

Findings

F1. PVFD's current and anticipated revenue stream will not support the November 2024 promotions and hires for more than a few years.

DISAGREE – Penn Valley Fire Protection District, which now also includes the former Rough and Ready Fire Protection District, is financially stable. Long term financial projections indicate sustainable revenue to support the 2024 promotions and hires.

F2. The timing and funding issues with respect to PVFD's November 2024 promotions and hires caused the collapse of the four-way reorganization discussions.

DISAGREE – It was NCC's decision to withdraw from the consolidation conversation, without any discussion with the Consolidation Committee, the PVFPD Chief, or with the boards of the four involved agencies. The NCC Chief was well aware of the intention to make promotions and hires. PVFPD assumed he was speaking with and for the NCC Board when championing these staffing changes. As an employee and not an elected official, he was not bound by The Brown Act and spoke routinely and freely with NCC and individual PVFPD board members and staff. Conversations between individual PVFPD Board members and the NCC Chief re: these specific promotions, including timing, had been ongoing since the early Summer of 2024.

In the October 1, 2024, PVFPD Board Meeting, the NCC Chief was specifically asked by a PVFPD Board Member if the promotions being proposed would impact the consolidation effort, to which he was recorded replying, "now is the time and the sooner the better!"

Furthermore, NCC refused to provide any meaningful financial data to PVFPD, including the PERS actuarial. NCC refused to allow the involvement of the PVFPD CPA/Finance Manager in the preparation of financials for the consolidated agency for which she was intended to become Finance Manager. NCC appeared to be meeting without the knowledge or participation of the Consolidation Committee, PVFPD Chief, PVFPD Finance Manager, Organized Labor, Public Relations Committee or the boards of PVFPD or R&RFPD to craft the Service Plan, Organizational Chart and narrative of the proposed consolidation. PVFPD was being excluded in the consolidation planning.

Lack of trust between PVFPD and NCC was growing; collapse was inevitable.

F3. The November 2024 personnel changes would have remained effective in the proposed four-way agreement.

AGREE -- These personnel changes were discussed, at length, with the NCC Chief prior to implementation with his assent. They were included in the consolidation Organizational Chart (attached) created and distributed by NCC.

F4. Because Penn Valley made the promotions and hires when it did, personnel at NCC, Rough and Ready, and Ophir Hill lost the opportunity to compete for those positions.

AGREE – The promotions were offered to the most qualified for the positions, the three PVFPD Captains who had been working out-of-class as Battalion Chiefs for 10 years and who were uniquely qualified to run an Advanced Life Support agency, including an ambulance service. These promotions had been discussed at the Consolidation Committee, and it was the agreement of the committee that the PVFPD Captains merited the positions. Note that at this time there was an operational need to make the promotions, there were no personnel at R&RFPD, the NCC generated Consolidation Organizational Chart (attached) clearly showed three Battalion Chiefs in the PVFPD area, and the consolidation had not taken place. Further, these promotions had the full support of the NCC Chief, as evidenced by the October 1, 2024 PVFPD Board of Directors Meeting audio recording where a PVFPD Board Member specifically asked the NCC Chief if he was in support of making these promotions at this time, to which he replied “now is the time and the sooner the better!”

F5. In making those personnel changes, Penn Valley’s Board depended on the tax increases that would occur in the four-way consolidation.

AGREE – As had been the discussion and understanding throughout the process and had been documented in the NCC-generated and distributed Plan For Service and Organizational Chart page 54 (attached), these three positions, as well as the creation of additional positions that included a Chief overseeing Fleet and Facilities that was offered to the PVFPD Chief, were intended to be funded through the tax shift agreed upon between the agencies. Note, however, that the savings generated by planned overtime reduction, increased ambulance revenue and billing of Chief services to R&RFPD actually covered the expense of promotions.

F6. That assumption by the Penn Valley Board deprived its potential partners of any voice in how to allocate these additional tax revenues.

DISAGREE – As had been the discussion and understanding throughout the process, had been discussed between the Consolidation Committee, PVFPD Chief and NCC Chief, and, had been documented in the NCC-generated and distributed Plan For Service and Organizational Chart (attached), these three positions, as well as the creation of additional positions that included a Chief overseeing Fleet and Facilities that was offered to the PVFPD Chief, were intended to be funded, in the long term, through additional funds generated by consolidation. PVFPD, as a sole entity, was able to support the promotions with savings from the reduction of planned overtime, increased ambulance revenue and by billing R&RFPD for Chief Services.

