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Dear Members of Alta's Community:

I am writing about changes to Alta's fees for fire and first responder services provided by the Unified Fire Authority (UFA). This is a very complicated issue that is the result of a number of independent but now interacting decisions by various entities. The bottom line is that the status quo will not continue and our UFA fees will increase. We have a choice to make among unattractive options, though I believe one option is relatively better than the others.

This page offers a short executive summary of the situation. A fuller explanation follows as an appendix.

The costs for providing fire protection and emergency first responder services to the Town of Alta have been previously subsidized by Salt Lake County and by other members of the UFA. Alta paid a fee of \$153,000 in 2019-20 for actual costs of about \$627,000. Conditions that provided this subsidy have changed which will significantly increase our fee.

Current options to deal with the issue include: 1) We could continue to contract directly with UFA for services and make up the difference through increasing property taxes and imposing additional taxes on our lodging guests. The total paid to the UFA each year would fluctuate with our relative use of their services but this year would be about \$627,000. 2) We can join the Unified Fire Service Area (UFSA), which is a taxing district (like the Canyon School District) and is itself a member of the UFA, from whom we would continue to receive service. The UFSA would impose on Alta's property owners the same property tax the rest of its members are paying for fire and emergency services; doing so would increase property taxes by about 15% and the total paid by Alta would be about \$533,000. 3) We could leave the UFA and cobble together our own fire and first responder service with an unknown cost and unknown performance. If we did this, property and other taxes would increase as would property insurance costs.

My understanding is that if we want to do something other than option 1, we must decide to do so by mid-April and let the UFA and UFSA know by late June or the first installment of the 2020-21 contract fee will be due. I think the best course of action is to join the UFSA; that option is more predictable, cheaper, and is a long-term solution. The Town Council will discuss this choice at our work session at 4:00 pm on March 11.

The Town of Alta Staff and I are available to answer questions you may have.

  
Harris Sondak  
Mayor, Town of Alta

## Appendix

### A Detailed Explanation of the Complex Situation Regarding Fire and First Responder Services in Alta

#### I. Some Background

The Unified Fire Authority (UFA) provides fire protection and first responder services to Alta, unincorporated Salt Lake County, and other municipalities in the County. It is a large professional organization and provides not just our local fire station and ambulance transport services, but responds to emergencies with extensive fire-fighting and other resources from across the Salt Lake Valley and with highly-trained paramedics. The UFA has four members: Alta, Cottonwood Heights, Holladay – which contract directly with the UFA – and the Unified Fire Service Area (UFSA), to which Salt Lake County and all other municipalities served by the UFA in turn belong. The UFSA is a taxing district that collects money directly from property owners, while the three municipalities that are direct members collect taxes themselves and remit fees to the UFA from their own budgets per contracts with the UFA. More information about the UFA is here: <https://unifiedfire.org>.

For a number of years, Alta paid for a portion of the costs of a Salt Lake County firefighter at the fire station in Snowbird (now known as UFA Station 113). This arrangement continued until a change in management at the UFA in early 2017. Following a financial controversy and a state audit critical of past practice, the new Chief, Dan Petersen, and his CFO have worked hard to rationalize their accounting and better control UFA's finances. They and the UFA Board determined that their system of allocating costs should be tied to the actual deployment of personnel and equipment from the UFA's various stations. They entered into an informal agreement with Mayor Tom Pollard, however, that Alta would cover 7.5% of the costs for Station 113. That change led to a jump in our fees for the UFA from about \$120,000 in 2017-18 to about \$145,000 in 2018-19 (inflation brought them to about \$153,000 in 2019-20). Among all UFA members, only Alta had an arrangement for a flat fee.

Although the agreement called for Alta paying 7.5% of the costs, the actual deployment of Station 113 to the Town of Alta has proved to be about 29% of the calls. The total cost for providing UFA services to the Town of Alta, therefore, is actually about \$627,000. In 2018-19 the UFA did not pursue payment from Alta for the difference in our use of 29% of Station 113's services and our fee covering 7.5% because it was receiving additional money from other sources that made up that difference. The difference between what we paid and what we cost the UFA was covered by three sources: 1) a small annual credit of revenues in excess of those budgeted by the UFA, when they occur; 2) allocations from Salt Lake County's general fund in the form of a \$3.1 million annual "recreational area contribution" for the canyons of the Wasatch Front; and 3) other UFA members' fees (because the County's recreational area is about \$300,000 lower than the costs of actually providing UFA service in the canyons). That is, Alta's UFA services have been subsidized by the County and, to a lesser extent, other members of the UFA.

#### II. What Changed?

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

- The state auditor expressed concern about unique arrangements like Alta's.

- As part of the unincorporated Salt Lake County, residents in Big Cottonwood Canyon, like those in Little Cottonwood Canyon outside the Town of Alta, have been members of the UFSA and served by the UFA.
- Residents of Big Cottonwood Canyon began to organize an incorporation effort to create the Town of Brighton.
- Salt Lake County's District Attorney issued an opinion that the County's general fund may not be used to provide municipal services inside municipalities. This opinion implied that were Brighton to incorporate, they would lose their recreational area contribution subsidy.
- The Utah legislature passed a bill that allowed Salt Lake 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 Salt Lake County to designate recreation areas and to provide public safety money for recreation areas and municipalities within them.
- In late 2018, residents of Brighton voted to incorporate the new Town of Brighton (a decision that took effect in early 2020).
- Salt Lake County negotiated with the newly emerging Town of Brighton to link their public safety subsidy informally to their entry into the MPD. The County, in other words, retained zoning control over the new Town of Brighton and subsidizes Brighton's and Big Cottonwood Canyon's public safety services. This combination 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 combination provides environmental protection that is of value to the County.
- The Salt Lake County Council had to take two actions to implement the arrangement with the Town of Brighton: they had to create a formal Recreation Area and they had to allocate money in their 2020 budget (Salt Lake County is on a calendar year budget cycle, unlike Alta and the UFA). They took both actions in late 2019.
- In creating the Recreation Area and defining its boundaries, the County Council's resolution includes Little Cottonwood canyon, but explicitly excludes the Town of Alta.
- The Town of Brighton remains a member of UFSA. The property owners in the Town of Brighton are assessed at UFSA's uniform rate, which comes to about \$770,000 for service by the UFA; Salt Lake County subsidizes fire service in Big Cottonwood Canyon through its Recreation Area contribution of about \$1.7 million.

