

DURANGO FIRE AND RESCUE

THE DURANGO FIRE PROTECTION DISTRICT

SERVICE PLAN

Durango Fire and Rescue

The Durango Fire Protection District Service Plan

For the proposed Fire Protection District encompassing the following service areas:

Durango Fire and Rescue Authority
Animas Fire Protection District
Hermosa Cliff Fire Protection District
City of Durango

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Introduction and Background

A. History of the Authority.

The proposed service area for the Durango Fire Protection District includes a large portion of Western La Plata County, Colorado, including the City of Durango, and a small portion of Southwest San Juan County, Colorado. Historically, fire protection in these areas was provided by Hermosa Cliff Fire Protection District ("Hermosa"), Animas Fire Protection District ("Animas") and the Fire Department operated as a department of the City of Durango ("Durango"). Hermosa was formed in 1977; Animas was formed in 1970; and the Durango Fire Department began operating in 1894. For many years, these three entities cooperated with each other, and with other fire protection entities, through a series of Mutual and Automatic Aid Agreements, in order to provide fire prevention and protection for the citizens and visitors of their respective service areas.

In 1999, the governing boards of Hermosa, Animas and Durango and their respective fire chiefs decided that by combining operations they could better serve the public since they could provide more effective and more cost-efficient services. Acting on this decision, effective January 1, 2002, Hermosa, Animas and Durango entered into an Intergovernmental Agreement creating the Durango Fire and Rescue Authority ("Authority") pursuant to C.R.S. § 29-1-203. Combining operations has allowed the Authority to do the following: provide regional solutions; better utilize equipment; more effectively assign personnel; enhance training; provide specialized services; reduce overall response times; increase response abilities to staff for the second, third, fourth and fifth simultaneous emergency incidents; allow members to work and operate in their areas of expertise; and allow for a greater retention of our local talent to the organization. The effect has been improved fire protection and hazardous materials assistance with faster and more efficient response services throughout the combined service area.

In addition, at the time the Authority was being formed, Hermosa, Animas and Durango were able to reach an agreement to merge their emergency response services with the ambulance service

being provided by Mercy Medical Center of Durango, a Colorado non-profit corporation ("Mercy") which served all of La Plata County. This merger meant even better and more cost-effective emergency response services throughout the combined service areas through coordinated training and response. Before January 1, 2002, ambulance services within the Animas and Durango service areas were provided by Mercy, and ambulance services within the Hermosa service area were provided primarily by Hermosa. Mercy, which also operated the only acute care hospital facility in the parties' combined service area, agreed that consolidation of operations under the Authority would result in improved and more cost-efficient service for people within the County. Accordingly, effective January 1 2002, Mercy donated its ambulances and other equipment to the Authority, and the employees of Mercy that operated the ambulance service became employees of the Authority.

The preamble to the Intergovernmental Agreement creating the Authority set forth one reason for the formation of the Authority, as follows:

The creation of a regional fire and emergency medical services authority constitutes the next logical step toward the most efficient and effective provision of services, and allows an evaluation of the results prior to the final possible step of creating a consolidated regional entity.

Recognizing the benefits achieved by the combined operations over the last four years, and after discussions with residents, other governmental entities, staff, volunteers and advisers, the Board of Directors of the Authority has determined that a consolidated regional entity should be created and made permanent in the form of a single fire protection district organized pursuant to Article 1 of Title 32, Colorado Revised Statutes. The formation of this Fire Protection District will provide a stable organization which is capable of continuing the high quality of fire fighting and emergency services now and in the future, and it is only through the creation of the Fire Protection District that the quality of fire and rescue services which are now being provided can be maintained.

The creation of the Authority improved the quality of service in several ways. Through the Authority, Durango, Hermosa and Animas now coordinate and share the allocation of equipment and facilities. Most importantly, under the Authority, all service areas benefit from the availability of highly qualified volunteers and career members who respond to fires, medical emergencies, rescues and other emergencies. In particular, volunteers, who have long been the backbone of the services provided by Hermosa and Animas, are now responding to fires and other emergencies within the City of Durango, significantly increasing the available manpower. Conversely, many career fire fighters and rescue workers who formerly focused their attention on fires and other emergencies within the City of Durango, now routinely respond to emergencies outside of the city limits. Volunteers and career members receive better and more comprehensive and coordinated training, which allows them to do a better job in protecting citizens, visitors and property. The result has been that all residents and visitors in the Authority's service area are better served by well trained and highly qualified personnel. Coordinating resources and personnel has generally reduced the time it takes for emergency personnel, both volunteers and career members, and including fire fighting and rescue equipment and ambulances, to respond to calls throughout the parties' combined service area. Being able to respond quickly to emergencies is critically important when attempting to save lives, control fires and, in general, prevent many serious incidents from becoming catastrophes.

Residents of this region were fortunate that the Authority was operational during the tragic wild fires of the summer of 2002, and that there was great cooperation between the Authority and outside agencies. Fire protection, rescue and ambulance services and the dangers posed by inadequate service are concerns for everyone in this region. In order to effectively respond to the 2002 fires, and at the same time continue to have personnel and equipment available to provide protection against fires and to respond to other emergencies throughout the combined service area, it was essential that the operations

of the parties to the Intergovernmental Agreement (and other agencies) were coordinated effectively. This occurred in large part because of the training provided by the Authority and the streamlined operations, which the Authority's structure allows. The provision of fire protection is a regional concern, and that is aptly demonstrated by the serious negative effect which the fires, burning outside the Durango city limits, had on the operations of businesses within the city limits, as well as on the revenues of the City of Durango itself.

The benefit of the Authority's regional approach is demonstrated by the ambulance and rescue services being provided by the Authority. Durango Fire and Rescue Authority responds and mitigates all types of emergencies, with the greatest number of calls being for the ambulance service. In 2005, the Authority responded on 3,645 requests for service, 2,429 of those, or two-thirds, were for the ambulance service. Due to the demonstrated need, the Authority currently operates six ambulances, three of which are staffed 24 hours per day, one back-up unit and two of which are staffed as needed by volunteer medics.

Response time by an ambulance is often critical to the health of a citizen or visitor. Before the Authority was formed, fewer ambulances were in service and ambulances were stationed at Mercy Medical Center with one ambulance stationed in the Hermosa service area. Now, ambulances are located in three distinctive geographical regions of the combined service areas (north, center and south). Having more ambulances stationed throughout the service areas, and having more and better trained staff allows qualified personnel and equipment to respond to medical emergencies much more quickly than was possible before the creation of the Authority. This means there is a better chance that the lives of citizens and visitors with medical emergencies can be saved.

Funding for the operations of the Authority comes from a variety of sources, as specifically described in Exhibits A and B. In addition to fee income received for providing some services (e.g.,

ambulance), the primary source of funding for the Authority comes from the property taxes received from Hermosa and Animas residents and general revenues from the City of Durango. In addition, in the Intergovernmental Agreement, Hermosa, Animas and Durango agreed, through 2006, to transfer to the Authority certain funds for the Authority's capital needs. Neither Animas nor Hermosa can help pay for future capital needs unless they seek and obtain voter approval within their own service areas for an increased mill levy or a new bond issue. Capital funds are needed on a regular basis to replace fire trucks, ambulances, and other vehicles and equipment, as well as to improve facilities. Having adequate equipment and facilities is essential to the Authority being able to provide the services the community needs. After 2006, an alternative source of funds for capital must be found if the quality of services now being provided is to be maintained.

B. Need for District

As an entity created by an Intergovernmental Agreement, the Authority does not have the ability to increase the amount of revenue it receives to pay for capital needs, nor can the Authority obtain financing for capital expenditures. Therefore, unless an alternative is developed, starting in 2007, the Authority will have to reduce the quality of the services it provides so that it will have funds available for capital needs, such as replacement of fire engines and ambulances. Shifting funds from Operations to Capital will have significant and negative consequences throughout the combined service area: fewer fire fighters and medics able to respond to fires and other emergencies; longer response times; fewer training opportunities for volunteers and career members; and utilization of less reliable and less functional equipment. The formation of the Fire Protection District provides a permanent, stable solution to this problem. The Fire Protection District will have funds for normal capital needs, and it will be able to obtain financing if an extraordinary capital need arises. The formation of the Fire Protection District

will mean that citizens now being served by the Authority will continue to have the high quality fire protection and emergency services they now receive into the foreseeable future.

