

Alta Town Council

Staff Report



To: Town Council

From: Staff

Re: Options for Providing Fire and Emergency Medical Service in Alta

Date: February 3, 2020

Background

The Town of Alta (TOA) is facing a change in the way it pays for fire and emergency medical services (EMS) from Unified Fire Authority (UFA). For more information, please see a brief from Mayor Sondak here:

<https://townofalta.com/wp-content/uploads/2020/01/2019-12-30-Memo-to-Town-Council-re-UFA.pdf>

Options Moving Forward

Below are four potential pathways for providing fire and EMS in Alta. Many of the financial assumptions contained in these scenarios could change, and other pathways exist beyond these four.

A. Join the Unified Fire Service Area (UFSA)

This option would obviate a future contract between the TOA and UFA. Rather than paying for fire service out of TOA's general fund per a rate determined through the contract process, a new property tax levy of .001745 would be applied to private property in the TOA. This would raise the total property tax rate on properties in the TOA from .011907 (2019) to .013652 and would thus increase the total property tax rate in the TOA by 14.6%. Here's more detail on how this would affect property taxes in the TOA:

| Example Property | SL County Assessed Total Taxable Value (2019) | Total Tax (.011907) | UFSA Tax (0.001745) | Total Tax w/ UFSA |
|------------------|---|---------------------|---------------------|-------------------|
| Lodge 1 | \$ 13,245,300.00 | \$ 157,711.79 | \$ 23,113.05 | \$ 180,824.84 |
| Lodge 2 | \$ 8,403,900.00 | \$ 100,065.24 | \$ 14, 664.81 | \$ 114,730.04 |
| SF Home | \$ 2,219,400.00 | \$ 26,426.40 | \$ 3,872.85 | \$ 30,299.25 |

| | | | | |
|-----------------|-----------------|--------------|-------------|--------------|
| Condo | \$ 499,625.00 | \$ 5,949.63 | \$ 871.84 | \$ 6,821.47 |
| ASL Ppty | \$ 4,659,200.00 | \$ 55,477.09 | \$ 8,130.30 | \$ 63,607.39 |

Abandoning the current contract with UFA would create a surplus equivalent to the value of our UFA contract, currently about \$153,000.

B. Remain a contract city while paying the full cost of calls from within the TOA

Since calls to UFA from Alta currently account for about 29% of the calls in the area for which UFA Station #113 resources are “first due,” and Station #113 currently costs about \$2.1 million per year, UFA has determined that the TOA’s contract price should be adjusted to roughly \$627,000. This is about \$474,000 more than our current contract rate. Call volume upon which these rates are based is calculated on a three-year rolling average, and so the rates are subject to change as call volume from Alta changes.

There are a variety of ways to raise revenue under this option. One would be to do the following in concert:

- Impose a 1 percent local option transient room tax (TRT), which could generate roughly \$120,000 of revenue to the TOA’s general fund.
- Withhold non-essential funding from future TOA budgets. The biggest example of nonessential funding in the 2019-2020 budget is the TOA contribution to ACVB. Withholding this would save \$84,000.¹
- Raise property taxes. Under the assumption above, the TOA would need to raise \$270,000 of additional revenue. This would entail raising the TOA property tax rate to .002177.

| Source | Amount |
|-------------------------------------|---|
| New TRT Revenue | \$120,000 |
| Savings from ACVB Contribution | \$ 84,000 |
| Additional Property Tax Revenue | \$ 270,000 |
| Additional UFA Contract Cost | \$ 474,000 (total from above revenues) |

Here is how local property taxes would change under this new model.

| Example Property | SL County Assessed Total Taxable Value (2019) | 2019 Total Tax (.011907) | New Alta Property Tax Rate (0.002177) | Total Tax w/ New Alta Property Tax Rate |
|-------------------------|--|---------------------------------|--|--|
| Lodge 1 | \$ 13,245,300.00 | \$ 157,711.79 | \$ 28,853.02 | \$ 169,010.03 |

