obviously, we should carry that over. But if you only need \$10,000 for Training next year, which is what you said last night, I don't want to budget \$15,000. **De Wolf** – No, no, no, that's not what I said last night. And we discussed this and we'll use the water for a good example. The only reason why there \$1,400 in the budget for water this year is because we got two donations of pallets of water and pallets of Gatorade that we didn't have to purchase. So once that's used this year, next year if I don't have the \$2,000 for water we won't be able to buy water for our crews. **Rinaldi** – So we'll be over. **De Wolf** – So we'll Be over budget by \$1,400. **Berry** – Unless we took it out of another line item. **De Wolf** – But there's no other line item to take it out of. The training is \$5,000; we did a In-House training this year and we didn't have a lot of volunteer certifications, they come up every two years, so we took our money and did an in-house training as I talked about over the last six/seven months. If we don't have the \$15,000 that we've used, historically, over the last 5 years, then we could be shy of training money in next year. **Izzo** – So, okay, I misunderstood what we were doing last night. I will amend my motion to not reduce the budget by \$13,700 but to carry it over in addition to what we've budgeted for carryover. Rinaldi do you still second? **Rinaldi** – Second. **Bianchi** – The question I have on that, If we increase the prior year carry over by \$13,700, then that's going to raise our total income, is it not? **Izzo** – Reduces the Revenue. **Bianchi** – So that's what I'm saying, it reduces the tax revenue. **De Wolf** – It will balance it our. What we'll do is take \$13,700 out of the tax money, carry over and drop the tax money by \$13,700. **Bianchi** –But we , leave all categories, expense categories alone. **Pfitzenmaier** – I would like to discuss the healthcare line (30), shown at 45 on the budget. I cannot support a healthcare program prior to January 2014, I cannot support funding for the next six months to support a healthcare program or the development of a healthcare program in this interim before Obamacare becomes official when the best people I know to talk to, some of whom I've contacted, some of whom have contacted me, don't know what's happening. I believe we have two alternatives in healthcare. One is to basically look at this as a half year issue, in other words cut the budget in half and begin funding with a plan to begin funding healthcare in January 2014 through the next six months which would be the end of that budget year and then continue on. Or, discard our plan to introduce healthcare in this budget cycle and pick it up in the budget cycle that begins in July 2014. I would be happy to support the former, which would be to fund a half year in anticipation of covering January through June 2014 and be on a small committee of two to see who that would be implemented. I'm not naïve enough to believe on the 2nd of January the world is going to become clear. If we start now and look ahead and do our best, we can know as much about it as anybody else. So I think that's the two paths, the two choices in front of us tonight. Do we begin on January 1, 2014 or do we begin on July 1 2014 and the next budget cycle? **Bianchi** – We're still operating on the amendment to your motion? Is that right, Ron? **Izzo** – Yeah. **Bianchi** – and did the amendment to your motion include the prior year carry over and then adjust taxes, is that right? **Izzo** – the \$13,700 would be added to the carry over, which is line 16. With a corresponding reduction in taxes? **Izzo** – That's correct. **Bianchi** – Okay, we're dealing with that, and now...Larry have you made a specific... **Pfitzenmaier** – I'm trying ... stumbling a little bit here.. I'm trying to introduce my comments as a change to the proposed budget in conjunction with Ron's. **Izzo** – You need to make a substitute motion.

Pfitzenmaier – Okay, I move we defer the implementation of healthcare until January 1st, 2014, and the budget reflect a reduction by one half of the cost of healthcare. **Rinaldi** – I will second that with discussion. I believe it should be deferred at this point until July. I still believe that the most important hole to fill right now is the SAFER Grant and that we take care of that but that we also

remember that we want to put into action our priorities, and that we put insurance on top of our priorities for the next cycle. **Bianchi** – I would agree that we postpone health insurance for this fiscal year, but we've got to keep \$5,000 in there because that's an obligation we have with the Chief. **Pfitzenmaier** – That's right, that's a previously negotiated 2010 Contract that the Board has with the Chief. **Bianchi** – I would go along with holding off on it for this year, and make health insurance for the whole organization for the next fiscal year except for the \$5,000 that we're obligated for.. **Izzo** – Any more discussion? I'm somewhat appalled, all the fire district boards I've been on say that we care about our firemen, that we care about our level of service. But every year all we think about is cutting the budget. Well, we don't know because of uncertainty. I still say what uncertainty anybody's talking about - we have employees that need healthcare. What happens with Obamacare doesn't affect that our employees need healthcare. Sure they're going to get some catastrophic coverage, but the whole system isn't going to die on January 1st. There's still private insurance companies, there is still the need for healthcare. It doesn't go away. So now I'm hearing us put this off. So it seems like our real concern here, and this Board's not new, is to cut the budget. It isn't to provide for adequate emergency services, isn't to be concerned with our employees it's with what can we cut. How can we cut every year. What can we cut each year. So here we go again. I'm saying this cause I know I'm outvoted. Is there another substitute motion? If not I'll call for the question. His motion was to fund this at half.

