

DCFD Special Meeting, September 24, 2008

Fact Sheet

Summary

The Weekapaug Fire District, for whom the Dunn's Corners Fire District has provided fire protection services since the 1960's, has decided to terminate our coverage and instead work with the neighboring Misquamicut Fire District, effective October 1. That termination creates a revenue shortfall we hadn't anticipated when DCFD established our 2008-09 budget at our Annual Meeting on July 16. Therefore the DCFD will hold a Special Meeting on Wednesday, September 24, 2008, at 7:00 PM, to make any necessary budgetary adjustments that may be necessary. We will also use the opportunity to get voter input on proposals for contractual arrangements for the remaining three Fire Districts for whom we provide fire protection.

Concerns

- Assuming Weekapaug pays the pro-rated fee for the three months of the current fiscal year during which DCFD provided fire protection service, DCFD needs to address a revenue gap of \$99,000, or 15% of our budget. Needed investments in equipment and apparatus may have to be curtailed to close the gap.
- DCFD's costs, like those of most other volunteer-oriented Fire Districts, are capital-intensive: nearly half of our budget goes to paying principal and interest costs for our fire stations and fire apparatus. It was unfortunate that Weekapaug chose to terminate our longstanding arrangement with only 30 days notice, considering the long-term capital commitments we've made to provide their past fire protection.
- DCFD willingly provides mutual aid to neighboring Fire Districts. Should Weekapaug's new fire service providers request our response to a fire in Weekapaug, we will respond. Therefore Weekapaug will get at least a portion of the fire protection service we formerly provide, for free.

Background

Since at least the 1960's DCFD has provided fire protection services to four neighboring Fire Districts: Weekapaug, Shelter Harbor, Shady Harbor, and Quonochontaug Central Beach. We refer to these four Fire Districts collectively as the Coverage Fire Districts, or CFD's. There has never been a written contract between DCFD and any of the CFD's. We have had what amounts to a handshake agreement.

The CFD's universally agree that the quality of fire protection service provided by DCFD has been excellent.

On the other hand, the CFD's have long disputed the cost of the service. They feel that they've carried a disproportionately large share of the operational cost, compared to residents of DCFD. DCFD has always charged the CFD's analogous to the way we tax our residents: we apply a mil rate to the assessed value of property in the CFD's. The mil rate applied is exactly the same mil rate applied to DCFD properties. Over the last 15 years, that calculation has resulted in the CFD's fees supplying 40% (all four CFD's combined) of the District's revenue, with DC

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resident's taxes supplying the remaining 60%. In addition to the cost of the service, the CFD's have been frustrated by DCFD's apparent unwillingness to make any adjustment in the fee structure. At times, members of DCFD leadership have been supportive of change, however they have been encumbered by our organizational structure. Under the Charters that existed during most of the history of the relationship, no officer or committee of DCFD was empowered to negotiate a different cost-sharing arrangement. Such a change could only be implemented by the assembled voters at an Annual or Special Meeting. Unfortunately such a meeting is not the most effective venue for negotiating a contract.

The Charter impediment was finally removed in July, 2007, when our current Charter went into effect. That Charter empowered the Operating Committee (OC) to negotiate contracts. However, the voters did decide to limit the power of the OC in that voters would have to approve any contract that gave the CFD's a lower cost than the District residents. Nevertheless, the responsibility and authority to initiate and pursue a contract discussion was clearly invested in the OC.

When the OC was first seated by the voters on August 20, 2007, it immediately put the CFD situation high on its priority list. By mid-September, the OC contacted each of the CFD's to arrange face-to-face discussions. Those discussions were completed in early October and achieved the goal of identifying very specifically the concerns of each CFD. The OC spent the next few weeks determining how best to address those concerns, then met with the combined CFD representatives at the end of November (three months after forming). Among other things, we pointed out that the excellent fire protection service provided by DCFD is delivered at the lowest mil rate in the state of RI. At the conclusion of the discussion, the CFD's felt that some issues remained unresolved to their satisfaction. So the OC suggested and the CFD's agreed, that the CFD's would confer and come back to the OC with a proposal.