The importance of having functional, reliable equipment, paid for as capital expenditures, can not be overstated. Fire fighters and rescue workers need adequate tools so they can do their jobs well. Just as importantly, good equipment helps keep the fire fighters and rescue workers safe while protecting our citizens and people and property.

As proposed, the mill levy for the Fire Protection District is set at a level sufficient to provide funds to continue operations at the current levels, to pay for routine capital improvements and to have a regular capital replacement program. This means that the Fire Protection District will not be dependent on periodic bond elections for routine capital needs, although the capital requirements for the Fire Protection District will be determined on an on-going basis to meet then existing needs and financing of those needs will not be deemed to be a material modification to this Service Plan.

A single, consolidated special district will also mean that everyone throughout the combined service areas will be treated exactly the same as far as providing funding for the protections they are receiving. Currently, the varying methods of paying for the fire, rescue and ambulance services provided by the Authority result in inequities between various residents of the combined service area. A Fire Protection District will eliminate the funding inequities.

Purpose

1. The Colorado General Assembly has declared in C.R. S. § 32-1-102 C.R.S. that the organization of fire protection districts will serve a public use and will promote the health, safety, prosperity, security and general welfare of the inhabitants of said districts.

2. Based upon the success of the prior cooperation between the parties, and the improved services attained through the creation of the Authority, the Board of Directors of the Authority, the Boards of Directors of Hermosa and Animas, and the City Council of the City of Durango agree that formation and implementation of the Authority has greatly improved the quality of service and should be made permanent by creating a fire protection district to succeed the Authority. Their conclusion is supported by the fact that the creation of a unified fire protection district will result in more equitable cost sharing by the residents, and will provide for capital funding required to maintain the service levels now provided. Without formation of a fire protection district, the quality of the services will be diminished.

Once established, the Fire Protection District will determine service and expenditure levels, engage in long-term planning and provide a more efficient structure for financing facilities and equipment which has historically been purchased by the individual Districts and the City. The purpose of the Fire Protection District will be: to remedy the Authority's inability to obtain financing necessary to meet current and projected needs; to achieve higher economies of scale; to coordinate purchasing of equipment and facilities; to allow for continued and more specialized training of personnel; to promote uniform enforcement of fire codes, inspection of fire alarms and fire sprinklers in new construction and existing buildings, public education and planning fire attack strategies; and to eliminate the duplication in the governance and maintenance which now exist because instead of four governing bodies overseeing the operations of the Authority there will be one governing body overseeing the operations of the Fire Protection District.

It is the intent of this Service Plan to outline the proposed merger of Hermosa, Animas and Durango into a single, all-encompassing Fire Protection District, which will include rescue and ambulance functions, to be known as the Durango Fire Protection District, operating under the name of the Durango Fire and Rescue District (the "Fire Protection District").

Fire Protection District Formation and Asset Transfer

The Fire Protection District will be formed pursuant to the requirements of Colorado law, specifically C.R.S. §§ 32-1-201, *et seq.* and C.R.S. §§ 32-1-301, *et seq.* It is contemplated that upon the formation of the Fire Protection District and the establishment of its mill levy, the Authority will transfer its assets to the Fire Protection District; Animas and Hermosa will enter into lease- purchase agreements with the Fire Protection District as set forth herein; Animas and Hermosa will not thereafter collect any taxes; and that at some time thereafter the Animas and Hermosa will dissolve as provided for in C.R.S. §§ 32-1-701, *et seq.*; and that Durango will enter into a long-term lease arrangement with the Fire Protection District. Upon the creation of the Fire Protection District and the transfer of the Authority's assets and satisfaction of any remaining obligations, the Authority will dissolve. A list of significant assets which will be transferred to the Fire Protection District is attached hereto as Exhibit C. Durango, Animas, Hermosa and Mercy have previously transferred assets to the Authority, which the Authority will transfer to the Fire Protection District.

The date to request authorization from the voters to form the new district will be November 7, 2006.

Governing Board of Directors

Upon formation of the Fire Protection District, the Board of Directors shall consist of seven Directors who are elected at large. The initial Directors seeking office for the Fire Protection District may be some of the Directors of the Authority.

Transition

Because the operations of the parties have already been combined into the Authority, there should be a smooth transition to the Fire Protection District. It is proposed that upon the first day of operations of the Fire Protection District, existing employees and volunteers of the Authority will continue to serve, but as employees and volunteers of the Fire Protection District. Initially, the Fire Protection District would respond and operate in the manner established under the Authority.

During the transition period, all real property, facilities, equipment, accounts receivable, cash on hand and other property owned by the Authority, and all accounts payable will be transferred to the Fire Protection District. Facilities owned by Hermosa and Animas will be leased to the Fire Protection District on a lease-purchase arrangement, and the portion of River City Hall used as a fire station shall be leased by Durango to the Fire Protection District on a long-term lease for \$1.00 per year. To the extent that property being used by the Authority is being used pursuant to a lease agreement or some other arrangement other than outright ownership, the party or the Authority shall assign to the Fire Protection District its interest in such property to the extent possible. All transfers and assignments shall be subject to any associated encumbrance.

The parties expect that all existing agreements of the Authority will continue after the formation of the Fire Protection District, with the Fire Protection District being substituted as the party to the agreements in place of the Authority. Such agreements include Mutual and Automatic Aid Agreements and agreements for administrative services. A list of the existing Mutual and Automatic Aid Agreements is attached hereto as Exhibit D; however, the continuation of such agreements is not a prerequisite to the formation of the Fire Protection District. It is also anticipated that existing pension plans will be continued, although such plans may be consolidated and/or modified pursuant to law, with the rights of career members and volunteers being fully protected.

Initial Operating Revenue

Attached hereto collectively as Exhibit A and Exhibit B are reports providing financial information concerning the operation of the Authority and the Fire Protection District. The reports in Exhibit B duplicate those in Exhibit A. The difference is that Exhibit A assumes that a general impact fee on new construction is in place in 2007 so that new growth pays the capital costs incurred by the new Fire Protection District as a result of such growth. Exhibit B assumes that no such impact fee is in place. It is anticipated that the governing bodies with the authority to enact impact fees (Boards of County Commissioners and City Council) will make a determination as to whether or not to adopt an impact fee before this Service Plan is presented to the Boards of County Commissioners and the Court for approval. The specific attachments in Exhibit A and Exhibit B are:

Attachment 1: summary of the financial statements for the Authority for its operations for the years 2004 and 2005, the Authority's budget for 2006, and projections of operating revenues and expenditures for 2007 and 2008.

Attachment 2: cash flow projections for 2007 and 2008 for the capital reserve fund to be established and maintained by the Fire Protection District.

Attachment 3: cash flow projections for the Fire Protection District related to the cost of making lease-purchase payments which will be used by Animas and Hermosa to pay the bonded indebtednesses attached to assets to be leased, and ultimately conveyed, to the Fire Protection District.

Attachment 4: summary of mill levies currently in existence and as proposed for the Fire Protection District. This Attachment 4 also includes a breakdown of the assessed

valuations within the respective service areas of the parties and the Service Area of the Fire Protection District.

Attachment 5: provides a description of budgeted capital expenditures for 2007 and projected capital expenditures for the Fire Protection District through 2016, based upon the Authority's existing capital plan.

Attachment 6: statement of assumptions and footnotes.

Since the Fire Protection District will essentially be assuming the operations of the Authority, the 2004 and 2005 financial statements provide an accurate indication of the expenditures which would have been incurred had the Fire Protection District been in existence in 2004 and 2005, as well as the revenue which would have been received, including from sources other than property taxes assessed on property within the anticipated Fire Protection District's service area, such as reimbursements for the provision of emergency services. This information provides a reliable basis upon which to project expenditures and revenue for 2006 and beyond, including amounts needed to create an appropriate capital reserve and make lease-purchase payments.

