

Sonoita-Elgin Fire District Board Meeting
Special Board Meeting Agenda
3173 Hwy 83, Sonoita, AZ
6 p.m.
Dec 8, 2014

Call to order

Pledge of Allegiance

Roll Call – Izzo, Rinaldi, Neal, Bianchi and Berry

Call to the Public – none signed in.

Old Business- Discussion and action concerning the creation of separate capital Funds.

Bianchi- Thank you Ron. Let me start off with a motion in a form of a resolution that ... *the board creates 3 capital project funds: one for apparatus replacement, the second one for personal protective equipment replacement and a third for building improvement. Said funds to be maintained at a financial institution selected and administered by a board member upon board approval.*

Izzo- So this is separate bank accounts?

Bianchi- It would actually be 3 separate accounts; to create 3 capital funds project accounts. I need a second somewhere along the line here.

Rinaldi- I second that

Izzo- Ok, discussion?

Bianchi- Let me start the discussion. You know we past the budget last year. We set up three funds that were to be restricted funds for the purposes in the motion. Since that time Chief and I have had a lot of discussions as whether or not how we can do this. So we want to bring the rest of the board up to speed as to what you are feeling is about the Board creating these accounts.

Chief- Under AZ revised statute 48-807 K, L, and M, it states that a fire district may maintain separate accounts with a financial institute that is authorized to do business in the state with the purpose of operating a payroll account or for holding special revenues or ambulance revenues or both as necessary you feel the districts fiduciary responsibilities. Those are the only two reasons the district can hold separate accounts.

Neal- So there were 2, it was pay role and....

Chief- Ambulance revenue.

Neal- Right.

Chief- Well it says payroll and holding special revenues which also classifies as wildland income it would be special revenue. There is actually 3 depends how you want to read the payroll account or holding special revenues or ambulance revenue. There saying both so it could be classified as 2.

Rinaldi- So their definition of special revenue is just wildland fire, ambulance

Chief- And just 2 years ago they gave districts the ability to have enough money in the pay roll account to be able to pay pay roll.

Bianchi- How many accounts do we currently have Chief?

Chief- 3 banks.

Bianchi- 3 banks and you have checking and savings correct? So we have a lot of funds going on here don't we?

Chief- It's all for general funds of the district payroll and bills . None of it is in a savings account. It's all linked to a checking account.

Bianchi- Well how are we earning interest if it's not in a savings account?

Chief- I don't know enough about banking to be able to differentiate the difference between....

Bianchi- Doesn't the statute also state that the tax revenue fund is to be held by the county in order to...warrant against that money as we need it?

Chief- It does.

Bianchi- Why are we not doing that?

Chief- Because Santa Cruz County doesn't do that. The statute further ...a separate account with the bank from pay roles to ambulances. Santa Cruz County and Pima County are working within the AZ revised statute in the way they issue our tax dollars as stated inARS 488-05 and 8807. The county can give us our money. We cannot invest it and that's a difference.

Bianchi- Well is putting it in a premium savings account not investing the money?

Chief- That Jerry I'm not...

Bianchi- We are doing that that's my point. So we must be allowed to do that or we are violating state law.

Chief- Well according to the district's attorney in the districts accounting we are not doing that. We are complying with the law. I did receive an email back. Our attorney says that we shouldn't be doing this.

Bianchi- Should be doing what?

Chief- The way we are holding our funds shouldn't be done. All 4 districts within the county are handled the same way. Our auditor has spoken with the attorney's general's office and his interpretation of ARS 48-807 section L the districts are allowed to maintain separate accounts for specific purposes, however balances are not meeting the criteria should be maintained with the county's treasurer. And that is what the rest of the statute continues to say.

Bianchi- So then the special capital project funds can be maintained with county's treasurer.

Chief- Yes.

Bianchi- Ok. But they can't go to a bank?

Chief- Well, again I'm not the legal authority on this. All the other districts that I talked to in Santa Cruz County (they're using wording to get away from Capital funds) have all their money in separate accounts but all of them are like Chase Bank and Wells Fargo Bank they are not invested into a CD. I don't know where the line is drawn.

Izzo-wait a minute here I lost something here. They have separate bank accounts?

Chief- Yes.