Four months later (March, 2008) the CFD's asked DCFD to participate in a study to be performed by TriData, a nationwide fire protection consultant. The intention was to provide the CFD's with an objective, third-party expert who could advise them on the fairness of the arrangement and possibly suggest alternative approaches. In April, OC agreed to participate in the study. Realizing that it was getting close to the end of the fiscal year (the DCFD fiscal year runs from July 1 to June 30), the OC asked the CFD representatives about their intentions for the upcoming fiscal year. They indicated that any negotiations resulting from the TriData study would impact the following fiscal year (2009-2010). Thus the OC went into our 2008-09 budget process with the understanding that we would be providing fire protection to the CFD's on the usual cost basis. The consultant's final report was issued on July 23, one week after the DCFD Annual Meeting.

In early August, representatives of the CFD's proposed a new basis for calculating their fee. The CFD's have maintained for some time that they should be paying for their fire protection on the basis of the assessed value of their buildings, not the combination of buildings plus land. If buildings were the basis, the CFD's would pay about 25% of the cost, rather than 40%. The new CFD proposal was a compromise of sorts from the buildings-only position. The CFD's proposed that their fees would be calculated as an 80%/20% weighted average of building assessment basis vs total property assessment basis. That proposal would reduce the CFD costs from

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\$264,000 to \$177,000 (using 2008-09 costs as an example), shifting \$87,000 (or 13% of the budget) of cost to the residents of Dunn's Corners.

The OC reviewed the offer and proposed a counter-offer, whereby we would reduce the CFD fees by 10%, to \$237,000 (again, 2008-09 basis), shifting \$27,000 (4% of the budget) to Dunn's Corners residents. We also proposed that the CFD percent of the cost be fixed for the duration of the contract (3-5 years), thus immunizing the CFD's against cost increases due to continued rises in their property values.

On September 1, a Weekapaug Fire District representative met with a DCFD representative to announce that they were rejecting our counteroffer, and furthermore they were terminating the arrangement completely, effective October 1. When asked about the commitment Weekapaug made at the April meeting to remain with DCFD through the 2008-09 fiscal year, they denied making the statement.

The other three CFD's have advised us that they have no immediate plans to terminate our relationship, so we are proceeding on the basis that we will receive fees for the full year from Shelter Harbor, Shady Harbor and Quonochontaug Central Beach and for a quarter of the year (July 1 through October 1) from Weekapaug.

On September 24, the DCFD will hold a Special Meeting to review budget plans to in light of the \$99,000 shortfall from Weekapaug. We may have to delay or eliminate acquisition of needed equipment in order to accommodate the shortfall. We will also look seek voter input on proposals for contractual arrangements for the remaining three Fire Districts for whom we provide fire protection.

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Detailed Timeline

Timeframe	Description
From the 1960's to the present	A long history of DCFD providing excellent fire protection service, but with the CFD's dissatisfied with cost apportionment
February 2, 2007	Letter from Weekapaug to DCFD Budget and Finance Committee soliciting bids for fire protection service
February-March, 2007	DCFD Finance Committee works with Weekapaug to understand DCFD situation
April 4, 2007	Weekapaug issues letter delaying bidding process, to allow OC to address the issues
April 23, 2007	Letter from Merkel to Weekapaug agreeing to recommend high priority for CFD's on OC agenda
July 5, 2007	New DCFD Charter approved
August 20, 2007	DCFD Operating Committee (OC) formed
September 18, 2007	OC sends CFD's a letter informing them that we want to meet with them to review their concerns
October 8 - 23, 2007	OC meets with CFD's individually to capture their concerns
November 26, 2008	OC meets with combined CFD's to respond to concerns – end of meeting we asked CFD's to come back with a specific proposal
March 14, 2008	CFD's ask OC to work with TriData, a consultant they hired to do a study of their fire protection
April 28, 2008	OC meets with Byrnes, Lester, Mallard, to understand the purpose of the TriData study – agrees to participate
May 22, 2008	OC completes detailed questionnaire and forwards to TriData
June 5, 2008	OC meets with TriData consultant
June 12, 2008	OC provides additional data to TriData consultant
July 16, 2008	DCFD holds Annual Meeting
July 23, 2008	TriData issues final report
August 2, 2008	Lester, Burns meet with Merkel – make informal proposal
August 26, 2008	OC responds with counter-proposal
September 1, 2008	Burns meets with Merkel – rejects counter-proposal, plans to terminate arrangement in 30 days.
September 4, 2008	Weekapaug FD issues termination letter
September 24, 2008	DCFD Special Meeting
October 1, 2008	End of 30-day notice period, Weekapaug exits DCFD coverage