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Minutes to the Regular Meeting of the Sonoita-Elgin Fire District Board 21 March 2011 6pm

Call to Order

Pledge of Allegiance

Roll Call – all Board Members Present

Approval of Minutes to the meeting of 28 February 2011 – Motion to approve by Pfitzenmaier, seconded by Ruppel, motion carried.

Fire Chiefs Report – Chief DeWolf presented the Board with information on the following Topics; Fundraising Calendar, Out & About (meetings attended by the Chief), posting of SEFD web address on several District vehicles, Resignation of Capt. Ritenour and hiring of Pete Daniels to be Interim Acting Captain, our upcoming EMT Class, the EMS Run Report for February, the Elections Invoices sent by SCC Recorder's Office, the Budget Schedule and the presentation of the proposed 2011/2012 SEFD Budget. Chief DeWolf passed out a pad and pencil to each Board Member.

DeWolf – I'd like you to hold your questions to the end, if you could jot them down. This is the budget packet (passed out by the Chief to the Board and the public). The first page is the budget schedule. The second page is revenues.

Chief DeWolf went on to describe the columns on the budget; and a basic derivation of the tax levy because we cover two counties. Chief DeWolf went through the entire budget, describing each item listed and how the figure was derived.

The simple truth is what we're doing with our budget is we're quite tight on everything that we do, we've put off some items in the past. Our expenses are \$1,179,940, which from our income would leave us \$29,088. I've put together a list of items that I feel need to be addressed. The first thing is our 2010 Assessed Valuation was 44.514 million; 2011 Assessed Valuation is 43 million; this is a 3% loss or 1.33 million.

[See attached packet from Chief DeWolf] *[Board members – this was the packet handed to you at the meetings, included in the Board Minute Book at the Front office, not sent to you with the draft minutes.]*

With all that said, we took the assessed full value of four homes in the area; one high, two middle and one low rate – the average tax increase would be \$38.34 or \$3.20 per month.

[Chief DeWolf then compared each of the four homes 2010 versus 2011 assessment to illustrate the calculation.]

That's my proposal for the 2011/2012 Budget.

Ruppel - Great write-up.

Pfitzenmaier – A lot of work, Chief.

DeWolf – We'll take a couple of questions now, then you guys can take it over the month and get back to me and give me your input. Let's go with a couple of questions.

Izzo – This is a vast improvement in detail from what we've seen. The detail and justification, certainly the best we've ever seen. However, for a million dollar budget I would not expect to see as many spelling errors in the budget; I'd like to see those fixed, particularly when we start to go public. There are seven. I'm very interested in seeing goals and objectives before I consider what you intend to do with it

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you've done that in some cases, but not overall. In other words, maintain the level of staffing, increase training. What happens with this money? What are the specific particular goals? Obviously we're going to provide Emergency Services; that should be the overall goal. So we can clearly say to our constituents, for their tax dollars, this is what we can expect to get. I know we understand that, that we're going to respond to calls, but we need to say that in writing. Anything different you've brought out, but we're not mentioning what we're actually doing with the bulk of the money. We're providing Emergency medical services, we responding to X number of calls. I'll be glad to work with you on that I would like to see a detailed line item justification for the major line items. I'm not interested in the \$200 bank charge. You have indicated that you've looked into the fuel you've some idea of how much fuel you're going to use, so what I would like to see is something that says; by the fuel costs; and the justification should be separate, not attached. You've got the budget summary (these three pages) and the justification that attaches to that. How come we need this much fuel? Because you have estimated that you are going to use X amount of gallons at X cost per gallon. Then you're going to make a note on where you got that cost. The training costs would say something like X number of staff at X number of \$. You're going to train so many staff and the average training cost is this much. The hydration supplies; X number of 12 oz bottles at X per bottle or cases. As opposed to this is what we've used in the past. How do you know how much you know you're going to need – because that's what you've used in the past? You already looked at this in a number of areas because you've given us justification on the pay raise, very good justification; you've talked about the Lifepaks, the Elgin Site, and the buildings needs. You've already looked at those in the budget comments and figured what you need, so I know that you're looking for them. The question I have is what is the actual Fire District assessment for the current year? What is the levy?

DeWolf - \$1.41.

Izzo – So I want to know what you're best estimate would be for the proposed budget.

DeWolf - \$1.7179.

Izzo – Okay. In the budget comment page. I just want to make sure I have a clear understanding. On this page, some of these things are in the budget.

DeWolf – No I said the 3.25% raise was in the budget, then I put in they would still be 6.6% below.

Ruppel – Chief, would it be fair to say that the Budget you've presented us with is what you consider to be a bare bones budget?

DeWolf – Yes.

Tomlinson – With a 30¢ increase in the levy rate?

DeWolf – Yes, with a \$1.33 million decrease in our assessed values.

Bianchi – In addition to what Ron has said, this is the best Budget presentation I've seen the Fire District ever due. A great improvement over the past. I would also like you to say that if you had to do it at 10% less than what you're proposing as a budget, what would be impacted the most in the order at which you would cut.

DeWolf – We wouldn't have a leach field so we'd have no septic system.

Bianchi – Maybe the top 5 things that would be impacted.

Pfitzenmaier – I have a couple of questions unique to line items that I'm not going to address now. I will ask one though. On page 3, repairs and maintenance, the 2010/2011 budget \$6,400, we've spent \$19,000 and the budget is \$7,000. Refresh me on where the additional funds came from.

