

DRAFT 5/4/20

Quonochontaug Central Beach Fire District Finance & Budget Committee

Minutes of May 2nd, 2020 Meeting

The first meeting of the QCBFD Finance and Budget Committee for 2020 was held via Zoom (as permitted by Executive Order 20-25 from the Rhode Island Governor's Office) and called to order at 9:05 A.M. by Chairman Albert J. Bartosic. In attendance were members James Blair, Barry Okun, Jim Furnivall, Tom McConnell and Roberta Peet (ex- officio as Treasurer). Member Jeff Matthews was absent. Also attending were Roy Jacobsen and Moderator Susan Wilson-Perez.

The Moderator gave the committee an update on the water situation. Based upon her understanding of the issues and protocols, her inclination was to call a Special Meeting of the Fire District to approve additional spending needed to comply with the proposed Rhode Island Department of Health ("DOH") recommendations and to restore the ability of the Board of Governors to draw upon the existing \$500,000 line of credit currently in place with Washington Trust bank. The COVID -19 emergency has made the holding of such a meeting challenging, but the Moderator stated that she had confidence in the Fire District's attorney to guide us through the process.

The Chairman then reviewed the spending and allocation of reserves to date. The Fire District had reserves on hand of \$58,000 for the Water Conservation Fund at the start of 2019. At the 2019 Annual Meeting, an additional \$35,000 was approved as well as the potential reallocation of Contingency Fund and Asset Replacement Fund for 2020. All of these steps have been taken and current available balance in the Water Conservation Fund is approximately \$39,000 that also includes a \$15,000 reallocation from Special Events/ Merchandise prior years surplus. From January of 2019 through April of 2020, approximately \$113,000 has been spent on the issues primarily on site cleanup, testing and water engineering consultants. At its recent emergency meeting, the Board of Governors approved the spending of up to \$10,000 from the remaining reserve for legal fees to retain counsel to represent the district to the DOH.

At present, it seems as though the initial course of action is to chlorinate the Fire District's Well #1. Cost estimates are still being gathered, but at this point the cost is estimated to be in the range of \$75,000 to \$150,000. This exceeds the current budget authority of the Fire District (regardless of the ability to finance it short term through the Washington Trust line of credit), which is among the reasons that a Special meeting be held. At that meeting, the Finance Committee proposes to prepare a motion to authorize the spending of an amount for the chlorination of Well #1 not to exceed \$250,000 (so as not to have to hold an additional Special Meeting prior to the Annual Meeting) which would be financed through the line of credit currently in place with Washington Trust or other cash on hand. The Finance committee would also prepare a motion to authorize the Board of Governors (with the approval of the majority of the Board) to draw down on the line of credit. The financing motion to approve authorization to draw on the line of credit would be made annually (as the authority to do so had lapsed in 2016).

In addition, there will be additional costs to bring Well #2 into compliance, but the Fire District's water consultants are currently scoping those out. Mr. Bartosic noted that at this time (once the costs have been determined) three potential financing approaches have been surfaced - 1) a special assessment on the Fire District; 2) financing the project through a commercial loan from Washington Trust Bank or 3) a potential loan from the Rhode Island Infrastructure Bank. A fourth option was suggested as well - applying for federal stimulus funding through the CARES Act, but it more research was needed to see if this was desirable or if the Fire District even qualified for such funding. At this point the Moderator left the meeting.

Minutes from the last meeting were then reviewed. Jim Blair moved that the minutes be approved and Barry Okun seconded the motion that was unanimously approved.

The Treasurer reviewed the upcoming insurance policy renewals. The Fire District has two policies - Commercial Package and Workmen's Compensation. The annual cost of these combined policies is approximately \$14,000. While the Workmen's Compensation has been approved by the insurance carrier for renewal on June 1st, the Commercial policy (which expires on June 30th) was not renewed by the carrier as they no longer write this line of business. The Treasurer and the Chairman were in the process of gathering bids from two agencies and will circulate the proposals to the BoF prior to action being taken on the renewals. It was also agreed that coverage for the roads be added to the policies.

Mr. Bartosic noted that he had not received many responses from boards and committees on long range planning items. Mr. Okun noted that security may become a significant expense in the future (among others). Mr. Bartosic said he would go back to LRP committee to ask for additional input.

Finally, Mr. Bartosic noted that he anticipated that the development of the 2021 budget would be more intense than usual due to the various financial issues surrounding the water project(s). After consulting with the Fire District's attorney, Mr. Bartosic also noted that it would be good practice going forward to insert a line item for a nominal (say \$5,000) amount for debt service each year such that if the line of credit would be needed, there would be a budget item against which to charge it. If the line of credit was not required, the debt service line item could be added to the contingency reserves or used to reduce future tax assessments.

There being no further business to consider, the committee adjourned at 09:45 a.m.

Respectfully submitted,

Albert J. Bartosic
Chairman