Bianchi – Okay then, I guess I would make a substitute motion that we eliminate the \$40,000 that we had anticipated providing for all full-time employees health insurance and keep the \$5,000 for the Chief. **Rinaldi** – Second. **Izzo** – Any discussion on that motion? **Berry** – I think an allocation of half what was originally intended since Obamacare is to take effect on January 1st. I don't personally see the harm in that. **Bianchi** - That was Larry's motion. **Izzo** – So we'll call for the question on Jerry's substitute motion which was adoption of the budget with the carry-over provision, reducing healthcare by \$40,000 and eliminate the \$10,000 Capital Project Fund. **Izzo** - All in Favor – Bianchi & Rinaldi; Opposed – Berry, Pfitzenmaier & Izzo. Motion died.

Pfitzenmaier's substitute motion – Do you want to restate the whole motion for the record?

Pfitzenmaier – I move that we proceed toward implementing healthcare for the District's permanent employees beginning January 1, 2014, funded at a level of one half of what is in the draft proposed budget (that would be the 20,000 & 5,000.) **Izzo** – just so we understand that would be \$300 cap per employee beginning in January.) . **Pfitzenmaier** - We need to work together on this, this motion of mine does not presume that this will be crystal clear on the second of January the first of January. Chief, does this a-line with what you think can be done from your perspective as the Chief and the people working with you. **Chief** – What are you talking about? **Pfitzenmaier** – I'm talking about working together as a team to get something defined to be in place in early January. **Izzo** – So your motion is \$20,000 not \$300 a month. **Rinaldi** – how is that going to be implemented. **Pfitzenmaier** – I'm not well enough educated to define the details of the plan. **Izzo** - So this money would be there regardless of defined amounts. **Pfitzenmaier** – No different, regarding the arguments of who gets what, the arguments in the current draft budget which we were prepared to adopt at \$40,000 for a whole year. So if somebody thought it was a good idea there's nothing wrong with this idea. This is no more complicated no more difficult than the former original proposal. It gives us six months to work our way into it and reduces the budget by 20,000. (This was followed by an out of order conversation between Board members and the audience concerning healthcare.) **Bianchi** – Chief, do you know if we can put a restriction on a budget item like that, say it can't be spent until a certain point in time? **De Wolf** – Yes, you can, by saying the money can't be spent the \$20,000 is not spent until January 2014, and we understand what we're

buying, and at that point it will come back to the Board, the Board will vote either to not do anything or allocate the \$20,000 to health care. **Izzo** – I can support that. **Bianchi** – Further comment I want to make, when we had our first budget study session, Ron, in comment to your saying all we do is cut, we threw \$148,000 on top of the previous year's budget. So, we haven't cut \$148,000 yet as far as I know, we haven't gotten to the quick. We're still adding on and still increasing taxes. Maybe that will save your feelings a little bit. **Izzo** - Thank you Jerry. So, any more discussion on this motion on the floor? **Pfitzenmaier** – All I'm trying to do here is give us a choice on the first of January to go the direction that seems to make the best sense. We have no choice if we have no money in the budget. This gives us a choice. Not sure where we're going to go, this goes back to your comment Ron, I feel an obligation to do something in this budget and there is no other new line or new commitment to our troops other than this that I've proposed. I'm not suggesting we should add enhancements to the budget every cycle but we've pretty much agreed that this is the place to go that would make a difference. What I have proposed I believe gets us there soonest, under the circumstances. **Izzo** – So the \$20,000 is in the budget not to be used until January (2014) and not to be used until the Board reconsiders it and determines how it's going to be used based on the implementation of the Affordable Care Act (previously referred to in the minutes as Obamacare). This is a point of clarification. All those in favor; Aye by Pfitzenmaier, Berry and Izzo. Nay by Bianchi and Rinaldi, motion carries three to, and that is adoption of the Budget.

Chief – So, we've got it clear, (laughter) we are taking \$20,000 out of healthcare line 30, we are carrying forward an additional \$13,700, we are moving out of the budget the \$10,000 of the capital improvement fund and that will generate our new budget.

Izzo – so that's a total budget reduction of

De Wolf - \$43,700.

Pfitzenmaier – I believe that my math is right here, you will find that the budget we have just adopted is less than last year's by about \$10,000.

Bianchi – Did you calculate how much the taxes are going to go up, Larry?

Pfitzenmaier – No. It's going to be less than \$148,000 but it is going to be significantly... taxes will go up, I didn't make that comment to try to sweep the tax burden under the rug.