The new Fire Protection District will assume responsibility for all pension obligations of Animas, Hermosa and Durango, including pension obligations to the volunteers providing services to the community.

Based upon the projected expenses and operating revenues, the amount of money needed to be raised from property taxes to fund operating expenses, including a capital reserve can be determined. The mill levy for operating revenue, including to provide funding for regular capital improvements and replacement of capital equipment, on all property within the Fire Protection District will be set at 6.600 mills, if a general impact fee is in place, and 7.100 mills, if a general impact fee is not in place.

Service Area

The service area of the Fire Protection District will encompass the existing boundaries of Hermosa, Animas and Durango. The Fire Protection District will encompass approximately 325 square miles.

The proposed service area specifically excludes all State and Federal owned land but encompasses all private land. The boundary lines are most easily depicted from the Service Area Map attached hereto as Exhibit E. The boundaries are approximately described as: The northern boundary, located in San Juan County, Colorado, is approximately 53000 U.S. Highway 550 North (Mill Creek Lodge), and the service area generally follows the U.S. Highway 550 corridor to the South to the New Mexico state line, the southern boundary. The eastern boundary adjoins the western boundaries of the Upper Pine River and Los Pinos Fire Protection Districts. The western boundary is generally along the western side of the Durango West Subdivision adjacent to the eastern boundary of the Fort Lewis Mesa Fire Protection District. All of the City of Durango will be included within the Fire Protection District.

There have been suggestions that the new Fire Protection District should include all of La Plata County, Colorado as well as portions of San Juan County, Colorado, and there are good reasons to think this is or may at some time be appropriate. The Fire Protection District is being organized so that if other fire protection districts, governmental entities or residents of La Plata County and San Juan County determine that a regional approach to fire protection and emergency, medical and ambulance services is appropriate for them, the Fire Protection District will be able to develop even closer working relationships with them. In appropriate cases the service area of the Fire Protection District can be expanded, by inclusions, consolidation or otherwise, to include other portions of La Plata County or San Juan County. Inclusions will not be considered material modifications to the Service Plan.

Assessed Valuation

The assessed valuation of entities within the boundaries of the service area for the Fire Protection District as of December 31, 2005 is:

Hermosa:	\$	68,034,470
Animas:	\$	680,588,300
Durango:	\$	378,572,080
TOTAL:		\$1,127,194,850

Service Level and Fire District Powers

The Fire Protection District will be empowered to provide the following: acquisition, construction, completion, installation and/or operation and maintenance of facilities and/or services for protection against fire as well as rescue and ambulance services, including, but not limited to, fire stations, fire protection and fire fighting equipment, rescue and ambulance vehicles and equipment, as well as all necessary, incidental, and appurtenant facilities, land and easements, together with extensions of and improvements to said system.

The powers of the Fire Protection District will be exercised by its Board of Directors to the extent necessary to provide the services contemplated in this Service Plan. The improvements and services described in this Service Plan, along with all other activities permitted by law, will be undertaken in accordance with, and pursuant to, the procedures and conditions contained in the Special District Act, other applicable statutes, and this Service Plan, as any or all of the same may be amended from time to time. In addition to the powers enumerated above, the Board of Directors of the Fire Protection District shall also have the following authority:

- a) To amend this Service Plan as needed, subject to the appropriate statutory procedures, including, petition to and approval by the Boards of County Commissioners for La Plata and San Juan Counties when and as required by C.R.S. § 32-1-207; and
- b) To forego, reschedule, or restructure the financing of certain improvements and equipment, in order to better accommodate the pace of growth, resource availability, and potential inclusions of property within the Fire Protection District; and
- c) To provide all such additional services and exercise all such powers as are expressly granted or implied by Colorado law, and which the Fire Protection District is required to provide or exercise, or, in its discretion choose to provide or exercise; and
- d) To exercise all necessary and implied power under Title 32 C.R.S. in the reasonable discretion of the Board of Directors of the Fire Protection District.

Privately and publicly owned structures in the Service Area vary and include all construction types ranging from mobile homes to luxury hotels, resort complexes, multiple story condominiums and office buildings. There are currently seven elementary schools, two middle schools, one high school, one alternative school, one charter school, five private schools, numerous preschools or day care centers, Fort Lewis College and Pueblo Community College located within the proposed Fire Protection District. The Service Areas also includes the Durango and La Plata County Airport, Animas Air Park, Mercy Medical Center and numerous gas wells and plants. The proposed service area has typical occupancies for retail sales and light industry. There are no businesses with medium or heavy industrial uses in the Service Area.

Many areas interface with wildland and forested areas making the threat of fire a concern to entire subdivisions and our community. Properties within the Service Area, especially those within the

city limits of Durango and in more recently developed subdivisions, are protected by fire hydrants suitable to provide the anticipated fire flows. Unincorporated areas are less protected with water supplies creating a need to transport water to the site of the fire. Equipment currently owned by the Authority or planned to be obtained is adequate to provide fire protection services within the Service Area in most circumstances. No additional equipment will be required as a result of the formation of the Fire Protection District. There are plans, however, to meet the long-term needs to upgrade facilities and equipment, consistent with the Fire Protection District's budgetary limitations and restrictions.

The Fire Protection District will provide fire protection, emergency and ambulance services to an estimated permanent population of approximately 35,000 people, and a peak seasonal population substantially greater.

Initially, the employees and volunteers of the Fire Protection District will be the same people who are now serving the Authority. It is not anticipated that there will be a significant change in personnel or staffing as a result of the formation of the Fire Protection District, although there will be some changes in response to turnover or growth within the Service Area. The historical manner in which firefighters and ambulance and rescue personnel (volunteer and career) are developed and trained has proved to be cost effective, while still providing the community with twenty-four hour rapid response and a firefighting and rescue force that is sufficient to control large fires and answer simultaneous emergencies, in most circumstances. The Fire Protection District will build upon these historical strengths to continue to provide the best possible firefighting, rescue and ambulance services for citizens and visitors within its Service Area.

The initial staffing proposed for the Fire Protection District is more specifically described in Exhibit F which, as noted above, generally includes the same individuals and positions as are currently

providing services for the Authority, with no additional personnel proposed as a result of the formation of the Fire Protection District.

There are 16 existing fire stations located within the Authority's Service Area. It is not anticipated that there will be an increase in the number of stations as a result of the formation of the Fire Protection District, although stations will be upgraded in accordance with the Fire Protection District's capital plan, and other stations may be relocated, added and/or upgraded in the future in response to need, such as the growth anticipated to occur in the Durango Mountain Resort and Grandview areas. Existing stations are more particularly described in Exhibit G, and that Exhibit includes a description of the equipment, including ambulances and rescue vehicles currently located at each station. Initially, these same stations will be maintained by the Fire Protection District, with substantially the same equipment and staffing.

Future Operations

Future operations will continue in a manner consistent with those conducted by the Authority, which includes continuing and regular changes designed to cause the operations of the Fire District to be run effectively and efficiently. There will be changes in operations as necessary to respond to demographic and other changes within the Service Area, but no major operational modifications will be required as the result of the formation of the Fire Protection District.

As is the case currently, initial responses to fires and other emergencies will be initiated from the nearest fire station, with backup from other stations that can most readily provide the appropriate support, including equipment.

Equipment and Facilities – Lease Purchases

Each of the parties to the Intergovernmental Agreement invested in its own facilities and equipment before the Authority was formed, and each has transferred ownership of its equipment to the Authority. Equipment conveyed to the Authority by Durango was free and clear of any encumbrance or associated debt. Equipment and facilities of Animas and Hermosa are encumbered by bond issues previously approved by the voters in those two districts. The Authority has made additional investments in equipment and facilities. A specific listing of the significant equipment and other property to be contributed to the Fire Protection District by the Authority is attached as Exhibit C.