F7. The Board has delegated authority for budget construction and decisions to the Chief and the Finance Manager.

AGREE – Per PVFPD By-Laws, the Fire Chief is directed to prepare and submit for approval key documents, including the preliminary budget, final budget and a monthly financial report. PVFPD employs a Finance Manager that is a CPA. The Finance Manager and the Fire Chief, with input and the publicly transparent oversight of the Board of Directors, at no less than three (3) monthly board meetings annually, are delegated authority to prepare and present to the board for consideration and approval, the preliminary budget and the final budget. The responsibility for adopting and adhering to a budget remains with the Board.

F8. The responsibility for adopting and adhering to an appropriate budget remains with the Board.

AGREE

F9. In this decade, PVFD's Board has approved the budgets that the Chief and the Finance Manager created without change.

DISAGREE – The Board has always been involved in budget oversight, asks questions and requests clarification and/or changes as deemed necessary. The agency employs a CPA as Finance Manager, who works with the Chief to draft budgets that are conservative and responsible.

The draft budget comes before the board a minimum of three (3) times before approval, and remains a fluid document that is reviewed monthly, via financials included in the publicly posted monthly board packets. This report erroneously makes claim that the board asks no questions and makes no changes to the budget, based on a review of approved meeting minutes. According to Robert's Rules of Order, by which we govern, minutes should state what happened, not what was said, so detailed arguments and specific questions are not typically included.

F10. PVFD's Board does not maintain appropriate oversight of the district's financial condition.

DISAGREE – The PVFPD Board is uniquely able to demonstrate the ability to begin each fiscal year with an average of \$2.5M in the bank after all obligations are met. This amount has been growing all but one of the past 5 years, including the current, post promotion fiscal year. The Board has demonstrated and continues to demonstrate a solid understanding of its financial situation, as authenticated by its financial stability and growing reserves.

F11. The Board of Directors and each of its members has fiduciary responsibility to the district and its residents.

AGREE

F12. In approving promotions and hires without a sufficient revenue stream to support them for more than limited period, the Board has not fulfilled its fiduciary responsibility to the district.

DISAGREE – There was always a planned revenue stream to support these promotions. The financial implications of adding Battalion Chiefs was discussed in detail in PVFPD Board Meetings, as well as with both the NCC Chief and PVFPD Chief and was approved by both Chiefs as a needed measure to continue the work of the consolidation. Had either Chief recommended against the promotions, or if there was any doubt as to the sustainability, the board would not have supported the promotions.

F13. PVFD expended district money for the promotions and hires before its Board had approved the expenditure, the promotions, or the hires.

DISAGREE – The referenced expenditure falls under the discretion of the Fire Chief as a customary clothing expense in the adopted 2024-2025 fiscal year budget. No board approval was required.

The PVFPD board reached consensus in the October 1, 2024, board meeting, attended by the NCC Chief. In that meeting, the board directed staff to provide financials relative the promotions and new hires to present at the November 5, 2024, board meeting. Everyone was in agreement, including the NCC Chief, as evidenced in the audio recording of the October 1, 2024, meeting, which was provided to the Grand Jury.

F14. That expenditure violated § 601 of PVFD's bylaws.

DISAGREE – The aforementioned by-law does not pertain to this purchase. In no way did the purchase of badges “bind the District by any contract, or pledge its credit, or render it liable for any purpose in any amount without prior specific approval of the Board.” Badges are customary purchases and, in this case, fell under the board approved 2024/2025 budget line CLOTHING, per our SOP 101-Purchasing (attached).

F15. If the Board had already approved the promotions, hires, and expenditures, then the approval was not done in an open Board meeting and therefore violated the Brown Act.

DISAGREE – There was consensus in the October 1, 2024, public PVFPD Board of Directors meeting, and direction was given to staff to bring back the financial implications at the November 5, 2024, board meeting. The promotions were approved at the November 5th meeting.

F16. PVFD is moving forward with consolidation with R&R, but it is not completed.