Izzo- Within the bank the district uses restricted funds.

Chief- Yes.

Izzo- For these restricted funds.

Chief- Yes.

Izzo- Ok. So none of those accounts are like....

Chief- investment accounts

Izzo- CDs.

Chief- Yes.

Izzo- Ok. So there a checking account or straight savings account?

Chief- Savings

Izzo - Ok. So will that suffice?

Bianchi - Well I think so. It will cost us interest income to do that I do see the difference between a savings account and a certificate of deposit because there is no risk with the certificate of deposit any more so then you do with a savings account. I would like to read something into the record here. This is from the association Arizona Fire District Association under capital project funds. It says... by creating a project capital fund a district may budget and subsequently appropriately funding with in each fiscal year secondary property tax levy. These funds are then placed into an interest bearing capital reserve account until it is time to make the capital expenditure.

Chief -The Arizona State Statute states that those accounts should be held with the county treasurer. They say accounts but not which account. The Arizona State Statute says that it should be held with the county treasurer. In.....48-807 the county treasurer shall keep the money received from tax peruse to subsection E this

section in a separate fund known as fire district general funds. Numerous times throughout this they mention that the funds should be kept in with the county treasurer.

Izzo- What do you think your association is talking about here?

Chief- It's our association and I believe they are talking about state statute.

Izzo- It seems to me like there are 2 issues. So one is that we would be able to have the ability to have special revenue funds restricted funds in accounts. Chief mentioned other districts in Santa Cruz County have separate accounts within their regular bank, right? So whether that is right or wrong, legal or not legal at least we would be with them. We would be consistent in another word this is what we are all doing. They are giving us the money and we are all doing this together.

Bianchi- Or that they can be left with the county or put with the county.

Izzo- Right, but it seems like so if we want to put it in our bank under separate account which I am trying to separate the CDs from savings or checking. So that is one issue that we may be able to agree on part of the issue and now the thing is it needs to be checking, savings or CD as a separate issue.

Bianchi- If it is with an account it already exists with a bank I think that is going to be cumbersome for the bank to keep funds segregated that way.

Izzo- Why would that be? Just put it in an account.

Bianchi- You have a checking account and you have a savings account A B and C you are saying.

Izzo- That's what other districts are doing?

Chief- I'm not 100% sure how they are actually doing it.

Bianchi- I know the county will allow us to give that money back. And they will hold it for us in separate accounts.

Neal- Is this interest when we have the county hold it do they include it in their investment pool?

Berry- You could spend it in about two minutes as what they pay on savings accounts at the banks right now.

Neal- Right.

Bianchi- The way to go the smart way to go, but the Chief is saying we can't do that will be a certificate with one of these banks.

Berry- Let's see here we know that on these accounts we are not going to spend anything... What do you propose Jerry 6 months a year? I'm trying to figure out...

Bianchi- For CDs?

Berry- Yes.

Bianchi- Well we discussed that two meetings ago I don't remember I think we are trying to keep the building fund and the PPE fund separate in like a savings account until this issue with getting the masks is resolved. If that gets resolved, then future contributions can go into a certificate of deposit.

Izzo- And apparatus would be how long?

Bianchi- The apparatus I think, I don't have the minutes but I think we can figure 2 year. We didn't want to go longer than 2 years.

Chief- Nothing went over 24 months. You had several 12 and 7 and 6 months that's it but nothing to go over 24.

Bianchi- Well that was a committee's recommendation but the discussion took place that we would keep the liquid in the building and the PPE fund until that grant gets resolved and then with the apparatus we were looking at a 2 year CD.

Izzo- I'm just trying to bring this back so we can get onto other things. Do you have something from our attorney that says we should not do a certificate of deposit?

Chief- Yes

Izzo - An email you might read, just the essence of it?

Chief- This is an email from the districts attorney. Pursuant to 48-807, District funds are maintained in the SEFD General Fund as established and maintained by the County Treasurer. The statute is included below and I highlighted the relevant portions for your reference. The statute further contemplates a separate account with a bank for payroll or ambulance revenue. Under paragraph (M), the District should be able to designate

a “Capital” or “Capital Improvement” fund which would also be held at the County. There is no statutory authority for outside investments such as a Certificate of Deposit. Donna Aversa.