DeWolf – that was the \$15,000 RFA Grant that we received so that is the expenditures, if you go back up to page 1, it says RFA Grant that's the \$15,000....

Pfitzenmaier – What did we spend it on?

DeWolf – Communication and PPE for wildland.

Board Members - numerous voices here wondering about abbreviations.

DeWolf – Personal Protection Equipment.

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Pfitzenmaier – What I want to make sure what we have here and Ron has touched on it – that we have at our fingertips, a really good explanation – and you do but I don't – of all of the movement here that isn't obvious. And it looks to me as I read that live that at the beginning of 2010 for station and fire supplies, we know that \$6,400 would get us through the year. However, we spent \$19,000. So we did something more than we anticipated.

DeWolf – Yes.

Pfitzenmaier – Just because there was an opportunity to do so.

DeWolf – Correct.

Izzo – Is that all?

Treasurer's Report – Bianchi

Balance Sheet – As I told you last month when the auditor switched us to a modified cash accounting system, we were going to take all of the long term debt and all of the assets off. This balance sheet reflects that. I did add notes down here because a couple of the Board Members were concerned, where are these assets, did they go away or what. They are still being maintained on a schedule, so I put it on the schedule that we have. As far as depreciation is concerned, I've got a problem with that because you need a depreciation schedule since it depends on when the asset was acquired, what depreciation schedule you use, and what the asset life is, to depreciate it. I don't have any of that information, so to leave that constant on there, it's going to become more and more and inaccurate number. I would remove that and just show the assets and the notes payable. We're in good shape cash wise.

Financials – Income. Bianchi - On income, I made a correction to the budget. A couple months Chief, Katie and I were speaking to the auditor and the Chief had asked if we could add something to the budget. The auditor said you can do anything to the budget except change the tax rate because that was fixed by the county when they set the levy and there's nothing we can do to change that. But we could add or subtract items from the budget. I did that as far as the \$101,000 grant. I consider that to be phantom income, and leaving it on here tends to distort an observation that we as Board Members should have as to how well we are doing in terms of spending money and collecting revenue. I will have a separate schedule to show you in a bit. The only item I am a little concerned with is the ambulance income; we're two thirds of the way through the year, which is 67% and we're at 33% of collections on the budget. Um... the Chief in his budget presentation talked about the fuel treatment grant – that's an in and an out – we're going to get the money and have to spend it right out, we're just like a trustee for that until the money gets spent. EMS Support worked out pretty well, we're going to a lot of events, collecting money for that. We're almost double our budget but it is not a significant amount. One thing I'd like to know Chief is it possible if Aero Med can tell us... um. We submitted bills to them, to process for us for us and collect on. They've paid us some money that they have collected. Uh, you've written some off and they say they're not going to collect this. That leaves a balance. Can we find out what that balance is that's sitting there that they're working on, that may be collected? Can you get a schedule for that? Because that would give us a better idea of how far off we really are in terms of our ambulance income. Aero Med can say to you this is what we have on our books that we're booking on.

DeWolf – We get a month by month listing on what's collected, uncollected, written off.

Bianchi – that makes me feel a little more comfortable. Any other questions? Before we go away, I said I was going to show you another schedule. I'm sorry that I can't put this on a PowerPoint, but I don't have that ability. [Mr. Bianchi went on to describe his new format – his version of our income versus expenses as analyzed by Bianchi.] I feel, that as Board Members, when we're looking at the performance of the District and the numbers in the Budget we have to work with, it makes more sense to work with real numbers and not numbers that have phantom income and phantom expense in there. That is why I

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removed them from the Budget. I think as business men, which is really what we are, in terms of the District, we should be looking at this kind of number. If the Board does not want that, you want to go back to the old way, let me know and I'll be happy to do that. I told the Chief verbally that I was going to make the correction and I gave him the budgets to look at about five days before we sent them out to you folks. I asked for his comments on them, he didn't have any comments. So I went forward with it. If there are no questions on this, we can proceed.

Pfitzenmaier – In either format, in either case, the numbers are right, we're on the good side of the 2/3 of the year 1/3 break out.

Bianchi – I feel that the other numbers are a bit misleading. In other things I've gone down, and total employees benefits are only at 43% for the year, I know everything is not linear, particularly the income end of this business because of the way we collect taxes. But, things like payroll and employee benefits should be pretty linear, if we're at 67% of the year we should have spent pretty close to that – we're at 43% of employee benefits. The physical exams which you have in your budget, Joseph, you say everybody has to get a physical exam every year and we haven't spent anything so far this year. And that is the biggest reason that the total employee benefits appear down, and we appear to be way under budget. Training and prevention total is 65%; total administration is off mainly because of the AeroMed billing. If the ambulance income is down then the amount we're anticipating that we will write off is obviously going to be down as well, and that is what is being reflected here. I noticed in the budget that under accounting fees that you show \$1,500 paid this year that has not hit the trial balance.

DeWolf – It was paid after March 1st it will show up in March.

Bianchi – On Repairs & Maintenance, looking down at that there's nothing out of line with where we are percentage wise throughout the year. The uncollected tax revenue is something that's a little strange. I'm not sure why we book a number there because once you have a levy, you have a lien. Once the taxes are assessed then you have a lien on the property and that lien stays with the property. If a person sells the property they can't transfer a clear title unless those taxes are paid. So, I'm not sure when if ever we would be putting a number in there. Unless that would represent in the end of June we have collected X amount versus a budget of Y amount and we're not going to collect it in this year would drop down into the uncollected taxes. Do we have any other questions? Sorry if I put everybody to sleep.