DISAGREE – Upon publication of this Grand Jury Report the two districts had been consolidated for twenty (20) days. This finding contradicts a statement in the report on Page 10.

F17. Increased fire tax revenue from consolidation with R&R may help to offset the anticipated funds shortfall to which F1 refers.

AGREE – There is no anticipated shortfall. As stated in response to F1, Penn Valley Fire Protection District, which now also includes the former Rough and Ready Fire Protection District, is financially stable. Long-term financial projections indicate sustainable revenue to support the 2024 promotions and hires

F18. The increased fire tax revenue from consolidation with R&R will be close to \$1 million per year.

AGREE – The increased tax revenue will exceed \$1M/year.

F19. The increased fire tax revenue from consolidation with R&R is not sufficient to cover the cost of PVFD's November 2024 personnel changes over the long-term.

DISAGREE – The increased revenue from consolidation is sufficient to cover the costs of PVFPD's November 2024 personnel changes over the long-term.

F20. The public would have been better served by consolidation of PVFD, NCC, R&R, and OH, as originally planned.

DISAGREE – There is no supporting evidence for this assumption. Factually, the residents of Rough & Ready now have advanced life support services, including a paramedic-staffed ambulance. That would not have happened had the consolidation continued with NCC. Station 59 frequently responds to Penn Valley, Grass Valley, Nevada City and into the NCC District, providing ALS services including a transporting, medic staffed ambulance.

Recommendations

R1. PVFD's Board should have a budget subcommittee that participates fully with the Chief and the Finance Manager in producing each year's budget.

AGREE – The board will take action to appoint a Finance Committee.

R2. PVFD's Board should have mandatory training about the Brown Act's requirements.

AGREE – PVFPD board members and all elected officials in the State of California are mandated to attend AB1234 Ethics Training every two years. AB1234 Training includes training on the Brown Act. All PVFPD board members are in compliance.

R3. PVFD's bylaws should be available to the public on PVFD's website.

AGREE – Though not mandated by any legislative body or directive, PVFPD has included a copy of the bylaws on the district website.

R4. PVFD's bylaws should clearly state the Boards duties, making clear that each Board member has a fiduciary responsibility to the District and to the stakeholders, including all residents of the District.

AGREE – The board will take this recommendation into consideration during its next regular review of the bylaws.

R5. PVFD should pursue consolidation with NCC/OH in order to take advantage of economies of scale.

DISAGREE – There are no economies of scale in the previously proposed consolidation, nor was the previously proposed consolidation intended to provide economies of scale. The intention, clearly demonstrated by the proposed Plan for Service and the Organization Chart (attached), was to add staff to provide better service to the consolidated district.

PVFPD has been able to accomplish this intended higher level of service to constituents through our consolidation with Rough and Ready, bringing an additional ALS ambulance online to help relieve the shortfall of ambulances in Nevada County, and adding staff to respond to emergencies inside our newly expanded district, as well as in surrounding districts. No evidence has been presented that consolidation with any particular agency is necessary at this time.

R6. PVFD should consider hiring a new auditor.

AGREE – We are currently under contract through the 2026 audit and will issue an RFP for future audits at the appropriate time. The board evaluates the proposals and selects the lowest responsible bid, in accordance with accepted fiduciary expectations. The district will continue requesting proposals from licensed CPA firms.

R7. PVFD should consider rotating auditors every five to seven years, pursuant to the recommendation of the California State Controller's Office.

AGREE – As stated in our response to R6, we will issue an RFP following the conclusion of our current contract. Although we have remained with the same auditing firm for a number of years, the lead auditor rotates every six (6) years, pursuant to AB1345.

PENN VALLEY FIRE PROTECTION DISTRICT		
STANDARD OPERATING PROCEDURES	ARTICLE:	SOP: 101
	SECTION: Finance	
	SUBJECT: PURCHASING POLICY	

Purchasing

Purpose and Scope

The purpose and scope of this policy is two-fold:

- (a) To establish efficient procedures for the purchase of supplies and equipment and for obtaining construction and other services by Penn Valley Fire Protection District (hereafter referred to as District) which will assure the lowest cost commensurate with sound quality and in accordance with appropriate standards and specifications; to provide for positive financial control over purchases; to provide for competitive bidding; and to provide a uniform procedure and notice thereof to prospective suppliers.
- (b) Meet the requirements of CA Government codes §54202 and 54204.