The Fire Protection District will continue to use those facilities (stations) owned by Animas, Hermosa and the City as described in Exhibit G. The facilities of Animas and Hermosa will be used by the Fire Protection District under lease-purchase arrangements that provide for regular rental payments in amounts sufficient to payoff the underlying bonded indebtednesses, and that upon the expiration of the leases, which will coincide with the final payment on the underlying bonded indebtednesses, the Fire Protection District will become the owner of the facilities. The amount to be paid under the lease-purchase arrangements is the same amount the Authority has been paying as a part of its operating expenses and such amounts are reflected in the financial statements attached hereto as Exhibits A and B.

Mutual Aid and Automatic Aid

The Fire Protection District will continue with all existing Mutual Aid and Automatic Aid Agreements which are listed in Exhibit D.

Communications

The radio licensee for the Service Area is the Authority. The license will be transferred to the Fire Protection District. Radio repeaters are located at the top of Smelter Mountain and on Missionary Ridge in leased structures. Emergency 911 communications and dispatch services are provided by the Durango/La Plata County Communications Center on an annual fee basis. It is not anticipated that there will be any modifications concerning communications once the Fire Protection District is formed.

Financial Survey (Summary)

Assuming the voters approve the formation of the Fire Protection District, property taxes will need to be levied for budget year 2007 and the Fire Protection District will need to begin operating with its own funds on January 1, 2007.

This Service Plan assumes that beginning in 2007, the Fire Protection District will be self-funded from revenues received from operations and taxes collected. It is estimated that 6.600 mills (or 7.100 mills if no general impact fee is adopted) will be required to fund the operations of the Fire Protection District, including providing funds for a capital replacement program and routine capital needs. The mill levy can be changed, with voter approval for an increase, and no change in the mill levy will be a material modification to the Service Plan. The District plans to ask voters to remove the revenue and spending limitations of TABOR (sometimes referred to as "*de-Brucing*"). Also, the District will ask voters to remove the statutory limits on property tax revenue increases over 5.5%, provided by § 29-1-301, C.R.S.

The annual costs associated with providing fire protection and emergency services are not estimated to increase as a result of the formation of the Fire Protection District.

There will, however, be a change in the way that the operations are funded, and there will be normal and budgeted changes in operating costs. Instead of Animas, Hermosa and the City collecting their respective tax revenues and making payments to the Authority, the Fire Protection District will generate funds from a uniform property tax on all properties within the Service Area and from specific ownership tax revenues. This will result in changes in mill levies for dedicated fire protection and emergency services protection as follows:

Entity	Total 2005 mill levy	2006 mill levy
Hermosa	9.524	6.6 (or 7.1 with no impact fee)
Animas	5.770	6.6 (or 7.1 with no impact fee)
Durango*	0.000	6.6 (or 7.1 with no impact fee)

*Durango pays for fire protection and emergency services protection from its general revenues and not from a specific property tax. Durango property owners currently are assessed either 2.507 or 3.571 mills, with higher mill levies on properties that were in Animas’ service area when bonded indebtedness was incurred.

The Service Plan does not include the Fire Protection District incurring any debt upon its formation or in the immediate term. However, the Fire Protection may need to incur debt in the future, which it may do, subject to voter approval as required by law. The incurrence of debt shall not be deemed a material modification to the Service Plan.

Summary

This Service Plan is submitted in accordance with requirements of Part 2 of Article 1 of Title 32 of the Colorado Revised Statutes (the "Special District Act"). The purpose of this Service Plan is to produce satisfactory evidence that the requirements for the approval of this Service Plan by La Plata County and San Juan County, as set forth in C.R.S. §§ 32-1-203(2) and (2.5) have been met to enable the formation of the Durango Fire Protection District with all related powers as described herein.

The Service Plan of the Fire Protection District is in compliance with Section 32-1-203 C.R.S., as amended, and should be approved for the following reasons:

1. The Fire Protection District is necessary as there is sufficient existing and projected need for the organized service in the area provided to be served by and funded through the Fire Protection District;
2. The Fire Protection District is capable of and necessary to provide economical and sufficient service to the area within its proposed boundaries;
3. The areas to be included within the Fire Protection District will have the financial ability to discharge the proposed indebtedness on a reasonable basis;
4. The facilities and service standards of the Fire Protection District are compatible with the facilities and service standards of the County and each municipality and special district which is an interested party;
5. This Service Plan is not subject to compliance with any duly adopted County, regional or State long range water quality and management plan for the area, as no public sanitation facilities are being provided by the Fire Protection District.
6. Services provided by the Fire Protection District will be in the best interest of all persons to be served thereby; and
7. The high quality fire fighting and emergency service functions now provided by the Authority can continue to be operated effectively and economically, and the health, safety, prosperity, and general welfare of the residents of and visitors to the Fire Protection District will be better served, which will not be the case if the Fire Protection District is not formed.

This Service Plan has been designed with sufficient flexibility to enable the Fire Protection District to provide required services and facilities under evolving circumstances without the need for

numerous amendments. While the assumptions upon which this Service Plan are based reflect the current plans and expectations of the proponents of the Fire Protection District, the cost estimates and Financial Plan are sufficiently flexible to enable the Fire Protection District to provide necessary services and facilities without the need to amend this Service Plan. Modification of the general types of services and facilities shall be permitted to accommodate potential changing needs and plans.

The proposed Service Plan meets the requirements as set forth in C.R.S. §§ 32-1-202(2).

Specifically:

- (a) Description of Proposed Services: The services provided by the Fire Protection District are described throughout. Generally, the Fire Protection District is to provide fire protection, rescue and emergency and ambulance services within its Service Area, and outside of its Service Area pursuant to Mutual and Automatic Aid Agreements and other agreements.
- (b) Financial Plan: Since the Fire Protection District will essentially assume the obligations of the Authority, there is accurate historical information available upon which to analyze the Fire Protection District's Financial Plan. The Plan demonstrates that there will be adequate revenue to pay well-defined expenses.
- (c) Preliminary Engineering or Architectural Survey: Since the Fire Protection District will be assuming the assets of, and the responsibilities for, the Authority, the facilities necessary for those services to be provided are already in existence, as more fully described herein. Therefore, no preliminary engineering or architectural survey is necessary.
- (d) Map, Population and Assessed Valuation: A map of the proposed Service Area for the Fire Protection District is attached as Exhibit E. Specific estimates of the population

to be served and the most recent information concerning the assessed valuation within the Service Area are included in this Service Plan.

- (e) General Description of Facilities to Be Constructed: This requirement is not applicable since no new facilities will be constructed as a result of the formation of the Fire Protection District. Existing facilities are adequate to serve the needs of the Fire Protection District, subject to future needs based upon changes and circumstances, including demographics. Listings of the significant assets of, or to be used by, the Fire Protection District are contained in Exhibits C and G.
- (f) General Description of Cost of Acquiring Land, Etc.: No land will be acquired and no engineering services will be necessary in connection with the formation of the Fire Protection District other than assets of the Authority, Animas and Hermosa. Since the Fire Protection District will enter into lease-purchase agreements with Animas and Hermosa, no costs will be incurred in this regard, other than the Fire Protection District's agreement to pay the lease amounts, subject to annual appropriations. Cost for legal services, administrative services and other major expenses, including the initial proposed indebtedness with interest rates, are included in the statement of revenues and expenditures attached hereto as Exhibits A and B. These estimates are based upon the actual expenses incurred by the Authority with reasonable projections.
- (g) Agreements for the Performance of Services: The proposed agreements or arrangements for services to be provided to the Fire Protection District by other political subdivisions, including Mutual Aid and Automatic Aid Agreements and the provision for providing some support services, are described herein.

- (h) Other Information – C.R.S. §32-1-203 Criteria: The information provided in this Service Plan demonstrates: (1) the need for the services to be provided by and funded through the Fire Protection District within the Service Area; (2) that the provision of such services through the Fire Protection District is the most effective, most efficient and most appropriate mechanism for providing such services; (3) that the services by the Fire Protection District will be adequate to meet the needs of the residents of the Service Area; (4) that the Fire Protection District will have the financial ability to discharge all proposed indebtedness on a reasonable basis; (5) that the provision of services by the Fire Protection District are compatible with the facility and service standards of each County in which it will provide services; (6) that the proposed Fire Protection District is compatible with any and all affected master plans and water quality management plans for the areas served; and (7) that the creation of the Fire Protection District will be in the best interests of the residents of its Service Area.