Izzo- But we are pretty sure other districts are doing this anyways.

Chief- No none of them have CDs.

Izzo- Ok.

Chief- They have them in either the checking or the savings.

Izzo - Sounds like we are splitting hairs doesn't it?

Bianchi- Sure does, and not in favor of wise financial decisions. So now the attorneys say we do not have authority, there is no authority for us to do this as she has stated there is not an authority to do it.

Chief- From my interpretation or understanding the statue you can just do what you give authority to do. It's not stated that you can't do it doesn't mean you can run out and do it....

Rinaldi- If you give this money to the county and say the interest rates change are we going to reap the benefit of that or does the county get that access? How does that work?

Chief- If we invest money in the county pool they will pay us interest on the money we have. I believe and I have not done a lot of research on it, but you can select, you've talked to some of them Jerry, you can select risk that you want to go into.

Bianchi- That's with the state I looked at but not with the county.

Neal- I can tell you with the county yes they do have an investment pool and there isn't any choice. Whatever dividends are required through them then they pro rate it back to the entity based on the pro ration.

Berry- So there is some interest?

Neal- Yes

Rinaldi- What's in it for them? I mean I'm just being devil's advocate here.

Neal- Well I can't speak for the county. The more money they have to invest the better, the better rates they get. So even for their departments they get a better return on the dollar. So the more people who participate and do that that is one advantage for the county. I don't know I read the same statues; I am a little puzzled why the county does not hold our funds and then we issue warrants to pay our bills.

Chief- That is a topic I feel that we ought to address. Our auditor feels the same way. He feels we need to set up a meeting with the county and figure it out. Through state statue, because we use our funds to mainly pay our bills is I believe on how they are getting around it.

Bianchi- When I talked with the county on this I'm not sure why they are holding the funds either. At that time the treasure was busy trying to sort out the tax payments that were coming in and didn't really have time to address the issue. So I was planning on going back probably sometime this month because she has to of processed those checks by now. (laughter) We can do this according to what my resolution is if we interoperate financial institution to include the county. Since we would be giving them money that they would be paying us interest on it does kind of qualify it's a financial institution I think. We can proceed on this basis until further meetings with the county.

Berry- So your resolution is that we establish 3 separate funds with the county.

Bianchi- We can change financial institution in my resolution to the county.

Berry- Ok.

Bianchi- Then it would be wise for the association to get legislation on because it is costing districts that have funds a lot of money.

Chief- I agree with you but on the other hand there are a lot of districts that are misusing their funds and that is why they have put in legislation that the counties are supposed to keep tract of them. Most of our state statues are starting to follow what school districts do. So school districts and special districts are all trying to get their state statues in line to what one another do. There are districts out there that misuse funds. The objective was that the county would be the check.

Izzo- Do you accept the change Jennifer?

Rinaldi- Yes.

Izzo- Is there any more discussion?

Chief- Yes. Can you read your resolution?

Bianchi- *A motion to create three project funds: one for apparatus replacement, second for PPE replacement and a third for building improvement. Said funds to be maintained at the county and administered by a board member upon board approval.*

Chief- Ok PPE equipment it says?

Bianchi- Personal protective equipment.

Chief- Could we add in there EMS equipment or... what I am looking at is we are again applying for the life pack grant and so there for we need to budget 6,000 dollars again. We could get away from that by including PPE and EMS equipment in that.

Bianchi- What would the life packs come under? It's obviously not building or apparatus.

Chief- Its EMS equipment really.

Berry - It's not fire equipment its medical.

Bianchi- Well our budget only had these three items in it. It didn't have the EMS as a separate... well it should have been a separate line item.

Chief- Right. I was just looking down the future to say we would have to budget 6 grand this year if we had the continuously to use those PPE funds, which are for turnouts, air packs things like that. These high dollar items and these life packs are 30,000 dollars and a portion of the grant would be 6,000.

Bianchi- Correct me if I am wrong here for the life packs, I thought we had to pay the full bill and then the grant pays us back for the 90.

Chief- Yes

Bianchi- Ok so we wouldn't have that much money in here to do that.

Chief- We would have the money to cover our portion of the 6,000 dollars.

