

**AMENDED AND RESTATED  
FUNDING FORMULA**

(01.19.10)

This Amended and Restated Funding Formula was approved by the Board of Directors of the Durango Fire and Rescue Authority on the 19<sup>th</sup> day of January, 2010, and was subsequently approved, on the dates set forth on the execution page, by the City of Durango, a Home Rule Municipal Corporation (the "City"), the Animas Fire Protection District, a political subdivision of the State of Colorado ("AFPD"), and the Hermosa Cliff Fire Protection District, a political subdivision of the State of Colorado ("HCFPD") (the City, AFPD and HCFPD are sometimes hereinafter collectively the "Contracting Parties").

It is the intent of the Contracting Parties that their various contributions made to DFRA pursuant to this Amended and Restated Funding Formula will be used to meet the DFRA budget obligations, including operations and/or capital expenditures, as determined by DFRA Board of Directors.

**A. FUNDING FORMULA FOR CONTRACTING PARTY CONTRIBUTION TO THE ANNUAL DFRA BUDGET.**

Subject to the provisions set forth in this Amended and Restated Funding Formula, each Contracting Party's contribution to the Durango Fire and Rescue Authority ("DFRA" or "Authority") annual budget shall be determined based upon the following formula:

1. The "**Total Assessed Value**" shall mean the total current assessed value of all taxable property located within all Contracting Parties' boundaries as determined and certified by the Assessors of La Plata and San Juan Counties each year on or about December 1<sup>st</sup>.
2. Each "**Party's Assessed Value**" shall mean the total current assessed value of all taxable property located within each Contracting Party's boundaries as determined and certified by the Assessors of La Plata and San Juan Counties each year on or about December 1<sup>st</sup>.
3. A Contracting Party's "**Percentage Share**" shall mean each Contracting Party's Assessed Value divided by the Total Assessed Value.
4. Unless otherwise agreed by all the Parties, the contribution of each of the Contracting Parties shall be determined as follows:
  - a. **AFPD Contribution:** The contribution of AFPD shall be equal to its Assessed Value multiplied by the mill levy of AFPD, which mill levy shall be the maximum amount allowed by law, together with all additional revenue received by AFPD (e.g., interest or income from other sources) less reasonable amounts for approved expenses (treasurer's fee, legal and audit expenses, liability insurance, reasonable Board of Directors' fees and expenses, election costs, pension costs and accounting costs) the sum of which shall equal the "AFPD Contribution".

- b. **Total Budget Contribution by All Contracting Parties:** The AFPD Contribution shall be divided by the Percentage Share of AFPD to determine the "Total Budget Contribution" due by all Contracting Parties.
  - c. **HCFD Contribution:** The contribution of the HCFPD shall be equal to the Total Budget Contribution multiplied by HCFPD's Percentage Share.
  - d. **City of Durango Contribution.** The contribution of the City shall be equal to the Total Budget Contribution multiplied by the City's Percentage Share.
5. The revenues provided in accordance with this Section A, along with DFRA revenues generated from sources other than the Contracting Parties (fees for services, grant proceeds, etc.) provide the funding for the budget of DFRA. The formula set forth in this Section A shall not be construed as limiting the right of the DFRA Board to establish DFRA's budget annually.
  6. The contributions provided by the Contracting Partners pursuant to this Section A specifically are not the source of funds to be used for payment of bonded indebtedness; funding for bond debt service is addressed in Section B below.

#### **B. FUNDING FORMULA FOR DEBT SERVICE.**

Subject to the renegotiation provisions described herein, each Contracting Party's obligation to the Debt Service Budget (as defined below) shall be determined based upon the following formula:

1. The "**Total Debt Assessed Value**" shall mean the total current debt assessed value of all taxable property located within all Contracting Parties' boundaries as determined and certified by the Assessors of La Plata and San Juan Counties each year on or about December 1<sup>st</sup>.
2. A "**Party's Debt Assessed Value**" shall mean the total current debt assessed value of all taxable property located within each Contracting Party's boundaries as determined and certified by the Assessors of La Plata and San Juan Counties each year on or about December 1,<sup>1</sup> subject to the following adjustments:
  - a. A Party's Debt Assessed Value shall not include the value of property within its boundaries which is encumbered by a bonded indebtedness owed by another Contracting Party; and
  - b. A Party's Debt Assessed Value shall include the value of all property encumbered by bonded indebtedness owed by that Contracting Party, including property which is within the boundaries of another Contracting Party.

The purpose of these adjustments is to account for boundary adjustments between the Contracting Parties made after bonded indebtedness is incurred, such

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<sup>1</sup> For so long as AFPD and HCFPD have bond debt, the Assessors provide a separate certification of debt assessed values for the districts. Since no separate certification is provided by the Assessors for property within the City, for purposes of the formula in Section B, the "debt assessed valuation" for the City shall be the same valuation per Section A(2).

as property annexed into the City of Durango subsequent to voter approval of AFPD bonded indebtedness being incurred.