EXHIBIT A

(Financial Statements)

The Attachments comprising Exhibit A assume that there is a general impact fee in effect in 2007 which provides funds for capital requirements cost by growth.

Attachment 1: summary of the financial statements for the Authority for its operations for the years 2004 and 2005, the Authority's budget for 2006 budget, and projections of operating revenues and expenditures for the Fire Protection District for 2007 and 2008.

Attachment 2: cash flow projections through 2007 and 2008 for the capital reserve fund to be established and maintained by the Fire Protection District.

Attachment 3: cash flow projections for the Fire Protection District related to the cost of making lease-purchase payments which will be used by Animas and Hermosa to pay the bonded indebtednesses attached to assets to be leased, and ultimately conveyed, to the Fire Protection District.

Attachment 4: summary of mill levies currently in existence and as proposed for the Fire Protection District. This Attachment 4 also includes a breakdown of the assessed valuations within the respective service areas of the parties and the Service Area of the Fire Protection District.

Attachment 5: provides a description of budgeted capital expenditures for 2007 and projected capital expenditures for the Fire Protection District through 2016, based upon the Authority's existing capital plan.

Attachment 6: statement of assumptions and footnotes.

**EXHIBIT A - ATTACHMENT 1
DURANGO FIRE & RESCUE PROTECTION DISTRICT
CASH FLOW PROJECTION - GENERAL FUND OPERATIONS
For the Years Ending December 31, 2007 and 2008**

	<u>Footnotes</u>	<u>Actual 2004</u>	<u>Estimated 2005</u>	<u>Budgeted 2006</u>	<u>Projected 2007</u>	<u>Projected 2008</u>
Revenues						
Local Government Funding						
Operations						
City of Durango		2,190,000	2,260,000	2,040,000	-	-
Animas Fire Protection District	a	2,135,000	2,870,207	3,514,124	-	-
Hermosa Cliff Fire Protection Distric	a	308,926	266,315	257,490	-	-
Property taxes, net	b	-	-	-	7,289,486	7,289,486
Specific ownership taxes	4	-	-	-	583,159	583,159
Total local government operations funding		<u>4,633,926</u>	<u>5,396,522</u>	<u>5,811,614</u>	<u>7,872,645</u>	<u>7,872,645</u>
Long Term Capital Replacement Funding						
Current year obligation						
City of Durango	c	150,000	208,000	150,000	-	-
Animas Fire Protection District	c	450,000	550,000	550,000	-	-
Hermosa Cliff Fire Protection Distri	c	60,000	60,000	60,000	-	-
Total capital funding		<u>660,000</u>	<u>818,000</u>	<u>760,000</u>	<u>-</u>	<u>-</u>
Other Revenues						
Ambulance income	3	1,586,975	1,600,108	1,393,182	1,393,182	1,393,182
Wildland fires		28,758	6,625	40,000	40,000	40,000
Miscellaneous income		136,672	158,221	90,000	90,000	90,000
Total other revenues		<u>1,752,405</u>	<u>1,764,954</u>	<u>1,523,182</u>	<u>1,523,182</u>	<u>1,523,182</u>
Total Revenues		<u>7,046,331</u>	<u>7,979,476</u>	<u>8,094,796</u>	<u>9,395,827</u>	<u>9,395,827</u>
Expenditures						
Administration		862,201	945,000	1,053,000	1,053,000	1,053,000
Fire fighting		2,140,117	2,365,000	2,532,000	2,532,000	2,532,000
Fire prevention		209,222	270,000	300,000	300,000	300,000
Fire training		176,812	270,000	340,000	340,000	340,000
Fire communications		57,996	60,000	70,000	70,000	70,000
Fire repair services		247,470	270,000	320,000	320,000	320,000
EMS		2,061,422	2,320,000	2,325,000	2,325,000	2,325,000
Fire stations and buildings		92,588	140,000	160,000	160,000	160,000
Volunteer pension plan	a	50,000	50,000	50,000	50,000	50,000
Contingency	d	-	70,000	300,000	200,000	200,000
Lease purchase payment		-	-	-	740,000	740,000
Capital outlay		212,518	2,186,713	1,430,000	-	-
Transfer to capital fund	e	-	-	-	1,300,000	1,300,000
Total Expenditures		<u>6,110,346</u>	<u>8,946,713</u>	<u>8,880,000</u>	<u>9,390,000</u>	<u>9,390,000</u>
Excess (Deficit) of Revenues Over Expenditures		<u>935,985</u>	<u>(967,237)</u>	<u>(785,204)</u>	<u>5,827</u>	<u>5,827</u>
Beginning Funds Available - January 1		<u>1,151,032</u>	<u>2,352,931</u>	<u>1,385,694</u>	<u>600,490</u>	<u>606,317</u>
Ending Funds Available - December 31		<u>2,087,017</u>	<u>1,385,694</u>	<u>600,490</u>	<u>606,317</u>	<u>612,144</u>

**EXHIBIT A - ATTACHMENT 2
DURANGO FIRE & RESCUE PROTECTION DISTRICT
CASH FLOW PROJECTION - CAPITAL RESERVE FUND
For the Years Ending December 31, 2007 and 2008**

	<u>Footnotes</u>	<u>Projected 2007</u>	<u>Projected 2008</u>
Revenues			
Transfer from general fund		1,300,000	1,300,000
Beginning impact fee balances		293,000	
Impact fees		700,000	700,000
Total Revenues		<u>2,293,000</u>	<u>2,000,000</u>
Expenditures			
Capital outlay			
Administration		50,000	10,000
Fire fighting		633,000	572,000
Fire prevention		-	-
Fire training		-	-
Fire communications		50,000	50,000
Fire repair services		115,000	65,300
EMS		210,000	20,000
Fire stations and buildings		15,000	2,225,000
Total Expenditures		<u>1,073,000</u>	<u>2,942,300</u>
Excess of Revenues Over Expenditures		1,220,000	(942,300)
Beginning Funds Available - January 1		-	<u>1,220,000</u>
Ending Funds Available - December :	g	<u>1,220,000</u>	<u>277,700</u>

EXHIBIT A - ATTACHMENT 3
 DURANGO FIRE & RESCUE PROTECTION DISTRICT
 CASH FLOW PROJECTION - LEASE PURCHASE PAYMENTS (TRIPLE NET)

Details of Annual Debt Service	AFPD Bonds		HCFPD Bonds	
	Principal	Interest	Principal	Interest
2007	365,000	207,700	75,000	59,458
2008	385,000	189,450	80,000	55,670
2009	405,000	170,200	85,000	51,590
2010	425,000	149,950	90,000	47,170
2011	445,000	128,700	95,000	42,400
2012	470,000	105,560	95,000	37,318
2013	495,000	81,120	105,000	32,188
2014	520,000	55,380	110,000	26,465
2015	545,000	28,340	115,000	20,415
2016			120,000	14,033
2017	-	-	130,000	7,313
	<u>4,055,000</u>	<u>1,116,400</u>	<u>1,100,000</u>	<u>394,020</u>

EXHIBIT A - ATTACHMENT 4
 DURANGO FIRE & RESCUE PROTECTION DISTRICT
 MILL LEVIES
 For the Years Ending December 31, 2006 and 2007

	Actual 2005	Budgeted 2006	Projected 2007	Projected 2008
OPERATIONS				
Animas Fire Protection District	5.069	5.069		
Hermosa Cliff Fire Protection District	6.850	6.850		
City of Durango				
Durango Fire & Rescue Protection District	N/A	N/A	6.600	6.600
<i>(1.15 mills projected for funding of capital replacement plan)</i>				
DEBT SERVICE				
Animas Fire Protection District	0.701	0.631		
Hermosa Cliff Fire Protection District	2.674	2.111		
City of Durango				
Areas annexed subsequent to passage of AFPD Bonds	1.024	0.631		
Other areas				
Durango Fire & Rescue Protection District	N/A	N/A		
TOTAL				
Animas Fire Protection District	5.770	5.700		
Hermosa Cliff Fire Protection District	9.524	8.961		
City of Durango	N/A	N/A		
Durango Fire & Rescue Protection District	N/A	N/A	6.600	6.600
Annual taxes for \$300,000 home				
Animas Fire Protection District	\$138	\$136		
Hermosa Cliff Fire Protection District	\$227	\$214		
City of Durango	N/A	N/A		
Durango Fire & Rescue Protection District	N/A	N/A	\$158	\$158