This policy is written in accordance with the following California governmental codes. Items not specifically addressed in this policy will be governed by the same.

- CA Civil Code
- CA Government Code
- CA Health and Safety Code
- CA Public Contract Code

Purchasing Officer

The Fire Chief is the purchasing officer. The Fire Chief may delegate portions of the purchasing officer authority to subordinates. During times of leave of the Fire Chief, the On Duty Battalion Chiefs will assume the purchasing authority of the Fire Chief.

The purchasing officer, or designated agent, shall have the authority, in accordance with purchasing procedures required by this policy, to:

- (a) Purchase or contract for work, services, supplies, and equipment;
- (b) Negotiate, recommend, and execute contracts for the purchase of supplies, equipment, and services;
- (c) Act to procure for the District optimum quality in supplies, services, and equipment to meet the needs of the District at the least expense to the District;

- (d) Seek to obtain as full and open competition as possible on all purchases commensurate with the needs of the District and the level of administrative effort and cost justified by the amounts in issue; and
- (e) Supervise and inspect all supplies and equipment purchased to ensure conformance with specifications.

Purchasing Authority

Budgeted and non-Budgeted Purchases

- (a) Board of Directors (BOD) approval of the annual budget shall constitute authorization for the purchase of equipment, goods and services specifically listed and described in such budget.
- (b) The purchasing officer may, without bids, quotes or prior BOD approval, make single non-budgeted purchases not to exceed Five Thousand Dollars (\$5,000.00)
- (c) The purchasing officer may exceed the single purchasing limit (\$5,000.00) for maintenance of structures and equipment, which cannot be postponed until action can be taken by the board. The purchasing officer or his/her designee shall submit a report of these transactions and present such at the next regular BOD Meeting (reference CA Public Contract Code §22050)

Purchasing Limits

Purchasing limits are as follows:

Fire Chief	Up to \$10,000.00
Battalion Chief	Up to \$3,000.00
Captain or Lieutenant	Up to \$3,000.00
Collateral Duty Officer	Up to \$3,000.00

Purchasing Orders

Purchasing limits apply to the following:

- (a) Purchases of \$500.00 or less do not require a purchase order number.
- (b) Purchases of \$2,500.01 to \$5,000.00 requires
 - a. Approval from the Fire Chief, prior to purchase.
- (c) Purchases of \$5,000.01 to \$10,000.00 requires:
 - a. Bid from three (3) or more vendors, if three bids can be obtained.
 - b. Approval from the Fire Chief, prior to purchase.

- (d) Purchases of \$10,000.01 and over, see *Bidding and Quotations*

Credit Card Purchases

The District provides credit cards to employees of designated classifications for the preliminary purposes of emergency, travel, necessity, and expediency. This purchasing policy pertains to credit card purchasing

Bidding and Quotation Procedures: Informal and Formal

Competitive written bid and/or oral quotation

Except as otherwise provided in this policy, hiring of work, construction, and other services, and purchases of supplies and equipment shall be by competitive bidding (the written submission of prices by individuals or firms competing for a contract, privilege, or right to do work or supply merchandise or services), or solicited oral quotation pursuant to the procedures established by this policy. Bidding shall not be required in any of the following instances:

- a. Emergencies: although exempt from competitive bidding, emergency purchases are subject to provisions of *Purchasing Authority*
- b. When the commodity can be obtained from only one vendor (sole source vendors)
- c. When the total amount involved is five thousand dollars (\$5,000.00) or less.
- d. Purchases from other public agencies or joint purchasing authority.

Informal Quotation

Except as provided work, services and purchases of an estimated value of between five thousand dollars (\$5,000.00) and ten thousand dollars (\$10,000.00), shall be made by the purchasing officer pursuant to the procedure prescribed in this section.

- a. Costs of work, services, and purchases shall, whenever possible, be based upon at least three (3) independent quotations, if three quotations can be obtained, and shall be awarded to the lowest responsible party as determined by the purchasing officer.
- b. The purchasing officer shall solicit bids or quotations by written request, by telephone, by fax, advertising, or by notice posted on a public bulletin board at the administrative office or by any combination of these methods. Formal contracts shall be executed as needed.

