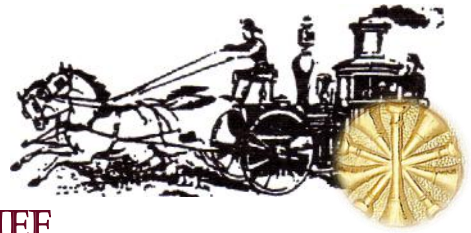


CIMARRON HILLS FIRE DEPARTMENT OFFICE OF THE FIRE CHIEF



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Greetings Cimarron Hills Community from your local Fire Chief!

On behalf of the Cimarron Hills Fire Department, I would like to update you on a lawsuit that may have severe impacts on the level of emergency services that you have come to expect. Many community members have asked for information about the lawsuit which the Department was previously unable to provide due to confidentiality issues.

The Lawsuit Filed against the Fire District

The Cimarron Hills Fire Protection District has been sued by a group of plaintiffs claiming that the Fire District's property tax mill levy (which has been 11.11 mills since 2009) cannot exceed 7.598 mills without future voter authorization. In their Complaint, the plaintiffs also claim that the Fire District owes taxpayers refunds under TABOR (Article X, Section 20 of the Colorado Constitution), which would require the Department to provide refunds for taxes from prior years plus interest. The Fire District's Board of Directors and I believe that a decision for the plaintiffs would severely impact the Department's ability to provide the emergency services the community deserves and expects.

Status of the Lawsuit

The lawsuit was filed in December. The Board has not raised the mill levy rate for the past three years and stands by its position that adjustments to the mill levy between 2005 and 2008 were done so with *express voter authorization*.

Although the Board disagrees with the plaintiffs' claims, it adopted a Resolution in January which approved exploring settlement negotiations with the plaintiffs for the sole reason that the Fire District's litigation costs – win or lose – could be significant. These costs would ultimately be paid by you, the taxpayers.

The Fire District filed an Answer to the Complaint in early March and at the same time negotiated with the plaintiffs to see if a settlement could be reached. As part of these efforts, the parties entered into a Short-Term Stipulation in April to put the lawsuit temporarily on hold while discussions continued.

The trial is set to begin on October 4, 2011 and could take two weeks to complete. We cannot predict when we will get a decision –it could be made immediately after the trial, or it could take several months or more. Between now and then, we will try to provide you with as much information as possible. For complete copies of the Complaint, Resolution, Answer and Short-Term Stipulation, please visit the Department's web site at www.cimarronhillsfire.org.



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What's at Stake

About 99% of the Fire District's revenues come from property taxes. The plaintiffs' claim would reduce these revenues by 32% (from approximately \$1.8 million to about \$1.2 million). In addition, the Department expects another 15% reduction in revenues – win or lose – in 2012 and 2013 (and perhaps for several years beyond) due to declining property values in the current economy.

Together, these two factors alone could reduce the Department's budget by 40% or more.

On top of that, the plaintiffs are also requesting a refund of taxes collected before 2011 plus 10% interest per year. They have not indicated the total amount they are seeking, but the Department estimates that it could be more than \$2 million. Simply put, there is no way the Fire District could refund this amount in one year – which means that the Department might be forced into a payment plan, *all the while accumulating interest at 10% per year.*

When you add it all up – the lower mill levy, the lower tax base and the refund over time plus 10% interest – **the Department's revenue could decrease by 60% or more.** At the Board's request, I have prepared preliminary Budget Projections to provide a road map as to how the Department would operate in this scenario. The Department believes that the ability to provide emergency services in the future would be severely impacted:

- Firefighter positions might have to be cut in half, requiring the Department to lay off at least 6 of the District's 12 full time firefighters, which may require responders to wait for back up from other departments before rescuing victims and could result in response times that are three times longer when multiple incidents occur simultaneously;
- Reserve and volunteer firefighter position support funds would be decreased;
- The Department would have little or no funds to maintain and replace fire trucks, firefighting tools, fire and medical radios, and other life saving equipment;
- Firefighter and emergency medical technician training, certification, and education funds would be nearly eliminated; and
- Community education and child life safety education programs would likely be eliminated.

The Board is concerned that, with severe restructuring, the District's insurance rating could be revised, which could adversely affect your homeowners' insurance premiums.

Community Input

The Department asks community members for their active participation in considering the difficult choices that may need to be made regarding the reduced emergency services provided to the Cimarron Hills community and invites you to attend Board meetings (see the 2011 Meeting Schedule on our web site). The Board will hold a town hall meeting to discuss these issues on **Wednesday, June 22 at 7:00 p.m. at Cimarron Hills Fire Station 1, 1885 Peterson Road.** At the meeting, I will present the facts and figures being used to plan for future operations – and I invite you to come with your questions and concerns.

The Board and I strongly believe that the level of service currently provided by your Fire Department is not only excellent, but essential to the quality of life of all members of the Cimarron Hills community. Together we will continue to strive for excellence in life safety and delivering the highest level of emergency response service possible to the people of our neighborhoods.



Matthew R. Love
Fire Chief
Cimarron Hills Fire Department



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