



Nevada County Consolidated Fire District

"Excellence in Emergency Service"

11329 McCourtney Road, Grass Valley, CA 95949
(530) 273-3158 FAX (530) 273-1780

nccfire@nccfire.com

www.nccfire.com

BOARD OF DIRECTORS MINUTES JUNE 23, 2011

Regular Meeting held in the Conference Room, Station 84,
10135 Coyote Street, Nevada City, CA

NCCFD DIRECTORS:

Present: Bass (Treasurer), Grueneberg, Hanson (Chairman), Hitchcock, Rhodes

Absent: Knox (Vice Chair), Leonard

STAFF:

Present: Chief Fike, Board Sec. Bennett, B. C. Ray, DFM McMahan B. C. Newby, Fin. Mgr. Henthorn, LaBarbera (HR), Long (OSS),

Absent: Curtis (Dist. Counsel)

REGULAR MEETING: 7:00 p.m.

STANDING ORDERS

Chairman Hanson called the meeting to order at 7:00 p.m., at Station 84, 10135 Coyote Street, Nevada City, which was the time and place scheduled for the Regular Meeting. After the Pledge of Allegiance, Chairman Hanson welcomed everyone in the audience. Asking for and finding no additions or deletions to the agenda, Chairman Hanson moved the meeting on to the Consent Calendar.

CONSENT CALENDAR

1. Acceptance of Minutes – 05/19/2011
2. Fund Balances and Check History Reports
3. Treasurer's Report
4. Fire Prevention Bureau Report
5. FY2009/2010 Final Audit Report Supplement
6. Authorize Chief to Sign the Audit Engagement Letter with McSweeney & Associates to perform FY 2010/2011 Annual Audit
7. Chief's Recommendation for Employee Merit Increases:
 - One Captain – From Level 14, 2-Years to Level 14, 3-Years, with an annual salary of \$63,085, effective and retroactive to April 2, 2011
 - One Captain – From Level 14, 4-Years to Level 14, 5-Years, with an annual salary of \$69,551, effective and retroactive to May 1, 2011

Chairman Hanson asked to pull Items 5 and 6 from the Consent Calendar for discussion.

Director Rhodes moved to accept the Consent Calendar as presented, except for Items 5 and 6. Director Grueneberg seconded. **MOTION** unanimously carried.

Chairman Hanson repeated his disappointment in the tardiness of the report as it was promised to be ready for the May board meeting. He continued by stating that, after reviewing the report, he did not care for the auditor's comments. However, he wanted to follow up on the items in the report.

CONSENT CALENDAR (cont.)

Chief Fike reported that Staff has always kept track of grants and notified the finance department and will continue to do so. He continued by saying that the auditors would be and reiterated that this item came up because of fund received from Nevada County OES that had been awarded a grant. Finance Manager Henthorn confirmed that the funds were from a grant that the District didn't apply for and that she felt she had received sufficient information about the funds.

Regarding the Accounting Policies and Procedures, Chief Fike replied that samples from other fire districts were being obtained and would be reviewed to create the manual. Director Hitchcock commented that, once completed it should be made as a stand-alone part of the District and Board's Policies & Procedures Manual. He also noted that there were some sample policies in the SDRMA's sample Manual.

Chief Fike reported that corrections had been made regarding the next two items in the report, Vacation/Time-Off Buybacks and Excess Life Insurance Premiums. Regarding the last item, an information item regarding Other Post-Employment Benefits, the item was discussed at the May meeting and would be brought up with the union representatives during the next meet and confer talks with the suggestion that the post-retirement health benefit premium be dropped as too expensive for both the retiree and the District and therefore never used.

Next, the Board discussed the Audit Engagement Letter. Discussion included a suggestion of changing auditors, whether or not it was feasible at this time and if the proposed audit deadlines were acceptable. Discussion concluded with the concurrence of the Board to approve the terms of the engagement letter.

Director Rhodes moved to accept Items 5 and 6 as presented on the Consent Calendar, thus authorizing the Chief to sign the Audit Engagement Letter with McSweeney & Associates to perform FY 2010/2011 Annual Audit. Director Grueneberg seconded. **MOTION** unanimously carried.