Informal Quotation

Except as otherwise provided in this policy, work, services, and purchases, and obtaining construction and other services, of an estimated value of ten thousand dollars (\$10,000.00) or more shall be by written contract with the lowest responsible bidder pursuant to the procedures prescribed in the following manner. Reference *CA Public Contract Code*.

Notice of inviting bids

- (a) Notices inviting sealed bids shall include a general description of the article(s) or services(s) to be purchased or supplied, shall state where bid forms and specifications may be obtained, and the time and place for opening bids. The notice shall specify the amount and form of bidder's security if required. The notice shall state that bids shall be submitted, and contracts awarded pursuant to the provisions of this policy and any resolution setting forth other applicable rules and regulations. The notice shall state that the board may reject any and all bids.
- (b) Notices inviting bids shall be published at least once in a newspaper of general circulation printed and published in the County of Nevada. A notice shall also be posted on public bulletin board at the administration office. This does not preclude, when deemed advantageous, the additional use of metropolitan newspapers and trade publications.

Bidder List, Security

- (a) In all transactions where sealed bids are required, the purchasing officer may require the bidder's security and specify the amount and form thereof in the call for bids. District council may review any such security requirements.
- (b) The deposit of the successful bidder shall be held to secure the capacity, readiness, and willingness of the successful bidder to execute the contract. The deposits of the unsuccessful bidders shall be returned within ten (10) days following the bid award. The successful bidder shall forfeit the deposit of bid security upon refusal or failure to execute the contract within ten (10) days of notice of award of contract.
- (c) The Board may, on refusal or failure of the successful bidder to execute the contract, award the contract to the next lowest responsible bidder, the district shall apply the successful bidders security to cover the difference between the successful bid and the next lowest responsible bid; and the surplus, if any, shall be forfeited as the reasonable cost to the district of delay and/or administrative cost involved in re-letting the contract.

Bid Opening

- (a) Sealed bids shall be submitted as set forth in the published notice and shall be identified as "bids" on the envelope and opened by the purchasing officer or a designated representative at a time and place stated in the published notice. Sealed bids shall be reviewed by the purchasing officer or a designated representative and a recommendation submitted to the board for approval within thirty (30) days of its next regularly scheduled meeting after the date on which the bids are opened. A tabulation of all bids received shall be open for public inspection. Bids received after the closing date and time shall be returned unopened to the bidder.

Bid Rejection-Re-advertisement

- (a) The Board may, in its discretion, reject any and all bids and may re-advertise for bids pursuant to the procedures contained in this section.

Tie Bids

- (a) If two or more bids are received for the same total amount or unit price and all other applicable considerations are equal, the board may, in its discretion, accept either bid.

Performance Bond

- (a) The district may require bidders to submit a performance bond in such amount as it may find reasonably necessary, as per *CA Civil Code §9550*, to protect the interests of the district, and the form and amount of such bond shall be specified in the notice inviting bids.

Award

- (a) Except as otherwise provided here, a contract shall be awarded by resolution of the Board of Directors to the lowest responsible bidder as determined by the Board.

Special Services and Equipment-Request for Proposals (RFP)

Recognizing that acquisition of some goods and services, such as computer and/or telecommunications equipment or professional services, are of such a unique or complex nature that a structured competitive bid process based solely on lowest price would detract from the district's ability to acquire the most appropriate goods or services, the purchasing officer and/or the District Board may determine that it is in the best interest of the District to purchase such goods or services based on criteria other than lowest cost. In such cases, notwithstanding any other provision of this policy, the purchasing officer may prepare RFP's which shall establish the criteria that the District will use in selecting a provider and in purchasing the goods and services.

- (a) In structuring an RFP, the RFP should include, but is not limited to, the following
- a. Company or individual background
 - b. Details of product or services
 - c. Cost
 - d. Time of delivery
 - e. Dollar limits of performance bond, and/or liability insurance request, if required
 - f. References
 - g. Products, service capabilities, and warranties
 - h. Other information or requirements appropriate to the types of products or services; and
 - i. Any other consideration that may aid the Board or purchasing officer in evaluating the proposal
- (b) Proposals may be accepted, rejected or negotiated prior to final contract approval by the Board.