Correspondence – none

Discussion and Possible Action –

Ruppel – Over the last three months we've seen a lot of changes in the accounting procedures that are being presented to the Board and each month over the last three months we've spent what I feel is an inordinate amount of time discussing accounting policies and reasons for why there are inaccuracies in the presentation. There continue to be discrepancies between what is being presented to the Board and what the Fire Chief and his staff are coming up with. I think especially as we're going into the budgeting process over the next several months – it's always impatient to have accurate stuff presented to the public – but I'm concerned about two things. The presentation and the lack of consistency between what the Chief and his staff are coming up with and what our treasurer is coming up with. Secondly, I'm concerned with, on a larger context, with a lack of communication that I perceive going on between our current treasurer and the Chief and his staff, in that, for example, in last month's Board meeting after having spent 1/3 of the meeting discussing the presentation on the treasurer's report and descriptions in the financial report, I suggested that it might be a good idea for the treasurer go and speak to the Chief and his staff, and that was never done. Apparently Jerry didn't feel like he needed to have any discussion with them to arrive at your numbers. So, I think that it is important for us, our policy is the treasurer is supposed to review what the Chief and his staff develop in terms of the financial statements. It is not saying that they're always right, but policy states that the treasurer that Chief and

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his staff are the ones responsible for putting together the financials and records of the Fire District and that the treasurer's job is to review that and present his findings to the Board. What we have going on instead of that is the Chief and his staff do what they've always done and maintain a set of financial records. Our current treasurer comes in and develops his own stuff from scratch and that doesn't always match what the Chief and his staff are coming up with. My concern is, especially as we're looking at having to increase our levy rate, we need to be in a position where we don't have any space between what the Board is presenting and what Chief and his staff are presenting. We're going to the public, quite rightly, interested in the particulars of our budget and our expenses and income are. With that...

Bianchi – Thank you, I need a few minutes to respond to what Doug is saying. Let's start with the statement that I'm just supposed to review what was prepared by our staff. I'm reading now from the manual; the Treasurer shall review all monthly budget reports with the Fire Chief and his designees and report the status of such budgets to the Board. I have reviewed things with the Chief; I have discussed issues with Katie on a regular basis. I do not create numbers Doug. In accounting, Katie keeps the records, when I come in I ask her for a trial balance. The trial balance is the summation by account of the number that Katie has put in during the month. I take those numbers and put them into the statement format. I don't make up anything.

Ruppel – I'm not saying you make up anything.

Bianchi – Oh you pretty well alluded to that.

Ruppel – Chief I'd like you to detail...

Izzo – Just for orderly discussion give Jerry an opportunity to respond. Okay?

Bianchi – He says my records don't match the record keeping system. If my record comes from the record keeping system, they have to match it so someone's going to have to show other than where the auditor came in and changed things and I adapted to what was changed where I am not maintaining these records. I have to know exactly what part of the system was not matched. Now, you say there is needless duplication of effort, I don't know what duplication of effort there is that you're referring to. As far as the lack of communication, as I mentioned earlier, the Chief had these financial records 5 days before they were sent out to the Board. I asked the Chief on Tuesday, if he had any comments to make, he said no. I said to Katie, go ahead and send the statements out then. Now, I hear about significant errors, you didn't mention any significant errors. You say that, um, the Chief and his staff are supposed to be preparing these statements. That is not the case. It has been the policy here for years, the Treasurer has prepared ... as a matter of fact Doug, you yourself criticized the former treasurer for not having presented statements for a couple months. The first month I was treasurer I was called in to come in and prepare the statements. So, obviously the Chief and his staff thought I was supposed to prepare the statements. I have been doing them since the former treasurer resigned [The former treasurer did not resign; the term of office expired.] and I took office. No one has said hey you're not supposed to do that. Now, let me tell you what review means in accounting terms. Just in case you don't believe me, here's a dictionary of accounting. Larry, would you do me a favor and read what review means.

Pfitzenmaier – To examine critically any operation, procedure, condition, event or series of transactions.

Bianchi – That's what review mean. And the key word there is examine critically. So, I, as a treasurer, doing a review as the manual says I should do, gets me to examine things critically. Now, that's all I have to say right now. But I do want to talk a bit about internal control. For those of you who do not have an accounting background, or have not had accounting studies, internal control defines a system of checks and balances, so that no one person has total control over all the steps and aspects of financial transactions or financial operations. It requires as much as possible that there be a separation of duties and responsibilities. In a small organization such as ours this is difficult to achieve. But don't forget we are dealing with a million dollars here and we as Board Members have a responsibility. Here in our District the Chief makes almost all of the decisions relating to financial matters, he decides who we're

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going to do business with, he decides what gets paid and who gets paid, he signs the checks, he supervises the inputs into the financial records. In short, there's almost no internal control here. The preparation and review of financial statements by the treasurer provides the Board and the public with a small measure of internal control. The benefits of established procedure; first of all you have an independent look at the financial operations of income and expenditures. You, it also provides somewhat of a shield for the Chief and his staff because he isn't doing everything on his own. It also gives the public a measure of confidence regarding the use of District funds and finally it frees up the Chief and his staff the time to do other things instead of preparing financial statements. We heard last month when we talked at length about emails that Katie said I don't have time to deal with emails for individual Board Members, I don't have time to deal with that then the question comes in where would you have time to do the financial statements. In any event, for me as Treasurer to perform my duties of review requires that I do basically the same thing that would have to be done to prepare the statements, except that I would relieve them of having to do that. Now, based on that, I want to make a motion, in order to clarify the duties of the treasurer, I want to amend the policy manual as follows – that the treasurer will prepare the monthly financial statements. The process of review shall man to examine critically any operation, procedure, condition event or series of transactions affecting in any way the finances of the District, and that the Chief and his staff will give their full cooperation to the treasurer to accomplish this.