The Contracting Parties recognize that if future bonded indebtedness is incurred by any of the Contracting Parties for which DFRA will have payment obligations, this provision may need to be modified.

3. For Budget Years 2010 through 2014: Each **“Contracting Party’s Percentage Share of the Debt Service”** shall be equal to each Contracting Party’s Debt Assessed Value divided by the Total Debt Assessed Value. The proportionate contributions shall be achieved as follows:
  - a. AFPD shall directly pay the following sum, together with applicable bond fees (treasurer’s fee, trustee fee, and bond premium), in the following years:
    - i. 2010: \$524,185
    - ii. 2011: \$529,005
    - iii. 2012: \$528,165
    - iv. 2013: \$528,165
    - v. 2014: \$526,830
  - b. HCFPD shall directly pay the following sum, together with applicable bond fees (treasurer’s fee, trustee fee, and bond premium), in the following years:
    - i. 2010: \$130,255
    - ii. 2011: \$129,790
    - iii. 2012: \$130,220
    - iv. 2013: \$129,510
    - v. 2014: \$129,695
  - c. Each year, the City’s contribution shall be calculated as the total of the amounts directly owed that year by AFPD and HCFPD and then multiplied by the City’s Percentage Share of the Debt Service.
  - d. Upon DFRA’s receipt of the City’s Percentage Share of Debt Service, DFRA shall credit the City’s contribution to AFPD and HCFPD in proportionate amounts such that each Contracting Party was responsible only for its Percentage Share of the Debt Service.

4. For Budget Years 2015 through 2017: Each **“Contracting Party’s Percentage Share of the Debt Service”** shall be equal to each Contracting Party’s Debt Assessed Value<sup>2</sup> divided by the Total Debt Assessed Value. The proportionate contributions shall be achieved as follows:
  - a. HCFPD shall directly pay the following sum, together with applicable bond fees (treasurer’s fee, trustee fee, and bond premium), in the following years:

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<sup>2</sup> Because AFPD’s bond debt (in existence in 2010) will be fully paid during 2014, the following shall apply to the calculation of debt service contributions *for years 2015 and thereafter*:

- a. the “debt assessed valuation” for AFPD will be the same valuation per Section A(2); and
- b. there will be no need to make the adjustments described in Section B(2) of this Amended and Restated Funding Formula.

- i. 2015: \$129,740
    - ii. 2016: \$129,645
    - iii. 2017: \$130,410<sup>3</sup>
  - b. Each year, the City's contribution shall be the amount directly owed that year by HCFPD and then multiplied by the City's Percentage Share of the Debt Service.
  - c. Each year, AFPD's contribution shall be the amount directly owed that year by HCFPD and then multiplied by the AFPD's Percentage Share of the Debt Service (AFPD shall directly pay such amount to DFRA as an approved expense per Section A(4)(a) of this Amended and Restated Funding Formula).
  - d. Upon DFRA's receipt of the Percentage Share of Debt Service from both the City and AFPD, DFRA shall credit such contributions to HCFPD in proportionate amounts such that each Contracting Party was responsible only for its Percentage Share of the Debt Service.
5. Each Contracting Party shall be obligated to pay its Percentage Share of the Debt Service Budget, subject to the other provisions of this Amended and Restated Funding Formula.
6. The Debt Service Budget shall be the foregoing sums dedicated to retiring bonded indebtednesses of the Contracting Parties, as approved by the Contracting Parties.

**C. ADDITIONAL CONTRIBUTIONS BY THE CONTRACTING PARTIES.**

To the extent that DFRA secures additional sources of funding (e.g., impact fees or additional contributions of a Contracting Party in excess of the contribution obligations set forth in Section A and B hereof), such additional contributions shall not change or modify the Contracting Parties' obligations set forth in Section A and B hereof. A Contracting Party may, however, negotiate agreement terms for the use and/or accounting of such additional contribution.

**D. FIXED TERM AND RENEWAL.**

This Amended and Restated Funding Formula shall be effective through December 31, 2015 and shall be used for calculation of the 2011, 2012, 2013, 2014 and 2015 DFRA budgets.

On or before February 01, 2015, a Contracting Party may request to renegotiate the Funding Formula to be used effective January 01, 2016. In the event no such request or objection is made on or before February 01, 2015, then the terms of this Amended and Restated Funding Formula shall automatically renew for a like term of five (5) years for calculation of the contributions for the 2016, 2017, 2018, 2019 and 2020 budgets ("First Renewal Period").

