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Dear Members of the Town Council,

I am writing to brief you on the challenging situation that Alta now faces in respect to our fees to the Unified Fire Authority (UFA). This is a very complicated issue that is the result of a number of independently made but now interacting decisions by various entities. No one intended for Alta to be challenged in this way, I think, but the fact is that we are.

I. Some Background

The UFA has four members: Alta, Cottonwood Heights, Holladay, and the Unified Fire Service Area (to which SL County and all other municipalities served by the UFA in turn belong). The latter is a taxing district that collects money directly from property owners, while the three municipalities collect taxes and remit fees to the UFA from their own revenues per contracts with the UFA.

Prior to the creation of the UFA, Alta paid for a portion of the costs of a County firefighter at the fire station in Snowbird (now known as UFA Station 113). This arrangement continued until a couple of years ago. With a change in management at the UFA (following a financial controversy), the newly appointed Chief Dan Petersen and his CFO Tony Hill worked hard to rationalize their accounting and get real control of UFA's finances. They also determined with the UFA Board's approval that their system of allocating costs would be tied to the actual deployment of personnel and equipment from the various stations. They entered into an informal agreement with Mayor Tom Pollard that Alta would cover 7.5% of the costs for Station 113. Only Alta had an arrangement for a flat fee. That change led to a jump in our fees to the UFA from about \$120,000 in 2017-18 to about \$145,000 in 2018-19 (in 2019-20 about \$153,000).

Although the agreement called for Alta paying 7.5% of the costs, the actual deployment of Station 113 to the Town of Alta is about 29% of the calls. The total cost for providing UFA services to the Town, therefore, is actually about \$627,000. In 2018 the UFA didn't pursue the difference in Alta's use of 29% of services and our payment covering 7.5% because they were receiving additional money from other sources that made up that difference. The difference between what we pay and what we cost the UFA has been covered by three sources: 1) a small annual credit of excess revenues by the UFA, when they occur (these are allocated proportionally to lower the fees of all

members); 2) allocations from Salt Lake County's general fund in the form of a "recreational area contribution" for the canyons of the Wasatch Front; and, 3) other UFA members' fees (because the County's recreational area contribution of about \$3.1M is about \$300,000 lower than the costs of actually providing UFA service in the canyons). That is, Alta's UFA services have been highly subsidized by the County and, to a lesser extent, other members of UFA.

II. What Changed?

Unfortunately, conditions that supported this subsidy have changed. Here is an outline of my understanding of the major relevant factors:

- Residents of Big Cottonwood Canyon began to organize an incorporation effort to create the Town of Brighton.
- SL County's District Attorney issued an opinion that the County's general fund may not be used to provide municipal services in municipalities. This opinion implied that were Brighton to incorporate, they would lose their recreational area contribution subsidy. (And this opinion did not bode well for Alta, as you will see.)
- The Utah legislature passed a bill that allowed SL County to create a Mountainous Planning District (MPD). Such a district must be in an area used for recreation and if a municipality is included in the MPD that municipality must not have been incorporated prior to 2015.
- The Utah legislature passed a bill that allows SL County to designate recreation areas and to provide public safety money for recreation areas and municipalities within them.
- As part of the unincorporated SL County, residents in Big Cottonwood Canyon, like those in Little Cottonwood Canyon outside of the Town of Alta, have been served by UFA (as part of the Unified Fire Service Area) and by the Unified Police Department (UPD). The Town of Brighton will continue to be a member of UFA and will continue to be served by UPD.
- The County negotiated with Brighton to link their public safety subsidy to their entry into the Mountainous Planning District. The County, in other words, received zoning control over the new town of Brighton in exchange for subsidizing Brighton's public safety services. This arrangement is of obvious financial value to Brighton and because some at the County were not confident that a new Town of Brighton would adequately limit development and protect the watershed, this arrangement provides environmental protection value to the County.
- The County Council had to take two actions to implement the arrangement with Brighton: they had to create a formal Recreation Area and they had to allocate money in their budget. They recently took both actions. The County is on a calendar year budget cycle (unlike Alta and the UFA), and the recently approved 2020 budget continues current levels of funding for the Recreation Area contribution to the UFA. But in creating the Recreation Area and defining its boundaries, the County Council's resolution explicitly excluded the Town of Alta. I have been told that they did this "to respect Alta's existing arrangements for public safety." (In fact, it jeopardizes them.)
- UFA is trying to normalize its former "handshake" deals and is implementing a uniform accounting approach for all members.

III. The Current Situation

The problem, now, is that the UFA sees the current regulatory context as precluding any accounting of the County's Recreation Area contribution against Alta's costs. Thus, the subsidy of the difference between what Alta pays and what Alta receives either (a) must be paid in another way than from the County's Recreation Area contribution or (b) go away. The issue is timely because the UFA will soon begin budgeting for 2020-21.