Tomlinson – I think that's got to be on notice for the next meeting

Izzo – Is that it Jerry?

Bianchi – That's it.

Izzo – I think, let's just hold the motion for just a moment. I just want to give Doug an opportunity to respond because several things were brought up. Then we'll see if we have a second, and then discussion on the motion. Since it was Doug's item, Doug may have a motion that may take precedence over that.

Ruppel – Chief, could you give us a little detail in terms of some of the discrepancies you guys have noted over the last two or three months.

DeWolf – One of the things, on the Balance Sheet, there's a Santa Cruz county and Pima County treasurers and there were zeros in there. Part of that is because the financials are being done too early and we don't have that income in yet; last month we received \$28,989 from Santa Cruz and \$5,579 from Pima County. Our accountant asked us to put those in there to work as banks to show the exact money that we're receiving monthly that we're receiving from each county and then it would be rolled up into either Wells Fargo or whatever account that they get moved into. Jerry and I have met for the last three months. When Jerry offered the financials, I had a fire call and I didn't get a chance to look at them this week. Some of the concerns are, these numbers here, if you add it, don't add up to \$54872, it adds to \$54121. The notes payable, I don't know where that is from, I've never spoken with Jerry on that. The notes payable is on our Medic units \$94,428.73 and we have a payment on Engine 826 which is 11,489.16 brings the total to \$105,917, for this number. On the income side, if you look down the fuels treatment, under services, on the actual we have it as a positive and in the over/under it shows as a negative. Contributions under restricted funds 100 is a positive it is shown as a negative. On the training restricted is a positive under the over/under it is shown as a negative. Just little things that Jerry and I have been working on that are consistently there.

Izzo – Doug, can I have a motion?

Ruppel – I don't know if a motion is going to do us any good here, Jerry has a different read on what his responsibility is than the way we've operated in the past and again a big part of my concern is that Jerry, you don't seem to have a very good working relationship with the Chief and his staff and I think that reflects in the quality of these financial statements.

Bianchi – You're entitled to your opinion Doug.

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Pfitzenmaier – We're sending ourselves down a contentions path here that we don't need to go down in my opinion. It seems to me that the highest order is the management of the finances. That's why we're elected. Much of what we do, we would be able to do without being elected if we were not entrusted with the taxpayers' dollars, and that's the Board, the highest order is the management of the finances. So it seems to me that the highest level of understanding of our financials should be vested and understood by the Board and specifically by someone on the Board who has the skills to do so, and that's Jerry. I cannot for the life of me figure out why Jerry and Chief can't work together so that we're working out of one set of books. The numbers off by twelve or thirteen dollars here and there, Jerry may have a different understanding. In the negatives that Jerry pointed out, I'm not an accountant. My read was the same as your Chief, as I read the format. Thinking of a consistent format, but maybe Jerry can amplify that for me. I don't know. I'm going to turn this back to what Doug said, we need more communication between the Chief and the treasurer. I think the treasurer should, in the final analysis, have the responsibility vested in him to own the financial accounting.

Ruppel – Just one clarification, we're not talking about small discrepancies. One of these is that 40some thousand dollar discrepancy in the notes payable. In anybody's books that is a significant discrepancy.

Bianchi – Let me say that number came off the last financial statement that was prepared that had a number in there for that amount

DeWolf – What I did, and like I said Jerry, I don't know how you came in on those; I went to our payment schedules, which you have, for Engine 826 and the ambulances, that's what I added up.

Tomlinson – I think Doug point of communication is well taken that's the issue here. I for one like looking at these numbers, they may not be formatted the same, and we can work those glitches out. If we're not putting the Santa Cruz county revenue and the Pima Co. Revenue in it because we're doing the financials too early, that's something we can work out. I don't know Chief, but it seems to me if you and Jerry communicate more some of the discrepancies will be taken away and some of the errors in the accounting system should be rectified. If they're not then we've got another issue to tend to. Good, bad or indifferent we've got something to look at and fine tuning it as we go forward...

Ruppel – I think it looks bad to the public when we sit here at a Board Meeting, when we ought to be doing business, and we're talking about \$40,000 errors in the financial statements.

Tomlinson – I would agree.

Ruppel – That's unacceptable, and that's not the level of performance that we've gotten used to.

Tomlinson – I also think it's bad when we're looking at a budget we've got the SAFER Grant in there, and excuse me if I don't understand it but that \$101,000 isn't revenue and it isn't an expense but it is shown on an expense line for 2010. So when you take that out we actually have a 4% budget increase when just looking at the raw numbers it looks like we're decreasing our budget. Just for first glance the public looking at it, they're going to look at those numbers and say wow we're reducing our budget, but when someone starts talking about it, and we're not doing it on purpose, but it looks like we're kind of playing with numbers. I have a problem with that too.