Bianchi- Well I understand but....

Chief- Just like if I got a grant for the air packs, we don't have money in there for the air packs, but we have to pay the 8 or 9 thousand for the portion of the air packs.

Berry- So when that occurs we send the institution offering the grant the 6,000 and then they....

Chief- No we pay for everything. Basically it's all a timing deal right now we have all our tax money coming in so we would buy the life packs now get reimbursed before we needed the tax money and then get our check back within 45 days.

Neal- If we did that would we then fall short when it came time to replace the PPE?

Chief - We're short anyway.

Bianchi- I don't know what drove this whole thing was the strategic plan committee saying this is what we needed and the life packs weren't part of that. So we are getting beyond what they recommend which was further I mean the full amount they recommended was never budgeted because we were looking forward to grants as well as interest.

Chief- It was just a suggestion on my part to keep us from getting boxed in.

Izzo- I would recommend that we would save that for later. We have enough on this item right now.

Bianchi- I think in another 2 months we will get into the budget anyways.

Izzo- What about that second part of that Jerry?

Bianchi- The idea here is it's going to be restricted funds and it would require a board approval for any expenditure out of these funds and we wanted to have a board member, whoever the board selects, to be the liaison between the county to release funds.

Izzo- And do we need to select that person tonight?

Bianchi- No we do not. This just allows us to create the funds.

Izzo- Well we got to tell the county something.

Neal- May I suggest that we consider, when you have funds with the county they send you almost a daily balance sheet so you know those funds are there that ...could we that in order for those funds to be expended ? It would require board approval.

Bianchi- Yes, I already said that. But then you need to have so somebody to relay to them that with when funds are needed.

Chief- I would say a minimum of two.

Rinaldi- Maybe, the board clerk and another person.

Bianchi- No, I agree. I didn't think we were going to be deciding that tonight.

Chief- Now these have to be written out in official resolution.

Izzo- I think we need to since we are talking to the county about this. I think we need to have that completely written out before us. I think we need to have the board members selected on here. I don't know the mechanics on this. The county knows that they can only release it if Jennifer and/or Jerry asked them to.

Bianchi- Well you would have to say who the contact would be yes.

Neal- Typically they will deal with ever who the person is on the fire district, whoever is able to issue a warrant because you have got to issue that warrant to draw funds out of those and you record it to whatever funds and someone has to sign those warrants to do that. So that is how they typically do it. Now they will know that only you two are the certain two people to sign that particular warrant. I don't know. We will have to talk to them.

Izzo- That's what I was saying that I think we've got to give them a formal resolution you know in writing. We have the minutes to back that up. So this resolution ought to include the treasurer and the board clerk is my recommendation.

Bianchi- I am willing to accept the responsibility.

Rinaldi- I am too.

Izzo- Any other discussion on that?

Izzo - I think because we have talked a lot Jerry if it is ok with you I would like us to work on actually writing that actual resolution and then get it before the Board at the next meeting.

Bianchi - Ok that would be fine.

Izzo - So we are all on the same page?

Bianchi - Ok, so we are going to table this resolution

Izzo - We are going to continue it in old business again.

Bianchi - That brings up if I may this is old business, have we opened up a new account Chief?

Chief- We have not.

Bianchi - Ok I want to know who the clerk is.

Chief - That's what I was waiting for.

Bianchi- I would like us to resolve that now in this meeting so they can take it to the bank. Because you don't have anything sent to the bank yet have you? Who is the bank going to be?

Rinaldi- Chase

Bianchi- Chase. Ok then.

Izzo- You are talking about something we have already decided on before.

Bianchi- Except we didn't decide on it in enough of a form that they can go to the bank with it and open the account. That's a problem. That was being held over because we didn't know who the new clerk would be.

Izzo- Did we do this for the last clerk?

Chief- This has to go into effect because we just did the new policy that makes the Clerk of the Board a signer on the accounts.

Izzo - Ok.

Chief- So we have the policy that states that the clerk of the board is now an official signer on the account. The board made a motion 3 months ago that we would open an account with Wells Fargo and then we found out we couldn't work with, Vantage West, so at the last board meeting they gave me the permission to do it with Chase.