Bianchi – No, I just wondered if you had done that.

Pfitzenmaier – But as a Board member, damn-it, we've reduced the budget from last year's budget for the first time in the history of the fire department. There's some people in town who are going to like that, some people in town that may not. That's worth something.

Audit Committee – Chief De Wolf advised he had been in touch with the Auditor and they would be mailing the Engagement Letter this week; we were expected to have it in hand by Friday.

Audience Comments – none

Board member comments –

Rinaldi – I just want to make a few comments. This whole issue of insurance and balancing the budget since I'm new at the Fire District. I want you to know that I'm not trying to cut every bottle of water off the table. That is not my intent at all. However I know many people in this community and I also know the needs of the fire district. Believe me I prayed hard about this, about what it is that we're supposed to do and how we're supposed to help. If it were in better financial times and there were monies to be had, come on, I would love to give these guys everything they need too, but it just doesn't always work out that way. I just hope in the future that this Board can continue with subcommittees and we can keep prioritizing items that are most important. I think part of the

problem that's been going on is that these issues float around and there's no one in front of the other. So we fight about these things and we never get anywhere with any of them. So it's my hope in the next meetings that we can really start hammering out a plan, so that we know what direction we're going to go in from now to eternity so that when the reins are handed over to the next Board members at least they know where we wanted to go with it. That's all I have to say.

Bianchi – No one ever said developing a budget was going to be easy. I would think for us guys would be equivalent to a lady as having a baby. I hope now that we're done with this thing that we'll all love it. But what's most important as I have said for a couple of meetings, this Board has to work going forward from right now, we can't wait until next February or whenever this thing gets started to begin having labor pains again. Mr. Chairman, my recommendation would be to create a committee that will work on this and do you still want me pursuing insurance or shall I give up on that?

Izzo – Yeah I think we need to hold off on that.

Pfitzenmaier – I think we need to retain every piece... (too many talking to understand)

Izzo – The first budget was actually easy. It seemed like there was so much money because it was more than SEESI. It does appear that the District was underfunded from the get-go, just because of comparison with the volunteer fire department, not knowing what the costs were going to be for physicals, background checks, operating ambulances and all the things we're going to be faced with, and to buy equipment that costs thousands and thousands of dollars. So every year it has become more and more difficult. This is the first year that we've sat down and negotiated as much as we did and had a lot of really intelligent input and comments that made us go through line by line and review what we're doing. I totally agree with what Jerry's been saying, we shouldn't be budgeting once a year, we need to be budgeting all year. I like the idea of a budget subcommittee that could start working on the Budget and start making proposals having looked at issues and have them come back to the whole Board. From a more educated perspective. One of the problems we have with healthcare is not knowing; the housing issue is the same, even we have some question about the SAFER Grant – is this really the right amount of money? So the subcommittee could work on that. Jennifer and I have been talking about the Strategic Plan, we've got to get to this, we've got to have a document written down that says where we are today and where we need to be tomorrow and so in that strategic plan for example, and we've talked about the apparatus replacement. Well, talk about it is one thing, let's not wait until next budget cycle and say you know, we need to replace this thing and we're not sure how much it's going to cost. Then we can back into that with the budget and say we've identified that. The same thing with this housing situation. So I like the idea, I think we can do a budget subcommittee without it being on the agenda.

De Wolf – Ron, that's new business. And we also need to discuss the Audit Committee and HR 2522. We have an Audit committee how are you going to blend it into this committee and it is classified as new business and we can't discuss it.

Bianchi – the Chief raises a good point there Ron, we need more discussion on it than let's get two people together...

Izzo – Okay, well lets not be not discussing this for the next ten months.

Bianchi – We're going to be forced into this pretty soon.

Izzo – I won't be here for the next meeting so I can't insist it be put on the agenda, but if you guys don't put it on the agenda and deal with it I will put it on the agenda for the July meeting.

Bianchi – Chief will you put it on the agenda for the next meeting?

De Wolf – I will put it on the next agenda.

Pfitzenmaier – Two comments; tonight we did not discuss the line for apparatus replacement, the rollover of the retirement of the ambulance debt. I don't want us to forget that that's a commitment we have made to ourselves and to the community.

Bianchi – I promise you that I will not forget it.

Pfitzenmaier – we're going to redefine that line and carry that forward in a separate fund. Second, although there is room for improvement, and Ron has pointed out the wisdom of looking downstream, I think this budget cycle and the way we conducted it especially with the special sessions, was the best that we have done in my time here. I think the participation from the community was the most helpful in my time here. By good fortune or good planning I think we're pointed in the right direction.

Rinaldi – Thanked a few people of the community for their involvement.

Motion for adjournment – **Rinaldi** – motion to adjourn, seconded by Pfitzenmaier. Motion carried.