DeWolf – I agree with you. The budget was voted on last year by a previous board with that \$101,640 in there. You cannot pull out of a budget without going to a board meeting, posting it saying that you're going to remove \$101,000 from the budget publically because that was the budget that was presented and voted on. Removing it is not the issue. Removing it has to be done by posting it, stating it that the grant was not awarded, we are going to remove \$101,640 from the budget that was approved by the Board of Directors. That's the procedure that needs to be followed which we learnt from our Accountant. My concern and the reason why we put it in there last year is I was always under the impression that if you're going to write and receive a grant even the possibility – it had to be budgeted or you can't expend it. So what we did after we got this new accounting firm, we asked him this question. Our previous accountant said it had to be line itemed in there. This accountant said no, what you have to do is go to the board and say hey I've got this opportunity for a \$101,640 grant, we need to

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put it on the agenda, the Board will then vote it in for expenditures and it's done easy as that. But to take it out of the expenditures, because it was a voted on budget we have to reverse the process. That's my only concern. The numbers here that Jerry produced show a difference, let's just do it in the way properly to do it.

Tomlinson – I agree.

Izzo – I think standard governmental accounting allows for budget increases and decreases in that the Board has the authority to in accepting a grant. You have to have the ability to get grants, additional income, donations; in that acceptance the Board is essentially amending the budget. What we cannot do is adjust the tax levy. So the budget is a moving number throughout the year, maybe we don't formalize that in accepting the grant, it's good to have it in the budget so the public would know but you can't always provide for that.

Tomlinson – I do agree with Doug, the discrepancies we need to rectify. Chief, how do you suggest we do it?

DeWolf – Well a lot of it is pay attention to detail. As I stated in December, the treasurer's job is not a once a month job. This job actually needs to put in three to four days a month in the office going over this, because the income from the counties don't come in on the 15th of the month – they come in anywhere from the 15th to the 22nd, so you've got to kind of work around. More communications and as I said in the beginning, Jerry and I sat down and went over some of the financials. I did break a fire on Friday I didn't get a chance to get with Jerry. It needs to be done, the communication lines and the time. The board needs to know that the treasurer needs to invest is a lot more that a Monday night a month – and I'm not saying that 's what Jerry's doing. What I'm saying is we need to get more time in by the treasurer whoever that is. What I would like the Board to consider is in four years. We do have the luxury in the past of Ms Rutter sitting on the board who is an accountant, Jerry who is a past accountant to be on the Board, but what happens in four years. Those are my concerns – we're not always going to have a CPA on our Board. So, communications and aggressive communications over the next month in order to get the financials on documents that everyone is pleased with so we're presenting the public with 100% accuracy.

Izzo – Can we get back to the motion that Jerry – would you care to restate that Jerry?

Bianchi – I would amend the policy manual as far as the duties of the treasurer to read as follows, the treasurer will prepare the monthly financial reports, the process of review shall mean to examine critically any operation, procedure, condition, event or series of transactions affecting in any way the finances of the District and that the Chief and his staff will give full cooperation to the treasurer to accomplish this.”

Izzo – Before we call for a second that would be introduced this month it cannot be voted on 'till next month.

Tomlinson – I don't know if you can take it for a second Ron. I think you have to post it put it in the agenda and we can take it up next month, then the public will have the opportunity to show up and comment.

Izzo – Can we put it on the agenda without a second and a vote?

DeWolf - Yes, anything can be put on the agenda. Jerry can call us tomorrow and fill out the form that we agreed to use last month, and this is what he wants on the agenda. Then it is put on the agenda for action that month.

Izzo – Adoption, revision or repeal of the established policies shall be accomplished by a majority vote of the Board. A two step action with the two steps separated by no less than 28 days is required. Introduction, discussion and deliberation shall constitute the first step. A vote on the proposed changes shall be required at a second meeting. Okay. Jerry if you see fit you can put that on the agenda for next month.

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Pfitzenmaier – Jerry may choose to pursue this further in a month or two. I'd like to see us go down a path where we live the walk and spend a little more time talking to each other and see where that takes us and to see whether, Jerry at this point, would agree that this motion is necessary. It may be, I'm not prejudging whether – where this is going to go. Before we jump into this, why don't we give this three months, we've talked about communication, we've talked about it a lot, everybody at his table has talked about it, see if we can do a better job on that, see if the results of that better communication obviate the need for changing the procedure.

Bianchi – My comment on that, Larry, would be that I'm going to proceed with this next month. I'm not going to wait three months, I want clearly defined what the responsibilities of the Treasurer are. The way the manual is currently written it really doesn't spell those out. This motion spells them out and I think we need to make that clarification, so I will put it on the agenda next month.

Izzo – Is that the end of that discussion, we'll move on to the next item.

Pfitzenmaier – Can the Chief and the treasurer agree that in the next month to come, before we meet on another Monday night that they will make an effort to meet and pursue a new way of doing business?

DeWolf – It's fine with me. I'm game. Before you change any policies you really need to look at that and I think we cure the communication end of it.

Ruppel – I'd hate to see us mess around with policy until we actually produce some accurate financial statements to start with.

DeWolf – One of the things you know and I can go back a number of years and Jody Walker was president of our Board for a number of years, and she used to say that's a marriage period, honeymoon, you know folks, we're in a honeymoon state.

Pfitzenmaier – There's another little saying that says "it's surprising how much you can get done if you don't care who gets the credit." So let's work together on this a little more.

Bianchi – I bought lunch last time, you buy it this time.

Izzo – So, we're going to move onto the next item. My Items. The first one is Fire Chief Disclosure Conflict of interest. What I'm looking at here is it has come to our attention that the Chief has other sources of employment that brings financial interests. We don't have anything in our policies, in the contract that kind of talked about that so this is a public meeting and I would like to ask the Chief to tell us what those things are.