Mill levy amounts are subject to change based upon changes in assessed valuation and other factors

Assessed Valuations as of December 31, 2005

Animas Fire Protection District	680,588,300
City of Durango	378,572,080
Hermosa Cliff Fire Protection District	68,034,470
	<u>1,127,194,850</u>

EXHIBIT A - ATTACHMENT 6
DURANGO FIRE & RESCUE PROTECTION DISTRICT
ASSUMPTIONS and FOOTNOTES

Assumptions

- 1 It was assumed that the impact of inflationary factors upon salaries and other expenditures would be offset by increases in assessed valuations. Therefore no adjustments have been made for inflation in 2007 and 2008
- 2 It was assumed that there will be no TABOR revenue limits impacting 2008.
- 3 No projection for possible impact of changes in EMS billing rates (Medicare)
- 4 Specific ownership taxes projected to be 8% of property taxes
- 5 For comparative purposes grant revenues and expenditures are not reflected

Footnotes

- a 2004, 2005 and 2006 includes payment to Volunteer Pension Fund
- b 2007 and 2008 reflects a mill levy of 6.6 less treasurer's fees of \$150,000
- c Payments for 5 year capital replacement funding which expires after 2006
- d 2004 and 2005 reflects contingency at 2% of budget
- e 2004, 2005 and 2006 reflect capital expenditures per 5 year capital plan. 2007 and 2008 reflect transfers to new capital fund. See capital plan for details.
- f No footnote
- g Accumulating funds to replace \$8.5 million of vehicles that will reach the end of their 20 year life in 2017, 2018 and 2019

EXHIBIT B

(Financial Statements)

The Attachments comprising Exhibit B assume that no general impact fee is in effect in 2007 to provide funds for capital requirements cost by growth.

Attachment 1: summary of the financial statements for the Authority for its operations for the years 2004 and 2005, the Authority's budget for 2006 budget, and projections of operating revenues and expenditures for the Fire Protection District for 2007 and 2008.

Attachment 2: cash flow projections through 2007 and 2008 for the capital reserve fund to be established and maintained by the Fire Protection District.

Attachment 3: cash flow projections for the Fire Protection District related to the cost of making lease-purchase payments which will be used by Animas and Hermosa to pay the bonded indebtednesses attached to assets to be leased, and ultimately conveyed to the Fire Protection District.

Attachment 4: summary of mill levies currently in existence and as proposed for the Fire Protection District. This Attachment 4 also includes a breakdown of the assessed valuations within the respective service areas of the parties and the Service Area of the Fire Protection District.

Attachment 5: provides a description of budgeted capital expenditures for 2007 and projected capital expenditures for the Fire Protection District through 2016, based upon the Authority's existing capital plan.

Attachment 6: statement of assumptions and footnotes.

EXHIBIT B - ATTACHMENT 1
DURANGO FIRE & RESCUE PROTECTION DISTRICT
CASH FLOW PROJECTION - GENERAL FUND OPERATIONS
For the Years Ending December 31, 2007 and 2008

	Footnotes	Actual 2004	Estimated 2005	Budgeted 2006	Projected 2007	Projected 2008
Revenues						
Local Government Funding						
Operations						
City of Durango		2,190,000	2,260,000	2,040,000	-	-
Animas Fire Protection District	a	2,135,000	2,870,207	3,514,124	-	-
Hermosa Cliff Fire Protection District	a	308,926	266,315	257,490	-	-
Property taxes, net	b	-	-	-	7,853,083	7,853,083
Specific ownership taxes	4	-	-	-	628,247	628,247
Total local government operations funding		4,633,926	5,396,522	5,811,614	8,481,330	8,481,330
Long Term Capital Replacement Funding						
Current year obligation						
City of Durango	c	150,000	208,000	150,000	-	-
Animas Fire Protection District	c	450,000	550,000	550,000	-	-
Hermosa Cliff Fire Protection Distr	c	60,000	60,000	60,000	-	-
Total capital funding		660,000	818,000	760,000	-	-
Other Revenues						
Ambulance income	3	1,586,975	1,600,108	1,393,182	1,393,182	1,393,182
Wildland fires		28,758	6,625	40,000	40,000	40,000
Miscellaneous income		136,672	158,221	90,000	90,000	90,000
Total other revenues		1,752,405	1,764,954	1,523,182	1,523,182	1,523,182
Total Revenues		7,046,331	7,979,476	8,094,796	10,004,512	10,004,512
Expenditures						
Administration		862,201	945,000	1,053,000	1,053,000	1,053,000
Fire fighting		2,140,117	2,365,000	2,532,000	2,532,000	2,532,000
Fire prevention		209,222	270,000	300,000	300,000	300,000
Fire training		176,812	270,000	340,000	340,000	340,000
Fire communications		57,996	60,000	70,000	70,000	70,000
Fire repair services		247,470	270,000	320,000	320,000	320,000
EMS		2,061,422	2,320,000	2,325,000	2,325,000	2,325,000
Fire stations and buildings		92,588	140,000	160,000	160,000	160,000
Volunteer pension plan	a	50,000	50,000	50,000	50,000	50,000
Contingency	d	-	70,000	300,000	200,000	200,000
Lease purchase payment		-	-	-	740,000	740,000
Capital outlay		212,518	2,186,713	1,430,000	-	-
Transfer to capital fund	c	-	-	-	1,855,000	1,855,000
Total Expenditures		6,110,346	8,946,713	8,880,000	9,945,000	9,945,000
Excess (Deficit) of Revenues Over Expenditures		935,985	(967,237)	(785,204)	59,512	59,512
Beginning Funds Available - January 1		1,151,032	2,352,931	1,385,694	600,490	660,002
Ending Funds Available - December 31		2,087,017	1,385,694	600,490	660,002	719,514

EXHIBIT B - ATTACHMENT 2
DURANGO FIRE & RESCUE PROTECTION DISTRICT
CASH FLOW PROJECTION - CAPITAL RESERVE FUND
For the Years Ending December 31, 2007 and 2008

	Proposed Year 2002	Projected 2007	Projected 2008	Projected 2009	Projected 2010	Projected 2011	Projected 2012	Projected 2013	Projected 2014	Projected 2015	Projected 2016
Revenues											
Transfer from general fund		1,855,000	1,855,000	1,855,000	1,855,000	1,855,000	1,855,000	1,855,000	1,855,000	1,855,000	1,855,000
Beginning impact fee balances		293,000									
Impact fees	f	145,000	145,000	145,000	145,000	145,000	145,000	145,000	145,000	145,000	145,000
Total Revenues		<u>2,293,000</u>	<u>2,000,000</u>	<u>2,000,000</u>	<u>2,000,000</u>	<u>2,000,000</u>	<u>2,000,000</u>	<u>2,000,000</u>	<u>2,000,000</u>	<u>2,000,000</u>	<u>2,000,000</u>
Expenditures											
Capital outlay											
Administration		50,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Fire fighting		633,000	572,000	527,000	1,124,000	92,000	52,000	92,000	92,000	92,000	52,000
Fire prevention		-	-	25,000	50,000	-	-	-	-	-	-
Fire training		-	-	-	-	40,000	-	40,000	-	-	-
Fire communications		50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Fire repair services		115,000	65,300	55,000	55,000	20,000	20,000	20,000	20,000	20,000	20,000
EMS		210,000	20,000	20,000	170,000	170,000	170,000	210,000	210,000	170,000	170,000
Fire stations and buildings		15,000	2,225,000	545,000	15,000	1,059,000	1,471,920	1,876,620	985,140	2,313,468	937,260
Total Expenditures		<u>1,073,000</u>	<u>2,942,300</u>	<u>1,232,000</u>	<u>1,474,000</u>	<u>1,441,000</u>	<u>1,773,920</u>	<u>2,298,620</u>	<u>1,367,140</u>	<u>2,655,468</u>	<u>1,239,260</u>
Excess of Revenues Over Expenditures		1,220,000	(942,300)	768,000	526,000	559,000	226,080	(298,620)	632,860	(655,468)	760,740
Beginning Funds Available - January 1		-	1,220,000	277,700	1,045,700	1,571,700	2,130,700	2,356,780	2,058,160	2,691,020	2,035,552
Ending Funds Available - December 31	g	<u>1,220,000</u>	<u>277,700</u>	<u>1,045,700</u>	<u>1,571,700</u>	<u>2,130,700</u>	<u>2,356,780</u>	<u>2,058,160</u>	<u>2,691,020</u>	<u>2,035,552</u>	<u>2,796,292</u>

