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Fire Chief

Sacramento Metropolitan Fire District

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August 16, 2010

Hon. Steve White, Presiding Judge
Sacramento County Superior Court
720 9th Street, Dept. 47
Sacramento, CA 95814

Re: Response to Findings in 2009-2010 Final Report of the Sacramento County Grand Jury

Dear Judge White,

The Sacramento Metropolitan Fire District (District) appreciates the commitment of the Sacramento County Grand Jury (Grand Jury) to ensure that government agencies in Sacramento County are managed efficiently, honestly and fairly. Below you will find the District's response to the findings presented in the Grand Jury's 2009-2010 Final Report. We appreciate any opportunity to assist the Grand Jury in its mission. We are proud of the hard work and integrity of the men and women of the Sacramento Metropolitan Fire District and welcome the opportunity to communicate our efforts to the Grand Jury.

Sincerely,



Larry Davis
Chief Administrative Officer
Sacramento Metropolitan Fire District



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Response to Findings;

Finding 1.0

Independent Special Districts (ISD) directors perform valuable service at minimal cost. However, this survey reveals inconsistent behaviors regarding compliance with sound management practices.

Recommendation 1.1

Directors should review their by-laws every four years to assure compliance with applicable laws, ethical practices, and appropriate behavior.

District Response;

As part of its ongoing Board education program, the District will ensure that all Directors review the board policies related to the operation of the Board not less than every four (4) years.

Recommendation 1.2

Directors should limit compensation to reasonable meeting stipends and necessary costs of professional activities. All ISD boards should ensure that their compensation practices conform to the principles in Section 5.1 of this report.

District Response;

Directors of the Sacramento Metropolitan Fire District (District) receive a stipend of one hundred dollars (\$100) per meeting. This stipend constitutes the total compensation for the District's Directors.

Recommendation 1.3

Directors should limit the use of consent calendars according to the principles in section 5.1 of this report.

District Response;

Consent calendar items are limited to procedural and administrative actions only. All other items are brought to the Board as action items, presentation items or reports.



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Finding 2.0

Some ISDs grant monetary awards for education and training; many have inadequate evaluation of employees' degrees and certificates.

District Response;

Compensation for educational or training accomplishments is reviewed under approved District policies and bargaining unit memorandum's of understating (MOU) and associated resolutions.

Specifically;

- 1.) Certification Tracking - Administrative Policy 130.01
- 2.) Continuing Education Program - Administrative Policy 141.01
- 3.) Education Incentive – Procedures are incorporated in bargaining unit MOU's approved by the Board of Directors
- 4.) March 7, 2007 Letter of Understanding Re: Article 11 Incentives and Allowances

Recommendation 2.1

All ISDs should encourage education and training, but should not make direct monetary (cash) awards for educational achievement.

District Response;

Existing MOUs with the Districts bargaining units contain provisions for compensation for educational accomplishment. When these agreements expire the District will present options on employee compensation for educational achievement to the Board of Directors.

Recommendation 2.2

All ISDs should recognize educational degrees and certificates only if they meet the criteria listed in Section 5.3.1.

District Response;

Early in 2007 the District reviewed the language in the MOUs with its bargaining units. Subsequently, the District and labor groups agreed to a Letter of Understanding (LOU) that requires degrees for which employees receive educational incentives be received from an institution accredited by the California Post Secondary Education Commission or the United States Department of Education.



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Finding 3.0

ISD pension awards and Other Post Employment Benefits (OPEB) have increased markedly in the last decade. Some of these awards are unfair and unsustainable.

Recommendation 3.1 All ISDs should adopt pension and OPEB plans that are fair, affordable and sustainable.

District Response;

Existing MOUs with the Districts bargaining units contain provisions for pension and Other Post Employment Benefits (OPEB). The District is currently negotiating with its labor groups for a shared contribution for pension and OPEB. When these agreements expire the District will present options on pensions and OPEB to the Board of Directors.

Recommendation 3.2

To minimize unfair pension boosting, all ISDs should ensure that calculations of employees' base pension awards are on actual base salary earnings over their highest 36 months of earnings and urge CalPERS to promote this standard.

District Response;

Existing MOUs with the Districts bargaining units contain provisions for highest 12 months of earnings. When these agreements expire the District will present options on final year's calculations to the Board of Directors.

Recommendation 3.3

All ISD pension/OPEB changes should be made only after analysis and full disclosure to all parties of the fiscal ramifications.

District Response;

The total cost of all aspects of the District's budget is clearly presented to the Board of Director before implementation. Ongoing costs and fund balances are reported to the Board regularly.



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Recommendation 3.4

All ISD pension/OPEB benefits should have an employee contribution component.

District Response;

Existing MOUs with the Districts bargaining units contain provisions for pension\Other Post Employment Benefits (OPEB). The District is currently negotiating with its labor groups for a shared contribution for pension\OPEB. When these agreements expire the District will present options on OPEB to the Board of Directors.

Finding 4.0

The majority of the ISDs surveyed in this study are neglecting their fiduciary responsibility to taxpayers and ratepayers by excessive use of no-bid purchasing.

Recommendation 4.1

Every ISD in Sacramento County should establish and adhere to a goal of minimizing no-bid purchasing. Essentially all purchases except utilities and emergency construction should be by contracts awarded to the lowest responsive responsible bidders.

District Response;

The District's policy is to refer any procurement that receives less than three (3) bids to the District's general counsel for consideration, review and determination of the validity of the procurement process. If in the opinion of the general counsel the process was fair and open and less than three (3) bidders are available to bid an award is made in the best interest of the District.



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Finding 5.0

ISDs have not consistently conducted and reported required Independent Financial Audit Reports and management audits.

Recommendation 5.1

All ISDs must complete and file the required annual Independent Financial Audit.

District Response;

The District is current on all its Audited Financial Statements and other audit requirements.

Recommendation 5.2

All ISDs should commission a thorough periodic management audit. These audits should be completed by a multi-disciplinary team qualified to examine a district's management practices. This audit should be done in fiscal year 2011, and every four years thereafter.

District Response;

The District currently utilizes management consultants to conduct management training and to facilitate the District's strategic management process. As soon as possible staff will provide information and recommendations on a management audit to the Board of Directors.