If the Amended and Restated Funding Formula is renewed the First Renewal Period, and in the event no objection or request to renegotiate the Funding Formula is made on or before February 01, 2020, then the terms of this Amended and Restated Funding Formula shall automatically renew for a like term of five (5) years for

<sup>3</sup> 2017 will be HCFPD's final payment on its bond debt in existence in 2010.

calculation of the contributions for the 2021, 2022, 2023, 2024 and 2025 budgets ("Second Renewal Period").

**E. INTEGRATION; SUPERSEDES PRIOR FORMULAS; RATIFICATION.**

This Amended and Restated Funding Formula (together with the examples attached hereto as pages 6 and 7) constitutes the entire agreement and understanding between the Contracting Parties with respect to the funding formula. This Amended and Restated Funding Formula supersedes and replaces any previous funding formula agreements between the Contracting Parties. The funding formulas used by the DFRA Board for calculation and adoption of the budgets for 2002 through 2010 are hereby ratified by the Contracting Parties.

**F. GENERAL PROVISIONS.**

Notwithstanding any other provisions of this Agreement, none of the Contracting Parties shall be required to contribute funding to the Authority not required by the duly adopted budget of the Authority and no party shall be required to pay more to the Authority than is allowed by law.

**CITY OF DURANGO**

BY: [Signature]  
MAYOR

ATTEST:

[Signature]  
CITY CLERK  
**SEAL**  
CITY OF DURANGO, COLORADO

**HERMOSA CLIFF FIRE  
PROTECTION DISTRICT**

BY: [Signature]  
PRESIDENT

ATTEST:

[Signature]

**ANIMAS FIRE PROTECTION  
DISTRICT**

BY: [Signature]  
PRESIDENT

ATTEST:

[Signature]

# Calculation of Funding Partners' Contributions

**1, 2, 3 Percentage Share of Funding Partners Contributions Based Upon Assessed Valuations**

	Valuation	Percentage
City of Durango <sup>2</sup>	538,440,190	35.5% <sup>3</sup>
Animas Fire Protection District <sup>2</sup>	858,757,850	56.6% <sup>3</sup>
Hermosa Cliff Fire Protection District <sup>2</sup>	120,637,460	7.9% <sup>3</sup>
<b>Total <sup>1</sup></b>	<b>\$ 1,517,835,500</b>	<b>100.0%</b>

**4a Calculation of AFPD Contribution**

Animas property taxes	Mill Lew	5.069		
			4,353,044	
Additional revenues			272,835	
Acceptable Expenses			(309,832)	
<b>All Sources of Revenue less acceptable expenses (AFPD Contribution)</b>			<b>\$ 4,316,047</b>	<sup>4a</sup>

**4b Calculation of Total Combined Budget Contribution by All Contracting Parties**

All Revenue from Animas (AFPD Contribution)	4,316,047
AFPD % of Assessed Valuation	56.6%
<b>Total Funding (AFPD Contribution Divided by AFPD %)</b>	<b>\$ 7,625,524</b>

**4c Calculation of HCFPD Contribution**

	Total Funding	7,625,524
	HCFPD % of Assessed Valuation	7.9%
<b>HCFPD's Contribution (HCFPD % Multiplied by Total Funding)</b>	<b>\$ 602,416</b>	<sup>4c</sup>

**4d Calculation of City Contribution**

	Total Funding	7,625,524
	City % of Assessed Valuation	35.5%
<b>City's Contribution (City % Multiplied by Total Funding)</b>	<b>\$ 2,707,061</b>	<sup>4d</sup>

# Calculation of Debt Service Allocation for All Funding Partners

## Calculation of Debt Service Allocation

<u>Debt Assessed Valuations</u>	<u>Valuation</u>	<u>Overlapping Debt Coverage</u>	<u>Net</u>	<u>Percentage</u>
City of Durango	538,440,190	(187,480,190)	350,960,000	23.1%
Animas Fire Protection District	1,046,238,040	-	1,046,238,040	68.9%
Hermosa Cliff Fire Protection District	120,637,460	-	120,637,460	8.0%
	<u>1,705,315,690</u>	<u>(187,480,190)</u>	<u>1,517,835,500</u>	100.0%

## Fire Districts Bond Repayment Costs

	<u>Debt Service</u>	<u>Fees</u>	<u>Total</u>
Animas	529,035	17,500	546,535
Hermosa	130,255	5,000	135,255
Total Repayment Costs	<u>659,290</u>	<u>22,500</u>	<u>681,790</u>

## Debt Service Funding Allocation

<u>(Total Repayment multiplied by Valuation %)</u>	<u>Allocation</u>	<u>Fire District Bond Payments</u>	<u>Adjustment to Contribution</u>
City of Durango	157,493	-	157,493
Animas Fire Protection District	469,753	546,535	(76,782)
Hermosa Cliff Fire Protection District	54,543	135,255	(80,712)
Total Repayment Costs	<u>681,790</u>	<u>681,790</u>	<u>-</u>