Beginning impact fee balance
Impact fee revenues
Impact fee expenditures
Ending Impact fee balance

**EXHIBIT B - ATTACHMENT 3
DURANGO FIRE & RESCUE PROTECTION DISTRICT
CASH FLOW PROJECTION - LEASE PURCHASE PAYMENTS (TRIPLE NET)**

	AFPD Bonds		HCFPD Bonds	
	Principal	Interest	Principal	Interest
Details of Annual Debt Service				
2007	365,000	207,700	75,000	59,458
2008	385,000	189,450	80,000	55,670
2009	405,000	170,200	85,000	51,590
2010	425,000	149,950	90,000	47,170
2011	445,000	128,700	95,000	42,400
2012	470,000	105,560	95,000	37,318
2013	495,000	81,120	105,000	32,188
2014	520,000	55,380	110,000	26,465
2015	545,000	28,340	115,000	20,415
2016			120,000	14,033
2017	-	-	130,000	7,313
	4,055,000	1,116,400	1,100,000	394,020

EXHIBIT B - ATTACHMENT 4
DURANGO FIRE & RESCUE PROTECTION DISTRICT
MILL LEVIES
For the Years Ending December 31, 2006 and 2007

	Actual 2005	Budgeted 2006	Projected 2007	Projected 2008
OPERATIONS				
Animas Fire Protection District	5.069	5.069		
Hermosa Cliff Fire Protection District	6.850	6.850		
City of Durango	General revenues	General revenues		
Durango Fire & Rescue Protection District	N/A	N/A	7.100	7.100
<i>(1.15 mills projected for funding of capital replacement plan)</i>				
DEBT SERVICE				
Animas Fire Protection District	0.701	0.631		
Hermosa Cliff Fire Protection District	2.674	2.111		
City of Durango				
Areas annexed subsequent to passage of AFPD Bon	1.024	0.631		
Other areas	-			
Durango Fire & Rescue Protection District	N/A	N/A		
TOTAL				
Animas Fire Protection District	5.770	5.700		
Hermosa Cliff Fire Protection District	9.524	8.961		
City of Durango	N/A	N/A		
Durango Fire & Rescue Protection District	N/A	N/A	7.100	7.100
Annual taxes for \$300,000 home				
Animas Fire Protection District	\$138	\$136		
Hermosa Cliff Fire Protection District	\$227	\$214		
City of Durango	N/A	N/A		
Durango Fire & Rescue Protection District	N/A	N/A	\$170	\$170

Mill levy amounts are subject to change based upon changes in assessed valuation and other factors

Assessed Valuations as of Decccmber 31, 2005

Animas Fire Protection District	680,588,300
City of Durango	378,572,080
Hermosa Cliff Fire Protection District	68,034,470
	<u>1,127,194,850</u>

EXHIBIT B - ATTACHMENT 5
Durango Fire and Rescue Authority
Capital Expenditures - 2006 - 2016

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Administration										
Office of the Chief										
Staff vehicle	40,000									
Miscellaneous equipment	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
	50,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Fire fighting										
Replace 1984 FMC engine	475,000	475,000	475,000	950,000	40,000		40,000	40,000	40,000	
Replace 1984 FMC engine				45,000						
Replace 1986 Pierce				65,000						
Replace 1989 Spartan engines	99,000	43,000		12,000	40,000		40,000	40,000	40,000	
Staff vehicles				10,000	10,000		10,000	10,000	10,000	
Brush truck				42,000	42,000		42,000	42,000	42,000	
Hose dryers	19,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Replacement hoses and fittings	58,000	42,000	42,000	42,000	42,000	42,000	42,000	42,000	42,000	42,000
Banker gear and helmets	633,000	572,000	527,000	1,124,000	92,000	52,000	92,000	92,000	92,000	52,000
Fire Prevention										
Staff vehicles	-	-	23,000	50,000	-	-	-	-	-	-
	-	-	23,000	50,000	-	-	-	-	-	-
Fire and EMS Training										
Staff vehicles	-	-	-	-	40,000	-	40,000	-	-	-
	-	-	-	-	40,000	-	40,000	-	-	-
Fire communications										
Radio equipment	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Emergency medical services										
Ambulance	125,000			125,000	125,000	125,000	125,000	125,000	125,000	125,000
Staff vehicles	40,000			45,000	45,000	45,000	40,000	40,000	45,000	45,000
Other equipment	210,000	20,000	20,000	170,000	170,000	170,000	210,000	210,000	170,000	170,000
Fire repair services										
Maintenance trucks	95,000	40,000	35,000	5,000						
Trailer										
Vehicle lift				30,000						
Backhoe	20,000	3,300		20,000	20,000	20,000	20,000	20,000	20,000	20,000
Tools and equipment	115,000	65,300	53,000	53,000	20,000	20,000	20,000	20,000	20,000	20,000
Stations and buildings										
Station 2 relocation						1,456,928				
Station 8 upgrade to resident station							1,861,620			
Station 7 upgrade to resident station								970,140	1,279,308	
Station 5 upgrade to resident station					930,000				1,039,160	
Remodel Station 1					114,000					
Station 9 upgrade to resident station										
Replace Station 14										
Replace Station 14										
Replace Station 13										
Station 15 additional bay and living quarters			250,000							
Station 3 additional bay and living quarters			280,000							
Training center	15,000	2,210,000		15,000	15,000	15,000	15,000	15,000	15,000	15,000
Building improvements	15,000	2,225,000	543,000	15,000	1,059,000	1,471,920	1,876,620	985,140	2,313,468	937,260
Total Capital Outlay	1,073,000	2,942,300	1,232,000	1,474,000	1,441,000	1,773,920	2,298,620	1,367,140	2,655,468	1,239,260

EXHIBIT B - ATTACHMENT 6
DURANGO FIRE & RESCUE PROTECTION DISTRICT
ASSUMPTIONS and FOOTNOTES

Assumptions

- 1 It was assumed that the impact of inflationary factors upon salaries and other expenditures would be offset by increases in assessed valuations. Therefore no adjustments have been made for inflation in 2007 and 2008
- 2 It was assumed that there will be no TABOR revenue limits impacting 2008.
- 3 No projection for possible impact of changes in EMS billing rates (Medicare)
- 4 Specific ownership taxes projected to be 8% of property taxes
- 5 For comparative purposes grant revenues and expenditures are not reflected

Footnotes

- a 2004, 2005 and 2006 includes payment to Volunteer Pension Fund
- b 2007 and 2008 reflects a mill levy of 7.1 less treasurer's fees of \$150,000
- c Payments for 5 year capital replacement funding which expires after 2006
- d 2004 and 2005 reflects contingency at 2% of budget
- e 2004, 2005 and 2006 reflect capital expenditures per 5 year capital plan. 2007 and 2008 reflect transfers to new capital fund. See capital plan for details
- f If no general impact fee is adopted, some impact fees will still be paid from negotiated agreements with developers
- g Accumulating funds to replace 8.5 million of vehicles that will reach the end of their 20 year life in 2017, 2018 and 2019

EXHIBIT C

(Significant Assets to be Contributed to the District)

All vehicles, equipment, tools, supplies, cash on hand, accounts receivable, contract rights, general intangibles and all other personal property owned by the Authority, including, but not limited to, the property in the attached list.