***PUBLIC COMMENT ON MATTERS NOT ON AGENDA**

NONE

COMMITTEE REPORTS

Standing Committees

Finance – Mark Bass, Chair

Operations – Dave Hanson, Chair

Personnel – Bob Rhodes, Chair

Public Relations – Warren Knox, Chair

Ad Hoc Committees

Board Policy and Procedures – Ralph Hitchcock, Chair

Director Bass, as Treasurer and Chair of the Finance Committee, referred to his Treasurer's report that he distributed at the meeting (see [Treasurer's Report](#)). He included his report from the prior year's Preliminary Budget Meeting. He pointed out that at the same point in FY 2009-2010, overall Operations Expenses were under budget at 83%, whereas FY 2010-11, Operations Expenses are at 91%. He also pointed out the continued decline in Development fees last FY and the current one.

OLD BUSINESS

NONE

NEW BUSINESS

Discussion and possible action concerning Resolution No. R11-06, Adopting the Preliminary Budget for Fiscal Year 2011/2012.

Chief Fike reported that the preliminary budget has an over \$400,000 deficit due to several reasons. The District has a huge increase in their Worker's Compensation premium due to the large increase in number of claims, with some large ones included. This combined with an increase in the percentage of the District's portion for CAL PERS and a larger than expected decrease in property tax revenues caused by diving property values all played a part in this alarming deficit.

He reminded everyone that this is the Preliminary Budget, not the Final one. Therefore many numbers will change before September. Staff has already begun to take measures to try to reduce this deficit. A Local 3800 Union Committee has been meeting with HR Administrator LaBarbera to find less expensive health plans hopefully without too much of a decrease in plan benefits. Staff is also talking with the District's workers compensation carrier to see if they would be able to smooth out the premiums for a possible savings.

Despite actions taken to try to keep overtime costs down, they actually increased again, coming in \$20,000 over what was budgeted. This had a lot to do with the coverage for workers comp leaves of absences. However, because of the deficit, the District may need to cut it by \$200,000. Of course, strike team assignments might help.

Director Grueneberg commented that the District is in serious trouble. Therefore, he looked at the proposed budget and made a first, quick analysis of what might be done to lower the deficit. He put his suggestions in writing which he distributed and which are included at the end of these minutes (see [Grueneberg Preliminary Budget Memo](#)). He invited others submit their list of items that could be cut that might cut the deficit.

Commenting on the Workers' Compensation Premium increase, HRA LaBarbera noted that the increase was not just a one year hit. This new premium is for 3 consecutive years, after which, should there be no more large claims during those three years, the premium would presumably drop. She agreed to request a "smoothing" on the premium. She also reported that the workers comp carrier would be doing a safety survey during the week of July 11.

Chief Newby reported that he had met with the Local 3800 and that they were considering concessions and would put forth their best attempt. Chairman Hanson reminded everyone that we are all in this collectively and stated, that should the District need to go for a larger assessment as a way of covering some of the increased costs, everyone would need to take part in the marketing of it.

Chief Fike stated that the District will have to start browning-out stations and would provide a proposed schedule to the union. The brownouts would begin in the south-end, with Station 89, then go to Station 86, and to Station 54. If anyone calls in sick (or for vacation or training), rather than backfill that position, personnel would be moved and a station would be closed for at least a day. This will be done to reduce overtime by \$150,000.

Director Grueneberg asked if Chief Fike would send a letter to the Nevada County Board of Supervisors requesting that they stop charges the District for collecting tax revenues, an annual amount of which would pay for one safety position. He noted that they do not show itemized costs that justify the amount that they charge us. Further board discussion resulted in asking the chief to send similar letters to other government agencies to reduce or stop charges to the District, especially if their services were being reduced in any way.

NEW BUSINESS (cont.)

Resolution No. R11-06, Adopting the Preliminary Budget for Fiscal Year 2011/2012 (cont.)