Purchase of District Utility Vehicles

The district has a Federal Identification Number (FIN) with General Motors and Ford which allows the District to purchase utility vehicles from these two manufacturers at a government wholesale price. All dealerships receive the same pricing from the above manufacturers, which eliminates the competitive pricing between dealerships. In an effort to provide warranty services, the district may contact the closest authorized dealer who participates in the government wholesale purchase program for its purchase of utility vehicles provided that the closest authorized dealer's add-on charge does not exceed 3% over the manufacturer's government wholesale price unless the board finds that agreement to pay a greater fee is in the best interests of the district.

Report Results of Bidding to Board

The purchasing officer shall submit a written report on all bidding, formal or informal, setting forth results, conclusions, and recommendations.

Requirements on Facility Construction, Maintenance and Related Services

Facility construction, maintenance and related services procured by a public entity in the State of California may have requirements per *SB 854 (2014)*

- (a) The following conditions are governed by *SB 854*. If these conditions are not met, § 209.5 does not apply
 - a. Services procured through a contractor for construction and maintenance services, which uses labor for completion of such services, whether the labor is provided by the contractor or its subcontractor(s).
 - b. The project or service contract is \$1,000.00 or more.
- (b) Contractor requirements are
 - a. Registered as a Public Works Contractor with the Department of Industrial Relations (DIR) during the performance of the project and/or contract.
 - b. Maintain an active contractor license with the California Contractor State License Board during the performance of the project and/or contract.
 - c. Pay laborers used on the project/contract prevailing wage rates.
 - d. Deliver Certified Payroll reports to the DIR via the eCPR on-line portal. Ensure sub-contractor(s) compliance with prevailing-wage requirements.
 - e. Provide certificates of insurance with the following limits and the District named as additionally insured or such greater amounts as the district

identifies in a request for bids.

- i. General liability - \$1,000,000.00
- ii. Property Insurance – value of equipment and goods stored on the project site
- iii. Commercial automobile - \$300,000.00
- f. Understand and agree to terms of the Penn Valley Fire Protection District Public Works Contract.

(c) District requirements are

- a. Utilize Public Works Contractors for projects/contracts that to which the Public Contracts Code applies.
- b. Ensure contractor is aware of DIR requirements, via the contract and/or purchase order.
- c. Review submitted Certified Payroll reports to ensure contractor and sub-contractor(s) compliance with prevailing-wage requirements.
- d. All other purchasing and bid requirements remain in force.

The Purchase

When finalizing the purchase with a vendor, pertinent purchasing information is given to the vendor. Information given to a vendor would include:

- (a) Purchase order number
 - a. If needed to be included on vendor documentation, including receiving document(s) and invoice(s).
- (b) Shipping or service address
- (c) Receipt Dates
 - a. Delivery date of the goods or services
- (d) Payment terms
 - a. When the vendor will be paid
- (e) Total amount of purchase, including sales tax and freight.