EXHIBIT D

Mutual Aid Agreements

(Structure Fires / Emergency Medical Services / Rescue / Hazardous Materials)

Upper Pine River Fire Protection District
Los Piños Fire Protection District
Fort Lewis Mesa Fire Protection District
Silverton Volunteer Fire Department
Silverton Volunteer Ambulance

Automatic Aid Agreements

Upper Pine River Fire Protection District

Los Piños Fire Protection District

Fort Lewis Mesa Fire Protection District

La Plata County Annual Wild Fire Plan

- La Plata County
- U.S. Forest Service, U.S.D.A.
- Bureau of Land Management, U.S.D.I.
- National Park Service
- Bureau of Indian Affairs
 - Southern Ute Agency, U.S.D.I.
 - Ute Mountain Ute Agency, U.S.D.I.
- Colorado State Forest Service
- Upper Pine River Fire Protection District
- Los Piños Fire Protection District
- Fort Lewis Mesa Fire Protection District

San Juan County Annual Wild Fire Plan

- San Juan County
- U.S. Forest Service, U.S.D.A.
- Bureau of Land Management, U.S.D.I.
- Silverton Volunteer Fire Department

EXHIBIT E
(Service Area Map)

Exhibit E Map of Fire District

Proposed Durango Fire Protection District

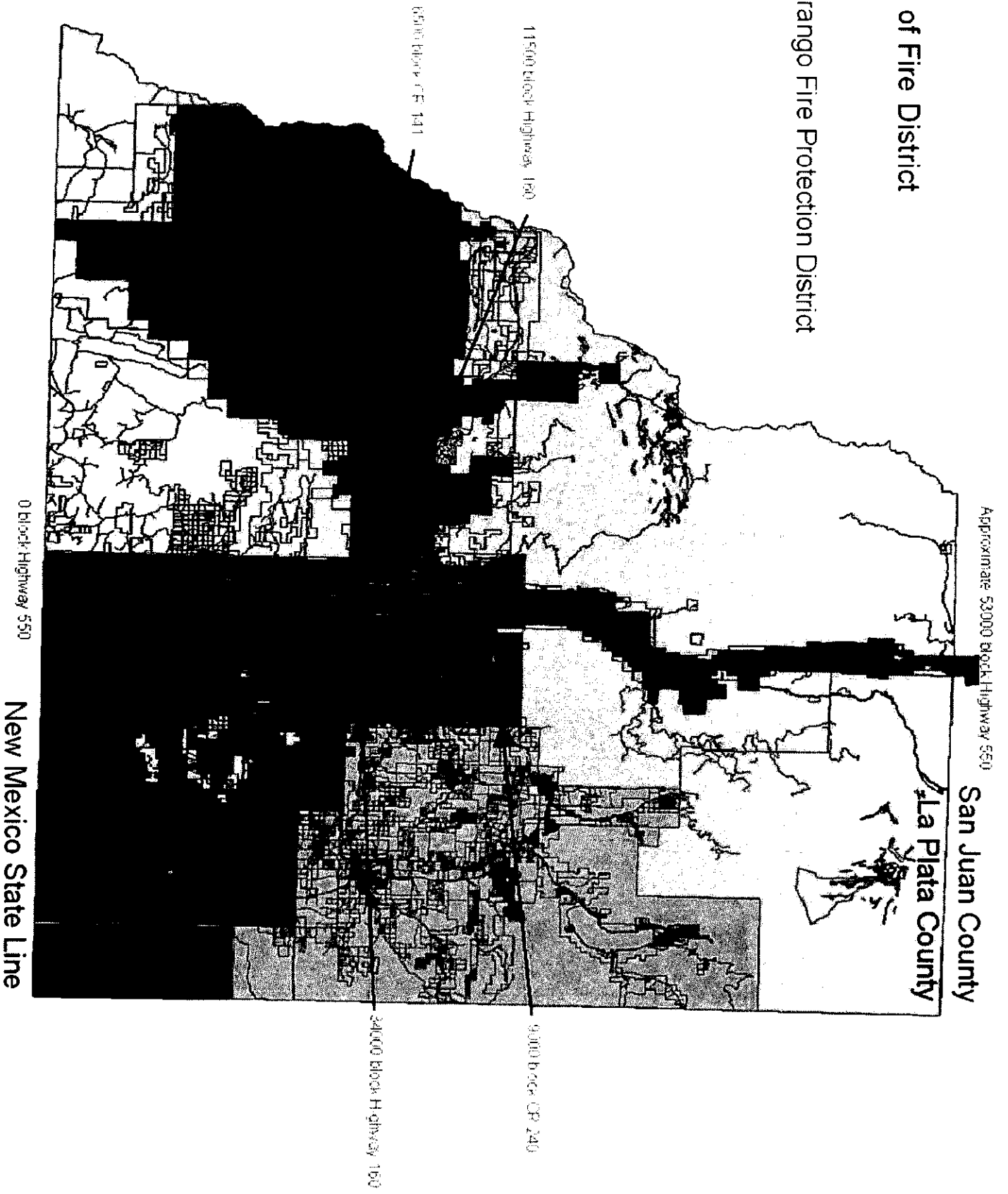


EXHIBIT F

(Description of District Personnel)

EXHIBIT F
 DURANGO FIRE & RESCUE PROTECTION DISTRICT
 PERSONNEL
 For the Year Ending December 31, 2007

	Actual 2005	Budgeted 2006	Projected 2007
Full-Time			
Administration	9	9	9
Firefighting	31	31	31
Fire Prevention	4	4	4
Training	2	2	2
Communications	-	-	-
Repair Services	3	4	4
EMS	20	20	20
Stations and Buildings	-	-	-
Total Full-Time	<u>69</u>	<u>70</u>	<u>70</u>
Reservists	12	16	16
Volunteers	<u>79</u>	<u>79</u>	<u>79</u>
 Total Staffing	 <u>160</u>	 <u>165</u>	 <u>165</u>

EXHIBIT G

(Description of Stations)

The Stations identified in the attached list are the facilities which will be leased by Hermosa, Animas and Durango to the Fire Protection District subject to lease-purchase and lease agreements, to the extent of their respective interests therein.

EXHIBIT G
DURANGO FIRE & RESCUE PROTECTION DISTRICT
STATIONS

Station Number	Location	Current Owner	Operational Function	Other Functions	Present Age	Equipment at Each Station					Wildfire /Tender
						Engine	Ladder	Ambulance	Rescue		
1	142 Sheppard Drive*	Animas FPD	24/7 Fire & EMS	Admin & Training	<5 years	1	1	2	1		3
2	1235 Camino Del Rio	City of Durango	24/7 Fire & EMS	Admin & Fire Prevention	>20 years	1	1	1	1		1
3	770 CR 251 (32nd Street)	Animas FPD	Residential volunteer		<10 years	1			1		
4	8565 Highway 550 S	Animas FPD**	Volunteer		>20 years	1					1
5	6342 CR 240	Animas FPD	Volunteer		<30 years	1					1
6	31263 Highway 550 N	Animas FPD	Residential volunteer		<10 years	1			1		3
7	204 Highway 172	Animas FPD	Volunteer		<20 years	1			1		2
8	615 West Fork Road	Animas FPD***	Volunteer		<20 years	1					3
9	50 Lazy Pine Drive	Animas FPD	Volunteer		<20 years	1					1
10	587 Elkhorn Mountain Rd	Private	Volunteer		New	1					
11	4040 Highway 550 S	Animas FPD	Residential volunteer		<10 years	1					1
12	225 Animas Springs Road	Animas FPD**	Residential volunteer		<10 years	1		1			
13	6363 Falls Creek	Animas FPD	Volunteer		<20 years	1					1
14	40839 Highway 550 N	Hermosa CFD	Residential volunteer		<20 years				1		
15	44301 Highway 550 N	Hermosa CFD	24/7 Fire & EMS		>10 years	1		1			
16	49816 Highway 550 N	DMR Lease	Residential volunteer		<20 years	2					
N/A	5884 County Road 203	Animas FPD*	Unmanned	Storage							

* Includes adjacent lot and building

**Building is on land lease

*** Building is on easement