Seasonal Firefighter Haggerty asked the backfill, for safety employees out on long-term medical leaves due to injuries on the job, would be cut as well. Chief Fike replied that kind of backfill would not be cut as backfilling those vacant positions was very beneficial to the District and, therefore, did not fall under the other kinds of backfilling that cause overtime.

After discussion ended, Director Rhodes moved to adopt Resolution No. R11-06, Adopting the Preliminary Budget for Fiscal Year 2011/2012, with Fund 722: Operations in the amount of \$4,428,453; Fund 733: AB1600 (Mitigation Fees) in the amount of \$350,031; and with Fund 758: Reserves in the amount of \$237,893. Director Bass seconded. After a roll call vote, **MOTION** unanimously carried.

Finance Manager Henthorn announced that the last payments for the three CAFS engines would be mailed the next day.

Discussion and possible action concerning Resolution R11-07, Authorizing the Fire Suppression Benefit Assessment, District 2004-1, Located in the Boundaries of the Nevada County Consolidated Fire District, to be Placed on the Nevada County Secured Tax Rolls, Requesting the County of Nevada to Levy and Collect this District-Wide Fire Suppression Benefit Assessment for FY 2011/2012. This item will include discussion and possible action concerning the Potential Need for an Increase in the Assessment Rate.

After the prior item, the Board concurred that an increase to the current assessment rate was imperative and agreed on a 3% increase over the prior year's rate. Director Grueneberg asked questions about the strikeouts on page 9-5 of Resolution R11-07, Attachment 2. Board Secretary Bennett explained that they represented the prior year's commercial rates, so that the reader could compare the prior year with the proposed increase. She noted that the table at the bottom of the same page showed residential and undeveloped rates for prior years as well as the proposed increased rate.

Director Rhodes moved to adopt Resolution R11-07, Authorizing the Fire Suppression Benefit Assessment, District 2004-1, Located in the Boundaries of the Nevada County Consolidated Fire District, to be Placed on the Nevada County Secured Tax Rolls, Requesting the County of Nevada to Levy and Collect this District-Wide Fire Suppression Benefit Assessment for FY 2011/2012. Director Bass seconded. **MOTION** unanimously carried, after a roll call vote.

Discussion and possible action concerning for Requesting Bids for a proposed New Engineered Fire Suppression Special Benefit Assessment to Provide Funding for the District to Maintain its Level of Service.

Chief Fike picked up from the preliminary budget item, reiterating the size of the revenue shortage and beginning the conversation on how to increase revenues. He stated that there are three options available: Go for a special tax via general election, keep current assessment while asking the property owners for an assessment increase, or replacing the current assessment with new one. He reported that, to cover the estimated revenue shortage, the assessment would need to be increased by 25 to 35%. He emphasized that it would be a permanent increase and must not sunset, if the property owners want to maintain the level of service. He continued that this is to replace lost tax revenues and to continue to make up for getting such a small percentage, 1 ½ of 1% of general fund tax revenues.

NEW BUSINESS (cont.)

Requesting Bids for a Proposed New Engineered Fire Suppression Special Benefit Assessment to Provide Funding for the District to Maintain its Level of Service (cont.)

As with the prior assessment, Chief Fike stated that the District shouldn't pursue a special tax for several reasons, including the fact that all registered voters of the District, not necessarily District property owners, would be allowed to vote on the special property tax and that a 2/3 rd's majority vote was required for passage. An assessment is voted on by the property owners and requires 50% to pass.

Chief Fike reminded the Board of the assessment process which requires the District to use an engineering firm to create an analysis and engineering report. Any kind of engineer may be used, but in calls to non-assessment specializing engineering firms, he found that most won't do these kinds of projects. He also found that there are very few firms available who specialize in assessment engineering. In approaching three firms, only two were interested. They both had references of local fire districts for assessment campaigns. The estimated cost for the required report is approximately \$30,000, which does not include the cost for the ballot process. The ballot process's estimated cost, based on the 2004 assessment campaign would be approx. \$20,000.

