



File Code: 6570

Date:

Durango & Silverton Narrow Gauge Railroad
Attn: Paul Schranck, General Manager
479 Main Avenue
Durango, CO 81301-5494

Dear Mr. Shranck:

On November 1, 2012, a Notice of Indebtedness and bill was issued to the Durango & Silverton Narrow Gauge Railroad for costs associated with the suppression and investigation of the Needleton Fire. Upon receipt of this documentation, you found there to be some discrepancies and asked that the Forest Service review our documentation to determine if the charges were accurate and asked that we entertain the idea of reducing the air support charges by 50%.

Your request and your supporting documentation was forwarded to the San Juan National Forest to be reviewed by fire personnel, and it was determined that the charges are commensurate with the work that was ordered and accomplished over the three day period. The Forest Service only billed the railroad for direct costs associated with the Needleton fire as follows:

- Type 1 Helicopter – The \$4,790.53 aircraft charge on May 27, 2012, includes flight time and mileage for the fuel service truck.
- Type 3 Helicopter – The \$6,422.91 aircraft charges on May 28, 2012, includes flight time, extended standby, fuel service truck mileage, and rest overnight in Durango, Colorado.
- Type 3 Helicopter – The \$624.00 aircraft charges on May 29, 2012, is for rest overnight in Durango, Colorado, and should have included an additional .5 hours of flight time which was erroneously charged to a different incident.

In regards to the effectiveness of the helicopter, the railroad was not billed for the time the Type 1 helicopter was experiencing mechanical issues as the Forest Service cannot pay contractors for “out of service” time, per the contract. The Forest Service cannot use hindsight bias to adjust what we pay for resources that don’t work exactly as planned.

In summary, both helicopter costs are justified and accurate, and the overestimation of acreage had no bearing on the use of resources. Enclosed is a letter from the San Juan National Forest to that effect. It is the Forest Service’s position that Durango & Silverton Narrow Gauge Railroad is liable for all of the consequences that resulted from the Needleton Fire. Nonetheless, we share your desire to resolve this matter and are prepared to offer as a compromise, payment from you in the amount of \$15,696.81 as full and final settlement of this debt. In addition, the government



will waive all accrued interest and penalty. However, please understand that before any settlement can be reached, there must be mutually agreeable documentation of its terms, and the settlement must be approved by authorized Forest Service personnel. Please review this offer and contact Claims Specialist Kristen Donnelly at (505) 563-7199 at your earliest convenience.

If you have any questions regarding this matter, please contact Kristen Donnelly at (505) 563-7199.

Sincerely,

A. LISA LUX
Branch Chief, Claims/Claims Officer

Enclosure