Ruppel – Before the Chief responds to that I'd like to respond to that. If there is nothing in our policy manual about it and there's nothing in the Chief's contract about it, I for one have been aware that the Chief had outside income for years. I think numerous other Board members have been as well. To be honest with you, the Chief's outside activities have primarily come because he's become a pretty highly respected expert at Fire District Operation in southeastern Arizona. Unless somebody on the Board is saying that has in some way, negatively impacted his duties here, I don't know why the Chief would need to respond that that to be honest as well.

Tomlinson – I have a comment as well. There's a certain integrity we place with the Chief when we hire him and sign him to a contract. Encompassed in that is he's not going to do anything adverse to the Fire District. I don't think we need to play the role of father and mother to the Chief. Our job is to oversee the overall operation of the Fire House and to make sure that the Chief is implementing them. I don't for one, and I can be told different, see it necessary for us to approve or disapprove of vacation time, sick time – I don't see it necessary for us to approve or disapprove of what the Chief does on his outside time taking into account that it is not going to be a conflict of interest and it's not against the law. Those are pretty standard ways of conducting yourself in any organization.

Pfitzenmaier – Since we're all doing the talking before the Chief talks, can I chime in? I think possibly one of the impetuses' for this discussion at this time was associated with some information on the

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Chief's assistance to the Palominas Fire District that was reported in the paper. Chief DeWolf at the fee of \$64 per hour was assisting... and so on. That was an inaccurate reporting but we can get to that in a moment. Here's kind of the way I look at it. I think we have an obligation to help Fire Districts that are adjacent to us or at least close to us. It's the right thing to do. Although there's an element of spending tax dollars associated with our Fire District to assist others, I understand that. We are extraordinarily fortunate to have a Chief who is respected across the state and across Fire Districts for his intellectual capability and his skills, his talents and what he does. That's why he was invited. If you believe the Chief should expand, show work outside the box here a little bit, do you want a situation where he's driving the SEFD Chief's truck or would it be better for him to work on a consulting basis where he is not extending himself on behalf of the District. And in effect has his own response capability that he crafts and calls his own consulting firm. That avoids the perception and the reality of spending SEFD funds in the assistance outside of our boundaries which could be called into question. I've framed that around this recent issue of Palominas, which probably isn't fair because some of you may not have read the Herald. That Ron, is what is on my mind associated with your comment.

Izzo – What I'm asking for folks is just that. I'm just asking the Chief what his other financial interests are. I'm not asking for approval, at this point I'm not asking to amend the policy.

Ruppel – From my perspective, that is an invasion of the Chief's privacy, that he has no obligation to respond to and we should not even be asking him.

Izzo – Let me rephrase that as a motion. I would like the Chief to tell us of any financial interests he may have. Let's see if we get a second before we go any further.

Bianchi – Are we going to deal with this next month like with my motion?

Izzo – I don't know, I don't think so; I just want to ask in a meeting.

Bianchi – I will give you a second so we can have a discussion.

Tomlinson – That is a pretty broad motion Ron, all financial interests and it's no business of ours what his financial interests are. He has a duty to disclose to us any conflict of interest and if he doesn't then it's actionable by us. To delve into every single financial interest.

Ruppel – That's a fishing expedition.

Tomlinson – I just think it's too broad in scope and none of our business.

Ruppel – It insinuates that there may have been some impropriety with there's no reason to insinuate.

Izzo – I'm not insinuating impropriety, Let me rephrase that. "Other sources of employment that would bring in money." So, we've already mentioned consulting business. I'm personally aware of the Fire Chief does upholstery business that brings in money, he trains horses which he may or may not be paid for. Those are the kind of things I'm asking for.

Tomlinson – Why?

Ruppel – But again, I don't know that that, I don't understand how that is in any way cogent to the business of this Board. Unless there's some impropriety that somebody would like to say has happened and I've never heard anyone say that that's happened. Our Chief has always demonstrated the height of responsibility.

Bianchi – Let me make a comment on that if I may. Last month we had a Board member from Palominas here. She stood up and addressed us at that meeting. If you recall, she made the comment kind of praised the Chief and his abilities and said I wish he lived over by us. Now, I didn't think too much of that comment until I see in the paper that he's doing consulting work and they fired their Chief over there. When you put those two things together, Doug, the perception makes you wonder what's going on here.

Ruppel – Doesn't make me wonder Jerry. I know the Chief 'cause I talk to him.

Tomlinson– Jerry, I disagree, if you want the best people in this Fire House, there's always other agencies who are trying to attract them to come there.

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Bianchi – I understand that. What I am saying is you couple that with the newspaper article which was inaccurate now, and there's supposed to be a Fire Chief from Fry running things now, but our Fire Chief is going over there to consult with them and we've got a Board Member from there inferring at any rate, Boy I'd sure like to have him over with us. That does affect this Board and this District if it were to come about. So to ask a question about it is not out of line.

Ruppel – it is out of line if it is a fishing expedition into the Chief's private business.

Bianchi - Nobody's doing a fishing expedition.

Ruppel – Yes, that is. Asking this question in a public meeting is a fishing expedition into the Chief's private finances. He has no obligation either contractually or in our policy to respond to that.

Bianchi – How about him responding if he is applying for a job at Palominas as Fire Chief?