After more questions and discussion about available funding options, Director Bass moved to request bids from three competing special benefit assessment engineering firms to provide an engineering report in accordance with California's special benefit assessment laws; requesting the bids to back in two weeks with a goal of mailing out the assessment ballots in September or October 2011; with the winning firm's cost not to exceed \$30,000, authorizing the Finance Committee to hold a meeting to choose the winning bid before the next regular Board meeting so that the engineering firm can begin their analysis as soon as possible, and, lastly, designating Chairman Hanson to sign the contract as an agent of the District. Director Rhodes seconded. **MOTION** unanimously carried.

Chief Fike thanked the Board and stated that, should the assessment fail, there would be layoffs. Director Rhodes commented that a good public relations campaign was a priority and that the chair of the public relations committee, Director Knox, should take the lead. Director Rhodes asked if the chief had an amount in mind for the assessment. Chief Fike replied that a 35% increase to the current assessment rate would provide the district with the needed \$500,000.

Director Bass asked if a special committee should be established to market the assessment. Other discussion followed about the full marketing campaign needed, with answers ready and the importance of educating the constituents, perhaps with a citizens group. Chief Fike reported that he had already brought the increased assessment idea up at some recent neighborhood meetings and found most indicated support for the idea.

Discussion and possible action concerning (RFPs) Bids for Training Props to be Purchased with 2010 DHS-Assistance to Firefighters Grant Award Funds.

Chief Fike reported that, after accepting and opening the bids, one of the bidding vendors, FireBlast 451, called for the results. Chief Ray informed them that they were not the lowest bid and were in fact quite a bit higher than either of the other two bids. After speaking with Chief Ray, FireBlast realized that they had interpreted one part of the RFP differently than the other bidders. Chief Ray realized that the wording in the RFP could allow for two different interpretations for the same prop.

NEW BUSINESS (cont.)

Bids for Training Props to be Purchased with 2010 DHS-Assistance to Firefighters Grant Award Funds (cont.)

Chief Ray wasn't sure what to do. After the bid closed, FireBlast submitted a new bid proposal meeting Chief Ray's interpretations. Chief Ray answered Board questions about why he would choose them and his reply included, among other things, a more efficient method for the meeting the specs of the one mis-worded spec, but he did not know if it would be fair to award it to them.

Director Hitchcock asked if the two other vendors understood that they had bid the one item as they thought Chief Ray meant it rather than as it was written. Director Hitchcock felt, if so, then it was a legitimate misunderstanding and that FireBlast could fairly be awarded the bid.

After further discussion and questions by the Board, Director Rhodes moved to award the bid for the Training Props to FireBlast 451 in the amount of \$70,113.31. Director Grueneberg seconded. **MOTION** unanimously carried.

Discussion and possible action concerning Direction of the JPA.

The Board discussed the proposed Joint Powers Agreement with Nevada City and the City of Grass Valley Fire Departments. Chief Fike reported that he and Director Hitchcock had spoken with the two city chiefs and informed them that, due to the District's current fiscal problems, the District would table the proposed agreement. Chairman Hanson and Director Hitchcock would be meeting separately with the two city managers to explain the District's decision.

CHIEF'S MONTHLY REPORT

Chief Fike reviewed his written report without adding new items to it.

***BOARD DISCUSSION**

Director Hitchcock commented that Director Leonard had taken some very good photos at the Search and Rescue Training included in The Union's news article, a copy of which was included with the agenda packet.

Chairman Hanson directed staff to write letters to any local government vendors asking for a reprieve due to the District's financial crisis.

ADJOURNMENT

There were no closed sessions nor further Board discussion. The next Regular Board meeting was confirmed for Thursday, July 21, 2011 at 7:00 p.m. at 10135 Coyote Street, Nevada City. The meeting adjourned at 8:57 p.m.

Attest:

Approved by:

Signature on file

Darlene E. Bennett
District and Board Secretary

Signature on file

David S. Hanson
Chairman of the Board

Date: June 21, 2011
To: NCCFD Board of Directors
From: Mark Bass, Board Treasurer
Subject: May Financial Reports

Today I met with Helen and together we reviewed the May Financial Report. I find this Report to be consistent with the FY 2010-11 Final Budget.