Authorization for Payment

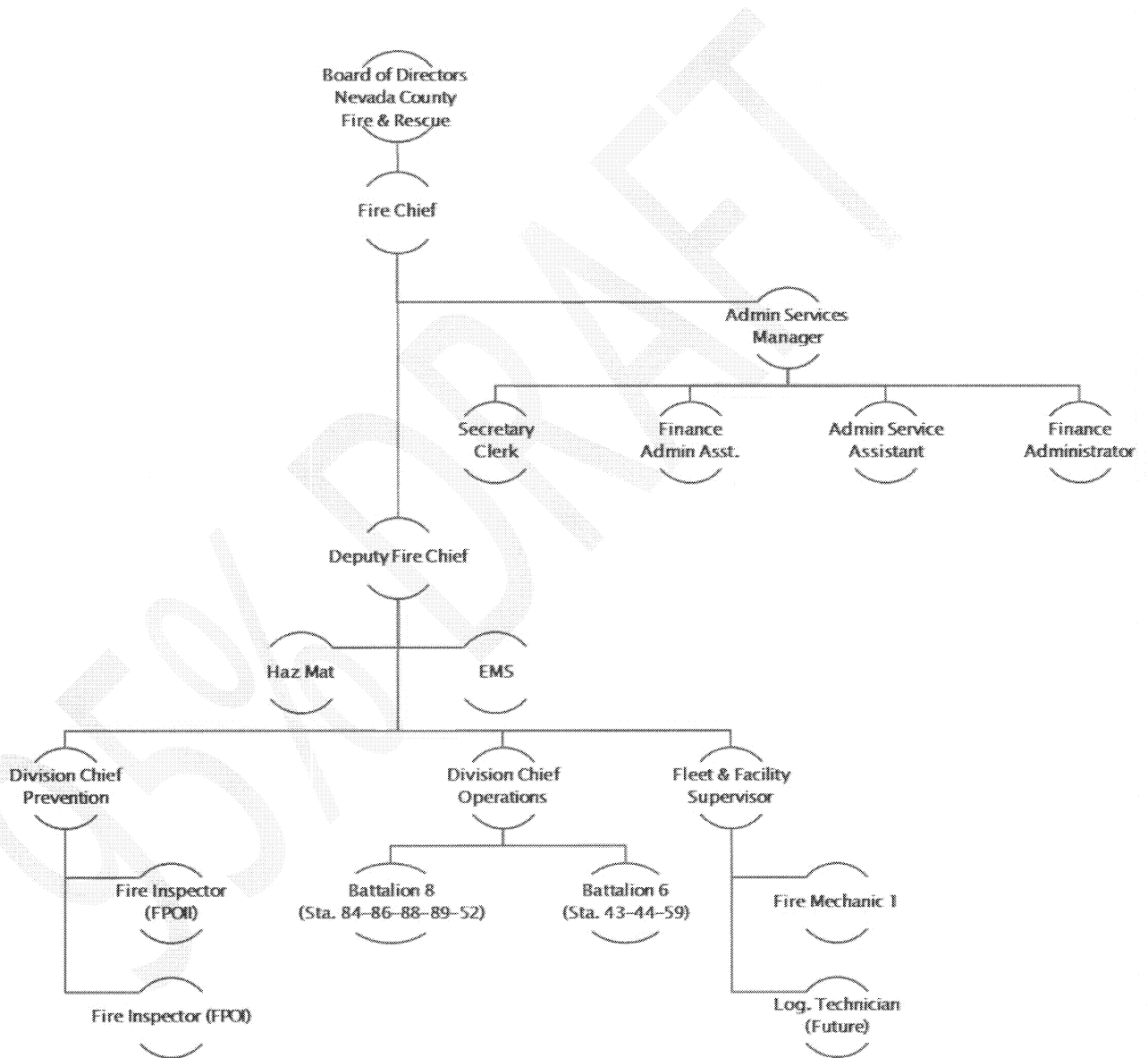
Vendor payment requires verification that the goods or services have been received and comply with the purchase order. Verification is provided to the district's finance administrator. Valid verifications are as follows:

- (a) Purchases up to \$500.00 – verbal communication, or signed receipt (i.e. receiver, packing slip, credit card receipt, invoice).
- (b) All other purchases – signed receipt or signed as received on the purchase order.

Vendors payment will be authorized when a purchase order, receipt verification and invoice are verified against each other.

The proposed organizational chart blends all current positions during the initial reorganization, as well as identifies future positions under this service plan.

Figure 18: Nevada County Fire & Rescue Organization



The following figure shows the current combined and reallocated/added positions.

Figure 17: Minimum Station Staffing – Future Service Plan

Station	Level of Care	Captain	Engineer	FF/Medic	FF/EMT	Min Staff
Station 81: NCCFD	Not Staffed					
Station 82: NCCFD	Not Staffed					
Station 83: NCCFD	(Station to be Surplus)					
Station 84: NCCFD	ALS	3	3	3		3
Station 86: NCCFD	BLS	3	3			2
Station 88: NCCFD	ALS	3	3	3		3
Station 89: NCCFD	BLS	3	3			2
Station 91: NCCFD	Not Staffed					
Station 92: NCCFD	Fleet Services Facility					
Station 59: RRFD	BLS	3	3			2
Station 43: PVFD	ALS (E43 M43)	3	3	3	3	4
Station 44: PVFD	ALS/Transport/CS	3	3			2
Station 45: PVFD	Not Staffed					
Station 52: OHFPD	Staffed	3	3			2
Min Positions:		8	8	3	1	20