One possible solution is that the UFA members will agree simply to absorb the difference. The Chief is very skeptical that the other members of the UFA will agree to subsidize Alta to this degree on their own, especially indefinitely. As a member of the finance committee of the UFA Board, I agree with the Chief.

I am currently working with the County mayor's office to find another way for the County to provide money to the UFA that can be accounted against our costs. In addition to Mayor Wilson and her staff, I have engaged members of the County Council in this effort and some are sympathetic. The issue, however, from the point of view of the mayor's staff, is that the County has an arrangement with Brighton that includes the County having control of Brighton's zoning.

One compelling datum is that Alta has averaged in the last three years about 84 service calls from Station 113 per year. Given our population of 383, that number of calls is about four times what one would expect. It is clear to all who are engaged with this issue that County residents and visitors are the source of the high volume of service calls to Alta and to most participants in the discussion that means that Alta deserves some help from the County. I have also engaged our state legislators on the issue, arguing that the state, like the County, ought to chip in to provide services to the visitors who come to Alta and the surrounding areas.

Moreover, typical per capita costs for fire protection are lower than what we already pay. In Cottonwood Heights, for example, the cost is about \$116 per resident and our current fees amount to about \$400 per resident. It is not obvious to me that we have been paying too little.

Despite this, one fact that is problematic in our negotiations is that residents of Alta are paying significantly less for fire protection services than others in Salt Lake Valley. Both UFA and the County, for example, pointed out that a homeowner in Snowbird pays significantly more for fire protection than one in Alta.

IV. What Can We Do?

My expectation is that one way or another our fire protection costs are going to increase. How much they increase depends on the extent of the subsidies we receive. Here are four possible avenues if we cannot secure continuing subsidies that are similar to those we have now:

1. We could pay station 113's costs based on our actual usage (currently 29% or \$627,000) and raise the money to make up whatever we don't receive as subsidies through increased

property taxes or use sales tax money. We could also create a new transient room tax. However, with this approach we will have less money for other town needs, and sales tax dollars are unreliable because in lean snow years we will still have the obligation to make full payment based on our usage.

2. We could try to move to a similar arrangement with SL County as Brighton. For this to be legal, however, Utah code would have to be changed to allow us to enter the Mountainous Planning District. Entering the MPD entails giving up control of our zoning. (I have stressed in my conversations that Alta has a 50-year history of being trustworthy and that some of our zoning is tighter than the County's and that therefore there is no need for us to join the MPD.)
3. The County mayor's office and UFA have suggested that we join the UFSA rather than maintain a contracted arrangement with the UFA. Doing so would mean that our property owners would be taxed directly by UFSA for fire services. The total paid by our property owners in that case would increase to about \$533,000 – property tax bills would increase about 15%.
4. We could leave the UFA and create our own fire service. Having our own fire service, however, could well be more expensive than joining the UFSA. Even reverting to a volunteer service might not actually save property tax payers money because savings from the fire service are likely to be offset by increases to the cost of fire insurance. I've been told that many carriers are likely simply to refuse to provide such insurance. In addition, not participating in the UFA also would mean delays and decreases in the reliability of emergency transport, which is the reason for the great majority of the service calls to Alta.

V. My Continuing Efforts

I am continuing to work very hard with the UFA, the County mayor's office, the County Council, and with state legislators to address these problems. I have met face to face several times with officials and representatives in an effort to stay as close to the status quo as possible. These discussions center around three points: 1) Alta's public safety services serve many more people than just the town's residents; 2) Alta has been caught by forces over which it had no control and no fault in creating; and 3) Alta has been paying a remarkably low fee for its fire service compared to other SL County residents.

I have been using the first two of these points as foundational to my efforts to secure continuing subsidies. The mayor's staff thinks the third point is obviously true. For example, they highlight that just across Alta's boundaries in Snowbird, property owners are served by Station 113 just like we are and, being in the unincorporated County, have long paid the UFSA tax rate. Furthermore, our fire service costs in 2018-19 were about 18% of our police service costs rather than a more typical amount; in Draper, for example, that ratio is 66%.

VI. My Current Request of You

I have attached a memo from the UFA's leadership to me that lays out some of the information I've shared with you in this briefing memo. The next step is for you to spend some time understanding

what I've described in this memo plus what Chief Petersen sent me. Doing so will help you gain substantial background in this issue and the choices we face. Please consider carefully which approach to paying for fire service in Alta is best.

Thank you for your attention to this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "H. Sondak", with a long horizontal flourish extending to the right.

Harris Sondak
Mayor, Town of Alta