Rinaldi- Because Chase would allow us to transfer funds.

Chief- The County would put money into Chase but Vantage West would not. We really can't resolve it tonight.

Izzo- I'm saying I don't know if it is an agenda item. This is just a mechanical thing. We have already decided that the clerk has the authority and now we have a new clerk. Can't we just do a mechanical resolution?

Chief- I believe with the minutes from the past meeting were Jennifer is the clerk Jennifer and I now can go in and change all accounts, with those minutes.

Bianchi- If that's the case lets precede.

Chief- I believe we can get it done. Jennifer and I will get it done before the 22nd so if we run into hiccup we can resolve it on the 22nd.

Izzo- Ok we will move onto to item 5 new businesses.

New Business- Discussion concerning contracting for a Fire Chief and other personnel matters.

Izzo- Motions we go into executive session to refresh your memory. It takes a motion, a second and a vote.

Bianchi- This is under the basis of personnel issue?

Izzo- Personnel issues, one is the contracting for a fire chief and the other is just other personnel issues.

Bianchi- Do we need a 24 hour written notice?

Izzo- We did do that.

Chief- Well the agenda item is not talking about me. The agenda item is talking about a fire chief.

Rinaldi- Technically the chief would need a written letter personally to him that we were going to go into executive session is how I read it.

Izzo- Ok I would like to go into executive session concerning contracting for a fire chief and other personnel matters. So you didn't get the notice that we would go talk about you. Is that what you are talking about?

Chief- Well...

Izzo- I didn't put your name in there.

Chief- It's not my name and it doesn't say current Fire Chief, it says a Fire Chief.

Izzo- So, is there confusion here?

Bianchi- Well if the Chief and the Board feel like we can go into executive session then I don't think there is confusion. But can we do that?

Neal- To discussion contracting for a fire chief I agree, without the letter because the Chief is not being discussed.

Izzo- Well, folks there isn't any way... Look we haven't decided what we are going to do. So there is no other way to do this you know if you want to do an open meeting fine, ok. I'm just trying to get this... We had decided what we were going to do. The Chief's contract will expire at some point. I just think we need to sit down and talk about what we are going to do. We don't have to mention his name; we don't have to talk about his contract, I think we just need to decide what we are going to do. Are we going to have a committee or are we going to have reports what are we going to do? Or do we just continue this month to month?

Bianchi- No, we have continued it enough. I don't know if a session is necessary to decide what we are going to do without specifically stating it relates to the chief but if you want to have one I will not object to it.

Berry- You made a motion right. We don't have a second?

Izzo- I made a motion, now we need a second.

Berry- I'll second.

Izzo- So now we have discussion.

Bianchi- I don't know if executive session is necessary to decide what we're going to do without specifically stating that it relates to the Chief.

Izzo- and other personnel matters that I'll disclose in the meeting.

Izzo- All those in favor, motion carried. We move adjourn to executive session.

(Pause for executive session)

Izzo- Are we back on? We are back in general session and we had just completed an executive session, discussion concerning contracting for a fire chief and other personnel matters. I will make a motion so this is just uh, we'll see, I don't know we didn't, we don't take a vote or any of that stuff so we can't have a

consensus or any of that, but to get the discussion, continue the discussion and get it going I would like to make a motion that we enter into negotiation with the current fire chief and that be done, the board have a special meetings to do that for that purpose.

Bianchi – I second the motion.

Izzo – Discussion?

Bianchi- My comments would be that we proceed in a...with deliberate speed to get a new contract to negotiate with the chief. And if necessary to have special sessions of the board we will do that. We should do that.

Izzo- Ok let's make part of that motion. Let's set a date.

Bianchi-Ok. We probably could get a meeting in December. Today is the 8th and Christmas is the 25th. The day before Christmas I don't want to do it so, next week or after Christmas I would think. Next Board meeting is the 22nd isn't it?

Neal – Correct.

Rinaldi – Can we do something next week?

Bianchi- I would be available next week.

Rinaldi- I am free all next week.

Berry- I am free next week.

Izzo- Ok. So as part of that motion we have a special board meeting on December 15th. All those in favor, motion carried.

Bianchi – The time, 6 pm I presume?