Ruppel – That's none of our business either until he serves us notice that he might be looking for a job somewhere close. My assumption is that someday we're going to lose the Chief, because he's going to be in pretty high demand with some other Fire District that can pay him more than we pay him. I for one am never going to be in support of this kind of fishing expedition into anybody on this Fire Department – a Board Member, a staff member, a volunteer – I have no idea what is driving this. My only response to this article in the paper, which I didn't read, if the Chief is doing anything for \$64 an hour he needs to have his head examined.

Izzo – any more discussion – we have a motion and a second. All those in favor – Izzo; all those opposed – Bianchi, Tomlinson, Ruppel, Pfitzenmaier; motion dies.

Izzo – Annual Appraisal – Last year we kind of got into some kind of an issue about doing appraisal in association with the budget and we ended up with a new contract with the Chief that called for systematic raises. I want to make sure that we get the annual appraisal scheduled and we know when we're going to do it. I just want to make sure we get that on the books. I think we probably did it wrong last year based on our training here, so it looks like the only way we could do an appraisal is either to do that in public or to have each of us do one separate.

DeWolf – the last two years we did an appraisal which was sent out to every Board Member via email. Each Board Member filled it out and then they got together in executive session and reviewed them, tallied them up to the end then they brought me into the executive session and covered whatever my appraisals were. The appraisals consistently have been done right around the middle of May. It's done on a paper format that gets emailed out to every Board Member, they fill it out individually, then bring them together, you all sat down and put it together on one final tally and presented it to me.

Izzo – I presented that at the training and that consensus was in error.

DeWolf – it needs to be done in executive session, the only thing that can't be done in executive session is make any official motion. Like, you can confer on a pay raise, or you can confer on a termination notice, the only thing can't be done is a decision being made.

Izzo – Chief I specifically asked about consensus in this case, so what I guess I'm going to ask about is if we can get a clear opinion on that, I just want to make sure we're doing it right. I'm the one that wanted to do it that way, I think it's the best way, I think a consensus – what that does is allow each board member to contribute their own personal knowledge about issues. So one Board Member says Chief is not communicating with the public and another Board Member says yes, he is and he's doing this and doing that.... We each gain from each other's experience and knowledge about particular issues. I just want to make sure that we're good on this. Is there any other discussion or we'll move on. So, we can look forward to doing that in May again.

Izzo – Board Policy X doesn't have anything about the appraisal; it doesn't have anything about the tour of duty, or the contract about vacation leave. The contract specifies X number of days vacation, and at this point what I'm just asking for is brief discussion and I think what I'm looking for is something an amendment that I would write to propose at a future Board meeting for Board Policy X that says something like; The Fire Chief shall establish a regular tour of duty and present that to the Board let's

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say at a January meeting. I think that might mean like 8-5 Monday through Friday, these are regular office hours or what we call "tour of duty." Furthermore that the Chief is subject to call-out 24/7. We've really never dealt with this issue- when the Chief is working and when the Chief isn't working. We know he is subject to callout 24/7, but I don't know that we're saying he's working 24/7. Because if he's working 24/7 then he obviously couldn't have any other financial interests. So, I just wanted to get, in policy, a clarification of that, that there would be a regular tour of duty with days off, and that the Chief would have discretion to flex that when he's called out or when he does special presentations. So that we have in policy from the Board and the Public, when the Chief is working and when he is not working. That we're saying yes, this is okay, that we expect him to flex that schedule.

Ruppel – Chief do you have any idea how that's handled by other Chiefs in other Districts? Or is it?

Tomlinson – My problem with the Tour of Duty, Ron, is that it gives the perception that he is going to be here from 8 to 5 regardless of the caveats that we put in it. The public will see 8 to 5, Monday through Friday to use hypothetical, and they will expect him to be here Monday through Friday, 8 to 5. That doesn't sound to me like that's your intention, but that's the way it will be perceived in the public. I would be all for doing something with the Board Policy without setting hard and fast hours.

Izzo – The policy will just say the Chief will establish his tour of duty and his work schedule.

Ruppel – I think you can leave it right there. If you wanted to put a gross number of hours that the Chief was going to be expected for a weekly period or bi-weekly period I think that would be acceptable, but we can't hamstring the Chief in terms of you have to be here at this time or you have to justify why you weren't here at this time. Given the fact that he is on call 24/7, he does have duties that take him throughout the state representing the Fire Department. If we have a Chief that is the quality of individual that the Chief is, we don't need to be doing this level of micro-management.

Tomlinson – Perhaps something we could put in the Policy Manual or amend them is to just mention the employment contract. When the employment contract comes up for negotiation we could negotiate certain facets of it, but that doesn't lock us in to a Board Policy that we have to adhere to, we just reference the contract and as the contract is negotiated... does that make sense Ron?

Ruppel - I think referencing the contract is really the only reputable way to do it. And that also gives the Board the latitude to deal with a different Chief in a different way.

Bianchi – I think that we should just leave it, he is on call 24/7, because that's his responsibility. He is the Chief, he's the CEO of this Fire District – there's no CEO who works 40 hours a week, or 50 hours a week or whatever you come up with. He's on call 24/7, in my mind that's enough as long as he's available 24/7. The vacation thing should be spelled out so he knows how much time he can get the heck away from here.

Ruppel – Again; that would be covered in the contract.

Pfitzenmaier - Two quick comments. Words in our contract or words in our minutes, or words in motions, should not be dependent upon the personality or the individual involved. They should not be characterized or tailored for Chief DeWolf. Secondly there is a parallelism here with what we're talking about between a military responsibility and the Chief's responsibility. There is no format customary in the military that defines responsibilities as you have articulated Ron. It just doesn't exist. In my experience we get along quite well without it.