¹ Examples of non-essential expenses the town could repurpose toward a higher UFA contract rate include: Central Wasatch Commission Dues: \$15,000; Mayor and Council Salaries: \$18,000; Recycling Program: \$12,000; Matching Grant Funds: \$10,000

| | | | | |
|-----------------|-----------------|---------------|--------------|---------------|
| Lodge 2 | \$ 8,403,900.00 | \$ 100,065.24 | \$ 18,295.29 | \$ 107,223.76 |
| SF Home | \$ 2,219,400.00 | \$ 26,426.40 | \$ 4,831.63 | \$ 28,319.54 |
| Condo | \$ 499,675.00 | \$ 5,949.63 | \$ 1,087.79 | \$ 6,439.31 |
| ASL Ppty | \$ 4,659,200.00 | \$ 55,477.09 | \$ 10,143.08 | \$ 59,600.49 |

C. Leave UFA and create a volunteer fire department

Creating a new volunteer fire department (VFD) would entail substantial start-up and ongoing capital costs for vehicles, turnouts and air packs, radios, training, etc. A new fire truck alone costs between \$500,000 and \$1 million, although used trucks are available for less. VFD personnel would presumably be emergency medical technicians, who would respond to medical calls, and transport could be arranged through Gold Cross Ambulance.

Creating a VFD could entail higher insurance costs for properties in the TOA. The Insurance Organization for Standardization (ISO) provides communities a Public Protection Classification (PPC) based on the quality of the local fire department, water supply, and the quality of local emergency communications systems, and many insurance carriers use PPC ratings to create insurance rates. Hypothetically, a TOA VFD could be trained and equipped as well as UFA and thus provide a similar PPC, and mutual aid agreements could be established that would provide backup to a TOA VFD in an event that exceeded the capabilities of the VFD. However, it seems likely we would not be able to afford a local fire service, professional or volunteer, with the same capabilities and depth of resources as UFA, and so our PPC could increase.

D. Disincorporate, enter the Salt Lake County Recreation Area, join UFSA

Properties in the TOA would no longer be assessed the current .001292 TO A property tax rate. However, as properties within unincorporated Salt Lake County, they would enter UFSA and be assessed the .001745 UFSA rate, as well as various other additional property taxes, including rates levied by the Salt Lake County Municipal Services District, which provides municipal services in unincorporated Salt Lake County, and Unified Police Department. The total 2019 property tax on a residential property in Big Cottonwood Canyon was .014493. In contrast, the total property tax in the TOA in 2019 was .011907. As part of unincorporated Salt Lake County, the TOA would be included in the Salt Lake County Recreation Area, which could offset some of these rates by a very modest amount. In short, however, properties owners could pay substantially higher property taxes in the TOA if the TOA were to disincorporate.

Additional information about property tax rates throughout Salt Lake County

Here is more information on total property taxes paid on properties in various cities in Salt Lake County, including levies added by local governments Salt Lake County, and a

variety of special districts, which differ in each community. In some cases, special districts only include portions of communities; for instance, some properties in the TOA are within Salt Lake County Service Area #3, which levies a property tax, and so their total property taxes are slightly higher than other property tax rates in the TOA. This information was obtained by using the Salt Lake County Assessor website to access tax notices for randomly selected parcels in different cities in Salt Lake County. These rates include all property tax levies included on tax notices in each community:

| City | Total Tax Rate | Local Property Tax Rate |
|-----------------------|-----------------------|--------------------------------|
| Murray | 0.011166 | 0.001785 |
| Alta | 0.011907 | 0.001292 |
| South Jordan | 0.012249 | 0.001802 |
| Salt Lake City | 0.012996 | 0.003205 |
| Alta <i>with USFA</i> | 0.013652 | 0.001292 |
| Taylorsville | 0.013922 | 0.000943 |
| Cottonwood Heights | 0.013991 | 0.002002 |
| Brighton | 0.014493 | N/A |
| Midvale | 0.014514 | 0.000932 |
| Millcreek | 0.01464 | 0.001897 |
| Copperton Township | 0.014845 | N/A |
| West Valley | 0.01511 | 0.003490 |
| Kearns Township | 0.016414 | N/A |