Izzo - 6PM. We did discuss other personnel matters in the executive session. You guys help me I threw out a resolution just to get things going here. The resolution is that the fire district employ the services of an accountant actually add to the staffing to the district position of an accountant and that the budget and finance committee as a subcommittee of the board would be responsible to come back to the board with a position description, salary information and a plan of recruitment and anything else that needs to be done there.

Rinaldi- I second

Izzo- Discussion

Bianchi- I think we need to get somebody of higher skill level to come in here to do accounting for us. We got into, as we know and have talked about the past Board meetings we got into a mess between by the end when we did a budget till we finally had data that we knew what happened throughout the whole year and that's what we are trying to get over. We want to go over to an accrual method of accounting to give us a better handle on our finances. That is my comment on it.

Izzo- Chief you probably have a question before we.....

Chief- Is this an employee of the board or an employee of the Chief?

Izzo- Good question, so this would be an employee of the district. As any employee of the district it would report to the Chief day to day direction and supervision; however it would have a separate and distinct responsibility to the board that would be defined by the board. We haven't defined it yet.

Chief- Is the Chief going to have input into this?

Izzo- Isn't he part of the Budget and Finance Committee?

Bianchi- No he sits in on all of our meetings.

Izzo- Well I think he should be part of the discussion on that.

Bianchi- He will be at all our meetings. They are posted meetings. Anything else?

Neal- I just have a question so the Budget and Finance Committee we include in the Chief as part of that for this purpose or not?

Bianchi- That's not the intent.

Neal- That's not the intent?

Bianchi- He will be an observer and a person who makes his feelings known to the budget and finance committee, but the actual decisions will be done by the members of the committee.

Izzo- So the committee will come back and make a report to the board and say this is the job description and this is the pay we are recommending and this is the plan of action on how we are actually going to go about hiring the position. So, I as a board member presume that the chief has been discussed in those discussions but he may or may not agree. So then he could present to the full board what his disagreement or position is.

Bianchi- The committees can only make recommendations to the board. The final decision is made by the board and that will be done at a public meeting.

Izzo -Ok any more discussion? I will call for the question all in favor, motion carried.

Bianchi- Let me ask one question? Are we going to continue with the old budget committee?

Izzo- That's not on the agenda. I think we need to put the committees on the agenda for the next meeting.

Bianchi – Okay, the special meeting let's put that on there also.

Izzo- This will be carried on as old business.

Audience Comments-

Izzo – Kathryn Prentice who has been patiently sitting here all evening.

Bianchi – Also known as Princess.

Kathryn Prentice - My name is Kathy Prentice and I just am going to strike my comment because it was answered in the agenda earlier so thank you.

Board Member Comments-

Bianchi- I would like to ask a question to the chief. What is going on with the lawsuit you sent us 3 emails on? Are we being sued?

Chief - Nothing at this point. We have not been served. All the documentation has gone up to the district's attorney. We are mentioned in a lawsuit. That is it.

Berry- Which one was that?

Chief- The one with the border patrol agent where the guy ran the border patrol check point.....There is no lawsuit against the fire district.

Bianchi- So we are not named in anything? That's what I wanted to know.

Berry – I'm the only one named so far. Border Patrol had me tow...and I'm not going to say anything else... (laughter)

Bianchi - The only question I had. Anyone else have a comment?

Izzo - I think we have done everything we could in the past to get all of our business done at one meeting. I think if we look back I think we can now see that's not always possible so I appreciate everyone's willingness to have a special meeting. I think today was great. We didn't have a lot of pressure on us in both of meetings to try to get through the financials and questions and the Chief's report and that kind of stuff. So I just wanted to thank everyone and I look forward to more special meetings so we can get, we need to get some of this stuff done out of that time frame. Personally I kind of have a clock kinda going, but an hour and a half is a really good time for a meeting. You know as this starts pushing 8 o'clock... and the other thing is perhaps we should create a resolution to prohibit staff from cooking before we come into a meeting. (Laughter)Is there a motion for adjournment?

Rinaldi – Motion to adjourn.

Bianchi – Second

Izzo – Discussion, all those in favor? Motion carried. Meeting adjourned.

Approved on 26 January 2015, _____, Clerk of the Board.

Jennifer Rinaldi