Izzo – The next item on the agenda gentlemen is vacation leave. What I'm looking for here is some insulation for the Chief. I certainly expect the Chief to take vacation whenever he chooses it's his decision when to go. I would trust that he has everything in order before he goes. But I would like to see him covered on that. I think as a Board Member and I don't want to call to talk to the Chief and be told he's on vacation. I would want us to insulate him and protect him when he's on vacation. The CEO makes a notification of their vacation.

Ruppel – I think the Chief has always done that at the Board Meetings. And, if you look back through the minutes you'll see that.

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Izzo - What I'm talking about is amending that Board Policy to that effect if that's the Board's wishes, they would just notify the Board in advance. Asking him to do that a month in advance may not be realistic. I think they might be some easier ways. An email to the Board, an email to the Board Chair, just that, you know, it's been covered.

Ruppel – Chief, has it been difficult for you to notify us at a Board Meeting?

DeWolf – I try to notify you at least a month in advance, especially if it is a lengthy trip like into California or when I took a couple of weeks and went to Hawaii, the Board knew a month in advance. I can easily notify the Board by email days before I go.

Izzo – If there's going to be any more discussion, I just wanted to let you know what I was intend to propose, I just want to get you input.

Tomlinson – I don't know if this needs a Board Policy amendment, I still think it is something we structure in his contract and not cement it in a Board Policy.

Ruppel – I think it also gets back to good, open, regular communication by all the Board Members. I guarantee I've always known when the Chief was going on vacation because we talked about it.

Izzo – Okay, the next thing on there has to do with travel. The Chief has the prerogative to travel unlimited, without Board approval in any way. I do believe that's also not standard in government practice - the policies or the contract. But in this case gentlemen, we've got a while before the contract comes up. I think the contract and the policies can work together. And I do agree that everything we say should be referenced in the contract. The contract should supersede policy, that's just standard practice here. Notification of the Board on travel, and I would personally like the Chief to travel within a certain area without approval by the Board, and that outside of that area Chief would need to get approval by the Board. We're going to be insulating and protecting the Chief – when someone says I understand Chief is in Las Vegas spending our taxpayer's money, I want to be able to say; yes, he is, he's attending a conference and I approved that. If you have a problem with that you can talk to me.

Tomlinson – Are you talking specifically talking travel with District resources, say in the fire truck or the Chief's truck, you're not talking personal. Specific business travel?

Ruppel – What sort of an area are you thinking?

Izzo – My initial thoughts are a three county area, Santa Cruz, Pima and Cochise. He should be able to go anywhere within that without the Board's review or approval.

Ruppel – Chief what are your thoughts on this?

DeWolf – One, that I mentioned to Ron, and as I have in the last four or five Board Meetings is I travel to Phoenix on a monthly basis because I sit on the Arizona Fire District Association (AFDA) Board, so that's Maricopa County. I do travel throughout the state on behalf of the District working with other Fire Departments that are forming. When we first started, the Board wanted me out working with other District, working to help develop and bring stuff back in La Paz County...

Ruppel – Making presentations to other Districts.

DeWolf – Yes. On part of that, on regional or national travel, which is in my contract, I notified the Board when I went to Chicago this past year for the Fire Rescue International Conference, the Board knows about it before I leave. The only other two conferences are the Arizona Fire District Association Conference in Laughlin, in January, and the one in Tucson in June or July.

Ruppel – Chief if our policy was that you traveled within the state without prior notification to the Board, would that pose an undue limitation on you, for travel on Fire Department business?

DeWolf – No, any time I leave the state I've notified the Board that I will be gone.

Ruppel – if it is within the state that would cover routine travel for Fire Department business?

DeWolf – Technically the only one it won't cover is the AFDA Conference in Laughlin, which is a mile across from Bullhead City in Arizona.

Izzo – Anyone have any other comments on that?

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Izzo – this is the first time we’ve had a two page agenda I think.

Audience Comments – none

Board Member Comments –

Pfitzenmaier - I’ve got a little job I am working on and I ‘m trying to make sure that people in our Fire District are in fact being assessed fire taxes by the county. I want to make sure that the Fire District boundary that we think we have is the same as the Fire District Boundary that the county is assessing taxes on. I went to the county, talked to the county and they gave me a whole printout on a tax number based on your tax code number of who is in your Fire District. The next question is what did you use to define that field? I have learned that there is a tax code, and ours is 2501. So the guy gives me a printout of 2501. He assures me that the definition of this is the Sonoita-Elgin Fire District and everyone outside of 2501 is not part of us and is not taxed, and everybody inside is. That’s good news, we’re kind of sneaking up on this thing. As long as his lines are drawn where our lines are drawn. I met with Chief and we met for most of an afternoon, it seems in most cases, in fact that the lines are drawn in the right place. Now that doesn’t mean everybody inside the lines is paying taxes, but it means that we’re using the same map, except for one tax area that I need to go back and check on. And that area is not clear to me what they use to define it. Unique characteristics of that area are, I think Vicki lives in that area. (I’m paying taxes – Ms Rutter) So, I’m dragging you through all this to tell you I’m taking little steps on this, monthly, but you don’t know the question to ask until you get the answer to the question you just asked. More later, but you’re going to hear from me month for three minutes at the end of the meeting.

Motion for adjournment – motion by Bianchi, seconded by Tomlinson; Motion carried.

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