



UNIFIED FIRE AUTHORITY

To: Harris Sondak, Town of Alta Mayor
From: Dan Petersen, Fire Chief
Tony Hill, Chief Finance Officer
Re: Member Fee for the Town of Alta
Date: December 3, 2019

This memo provides revised information on the Town of Alta's Member Fee and opens the dialogue on potential adjustments for FY20/21. Our intention is to introduce this issue with the UFA Finance Committee, prior to the budget process that will begin in early 2020.

Currently, Alta pays 7.5% of the total cost of Station 113. UFA will collect \$152,665 in member fee from the Town of Alta in FY19/20. This reduced rate was approved during the adoption of the Member Fee System, based on the use of recreation fee funds provided by Salt Lake County.

The Salt Lake County District Attorney's Office provided an opinion last year that SLCo cannot contribute general fund dollars for municipal services. Recently, SLCo defined their Recreation Area that would allow funding of services inside a municipality, unfortunately, the Town of Alta was not included in the defined recreational area. The result of this is that the member fee paid by the town is the only revenue UFA is able to utilize for the provision of services. The UFA Board of Directors now need to consider applying the full Member Fee Formula to the Town of Alta, as a stand-alone contract city.

The Board of Directors adopted the revised Member Fee System with the FY18/19 budget process to achieve the following objectives:

- Accurately assess each member for services provided to their area, while benefiting from cost sharing of the regional delivery of overall services.
- Provide a method, based on the adopted budget, which allows for transparent updating annually, including a return of excess fund balance from the prior fiscal year.
- Provide an opportunity for individual members to have reasonable control of costs, based on their community's risk tolerance, with minimal financial impact to the other members.
- Provide a method to accurately and transparently assess the impact of new or separating members, by restructuring the member fee based on estimated cost adjustments.

The method provides a direct cost for staffing the engines or truck company's first due area in the UFA member's municipality and a shared cost for all regional services. The regional costs are broken into Service Delivery, Support Services, and Capital Replacement, and shared equally between all of the engine/truck companies, regardless of crew size.

- Service Delivery: Some examples of regional costs involved in providing service directly to the communities; EMS transport, Battalion Chiefs, District Chiefs, fire inspection, fire investigation, Bomb Squad, community events, and station operational costs

- Support Services: Examples consist of costs that support Service Delivery; fire training, EMS training, administration, finance, human resources, information technology, and logistics
- Capital Replacement: This is the debt service required to fund the UFA Capital Replacement Plan.

When first due areas overlap between members, the percentage of emergency incidents within the member’s portion of the first due area, over a three-year period, determines the percentage of that member’s use of the engine/truck companies assigned to that station.

The individual member fee is determined by establishing the percentage of service provided by the engine/truck companies covering their community. The budget document displays the actual cost, based on that percentage, which each member pays for every Division in the UFA.

After establishing the member fee for the fiscal year, a portion of excess ending fund balance from the previous fiscal year is credited back to the member. This credit is based on the percentage of the total member fee that was paid by the member.

Station 113 provides service to the town of Alta and the unincorporated area represented by the Unified Fire Service Area (UFSA), a taxing authority specific for fire protection. 29.29% of Station 113’s emergency incidents between January 2016 and December 2018 were in the Town of Alta, while 70.71% of incidents for that same period were in the UFSA.

STATION 113	2016-2018 INCIDENTS	PERCENT
Town of Alta	251	29.29%
UFSA	606	70.71%
TOTAL	857	100.00%

The individual member fee at Station 113 is determined by establishing the percentage of service provided by the engine/truck companies covering their community, as found in the table above. Breaking out Alta’s member fee, produces the following estimated costs based on the FY19/20 budget:

STAFFING COST	SERVICE DELIVERY	SUPPORT SERVICES	CAPITAL REPLACEMENT	TOTAL COST	STATION	STATION %	AMOUNT
\$1,285,899	\$226,833	\$473,040	\$154,532	\$2,140,304	113	29.29%	\$626,895

EXISTING CONTRACT	TOTAL
FY19/20 Member Fee for the Town of Alta (7.5% of Station 113)	\$152,665

ACTUAL COST OF CONTRACT	TOTAL
Full Member Fee for the Town of Alta (29.29% of Station 113)	\$626,895
Credit of excess fund balance	(\$7,114)
Total Member Fee	\$619,781

Difference of Actual Cost vs. Existing Contract	\$467,116
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Unified Fire Service Area (UFSA) Option:

The UFSA is a taxing entity and one of four members of the UFA. The property owners pay their taxes directly to SLCo, who transfer the funds to the UFSA. UFSA then contracts with the UFA to provide service across all areas of the UFSA. Each Municipality enjoys representation on the UFA and UFSA Board of Directors.

If the Town of Alta was to consider joining the UFSA, the taxpayers inside the town would pay a total of \$533,012 for 2019, and would no longer pay the UFA for service. This is calculated by taking the total taxable value for the Town of Alta; \$305,450,883, and applying the adopted tax rate of 0.001745 for 2019. This totals \$533,012 and is \$380,347 more than the current member fee and \$86,769 less than the stand-alone full member fee.

Member Fee System Definitions:

- First Due Area: The geographical area that the station serves where they are closer than any other station. These engine/truck companies assigned to that station are normally “*first due*” on incidents in this geographical area.
- Engine Company: A crew of three or four Firefighters working on an apparatus with the capability of pumping water. The apparatus carries the tools necessary to assist the Firefighters in solving most problems they face, including medical emergencies.
- Truck Company: A crew of three or four Firefighters working on an apparatus with a fixed aerial ladder, a large assortment of ground ladders, and the capability of pumping water. The apparatus carries the tools necessary to assist the Firefighters in solving most problems they face, including medical emergencies.
- Total Member Fee: The total cost of UFA services, less any external revenue.
- Individual Member Fee: The cost of services for each member.
- Excess Fund Balance: Fund Balance is budgeted at 8.5%. The actual revenue and expenses during the fiscal year affect ending fund balance. Generally, most line item budget amounts have some funds remaining at fiscal year-end. A portion of the excess ending fund balance dedicated to return to members, is divided between members based on the percentage the member pays of the total member fee.
- Incidents in the first due area: The total number of incidents inside the station’s first due geographical boundary, regardless of the type of incident or which unit is responding.
- Fully loaded cost of a 24/7 crew: The total cost to staff one engine or truck company in its first due area, including the overtime required to maintain full staffing.