Items of note from this meeting:

- At 92% of FY 2010-11, overall Operations Expenses were slightly under budget at 91%.
- Fund 733: AB1600 (Development fees) total collected thru May, \$56,138. *(62% of the \$90,000 projected amount).*

Items of note from the Finance Committee Meeting on June 13:

- The Finance Committee approved the Draft FY 2011-12 Preliminary Budget to be presented to the Board of Directors as the FY 2011-12 Preliminary Budget and recommends its approval.

Respectfully submitted,



Mark Bass
Treasurer

Date: June 22, 2010
To: NCCFD Board of Directors
From: Mark Bass, Board Treasurer
Subject: April & May Financial Reports

Today I met with Helen and together we reviewed the April & May Financial Report. I find this Report to be consistent with the 09-10 Final Budget.

Items of note from this meeting:

- At 92% of FY 2009-10, overall Operations Expenses were under budget at 83%.
- Fund 733: AB1600 (Development fees) total collected thru May, \$63,290. (70% of the \$90,000 projected amount).

Items of note from the Finance Committee Meeting on June 15:


- FY 2010-11, Salaries & Benefits are 87% of total revenue (FY 2009-10, Salaries & Benefits were 81%).
- The Finance Committee approved the Draft FY 2010-11 Preliminary Budget to be presented to the Board of Directors as the FY 2010-11 Preliminary Budget and recommends its approval.

Respectfully submitted,

Mark Bass
Treasurer

DATE: 6/23/11

TO: My Fellow Board Members NCCFD

FROM: Keith M. Grueneberg, Board Member 

SUBJECT: Preliminary Budget 2011/2012

I was unable to attend the Finance Committee meeting on 6/13/11 due to a prior commitment. You may have already covered some of the issues so excuse my ignorance.

I have worked on many budgets in my past years in the fire service. We are in serious financial distress this upcoming fiscal year. As Board members, we are ultimately responsible for providing fire service and EMS to our constituents while insuring we meet our fiduciary responsibilities and duty of care. As I went through the budget I made reductions based on my experience dealing with decreasing funding. This was no pleasant task and went against everything I have stood for in the fire service. These are not popular choices. We are a property tax based entity. When property values go down, taxes go down so do our financial resources. The fire risk remains no matter what happens to our diminishing resources.

Although I didn't achieve a balanced budget with these reductions, this is my best first effort without discussing it with the Fire Chief or other Board Members. These are serious reductions and will most likely cause the temporary closure of fire stations and reduction of personnel. Reduction of personnel would be the last consideration. It is not business as usual. We are in a survival mode. There will be a reduction of our current service level.

I propose the following:

510107	Clerical	-38,206
510108	Seasonal FF	-54,746
510109	Overtime	-150,000
Group 5102		-64,721
Group 5202		-5,390
Group 5205		-350
Group 5206		-2,310

Group 5207 we should negotiate with our carrier to smooth out our payment. A 240% increase at one shot is not acceptable in these fiscal emergency times.

Group 5209		-4,740
Group 5210		-7,000
Group 5211		-13,320
Group 5212		- 4,500
Group 5213		- 2,000
Group 5215		-7,472 Negotiate a reduced rate for our annual audit.
Group 5219		-5,300

Why do we pay LAFCO?

Group 5226	-3,407
Group 5228	-4,500

Total -367,612

Possibly ask for a 2% contribution from employees for Cal-PERS. -15,425?

A 50% smoothing rate from workers comp could save 121,217 this year.

We may have to use up our reserves to balance the budget.

Obviously with these reductions the Fire Chief and Finance Manager will need to go back through and adjust the budget accordingly.

Potential reductions total 504,254.

I would suggest the Fire Chief prepare a fire station close down plan that would be equitable to all response areas. We may have to reduce the types of calls we respond to.

Another possibility is to attempt to negotiate with our loan/lease holders to skip a year in our payments.

We should also prepare a news release on the potential that faces us.