### III. The Current Situation

I have been engaged extensively with the Salt Lake County Mayor, the Salt Lake County Council, and the UFA on this problem for several months. All parties acknowledge that most of our use of UFA service originates with our visitors, as is typical of resort communities. The County, however, points out that Alta's property taxes are among the lowest of all municipalities in Salt Lake County and they point out, too, that the Town of Alta benefits from resort sales tax and could raise more revenue by imposing a Transient Room Tax (TRT) on our lodging guests. The County also highlights that residents of Alta are paying significantly less for UFA services than others. A property owner in Snowbird, for example, pays significantly more for fire protection than a property owner in Alta even though they receive the same service from the same station as we do.

Given what they see as low tax rates in Alta combined with low fire service costs, Salt Lake County is unwilling to subsidize Alta's UFA fees any longer. Although the Board of the UFA agreed last year to continue with the then status quo charge to Alta of 7.5% of Station 113's costs for 2019-20 pending further clarification of the situation, the problem we are faced with now is that the UFA both sees the regulatory context as precluding any accounting of Salt Lake County's Recreation Area contribution against Alta's costs and understands that Salt Lake County will not subsidize Alta in another way. The issue is timely because the UFA will soon begin budgeting for 2020-21 at an April meeting of the finance committee of the UFA Board.

One possible solution is that the UFA members will agree to continue to absorb the shortfall themselves, which comes to about \$474,000. Chief Petersen is very skeptical that the other members of the UFA will agree to such a subsidy of Alta. As a member of the finance committee, I agree with the Chief. As a mayor myself, I can understand why my fellow Board members – who are elected officials of their municipalities or of the County, and which tax their property owners at a higher rate than we do – would not want to spend their taxpayers' money to lower Alta's fees for UFA services.

#### IV. What Can We Do?

I am very sorry to be the bearer of difficult news, but we must acknowledge the situation we are in. One way or another our fire and first responder services costs are going to increase.

Here are three options that I see, in order of practicality:

1. We can **join the UFSA** rather than maintain a directly contracted arrangement with the UFA. Doing so would mean that our property owners would be taxed by the UFSA in their property tax bill for fire and first responder services at UFSA's uniform tax rate. The total amount paid by Alta's taxpayers would be relatively stable year by year because its calculation depends on the assessed value of the entire district. In fact, when property values in the rest of Salt Lake County appreciate faster than a) inflation and b) property values in Alta, as has been true in recent years, our assessments will trend downward. The total paid by our property owners this year based on UFSA's uniform tax rate and Alta's total assessed value would be about \$533,000. Paying this amount to the UFSA would increase property tax bills in Alta by about 15%. Even with this increase, Alta's taxpayers would still pay a lower tax rate than most property owners in the rest of Salt Lake County.
2. We could **remain directly contracted members of the UFA** and pay Station 113's costs based on our actual usage (currently 29%) of Station 113 and raise the money to make up for lost subsidies. We can generate the difference between what we pay now and our usage (a difference currently of \$474,000) through increased property taxes and by imposing a TRT on our lodging guests. However, sales and room tax dollars are unstable because in lean years we collect less but we will still have the obligation to make full payment to the UFA based on our usage. Alta's revenues are already heavily skewed toward the relatively unstable sales taxes – about 70% of our revenues are from sales taxes and 30% from property taxes, the reverse of the typical ratio – and choosing this option would exacerbate that problem. In addition, our annual bill will fluctuate further depending on our usage of Station 113 relative to that of the rest of Little Cottonwood Canyon. We might have to adjust property tax rates each year to unpredictable levels. I think this option basically sidesteps really solving the problem, is cumbersome and risky, and is in total currently about 18% more expensive for our taxpayers than joining UFSA.

3. Even more implausibly, we could **leave the UFA** and assemble our own fire and first responder service. Having our own service, however, could well be more expensive than joining the UFSA. Even reverting to a volunteer fire service might not actually save taxpayers money because any savings from providing the service are likely to be slow in coming because we will have to pay for equipment and training. And, in any case, property owners will see increases to the cost of property insurance; I've been told that many carriers are likely simply to refuse to provide insurance in Alta if we do not have a professional fire and first responder service. In addition, not participating in the UFA also would mean delays in and decreases in the reliability of response of emergency transport, and we would forego both the UFA's usual services and its wildland fire fighting. I do not think this option is realistic for our community, let alone advantageous.

#### V. What next?

The Town Council and I are considering our options. My view is that joining UFSA is clearly the best of three unattractive options. I've learned in the last couple of weeks that if we are to join the UFSA for the 2020-21 year, we must decide to do so no later than our April Town Council meeting. If we do not, my best understanding of the default is that as of July 2020 the UFA will bill the Town of Alta for the first quarterly installment of an annual fee of about \$627,000.

The issue of how to move forward, and specifically whether to join the UFSA, is on the agenda for discussion at the Town Council's work session at 4:00 pm on March 11 and will be again on our agenda for possible action on April 8.

Though this may be small consolation to some, I want to share how I have personally been thinking of the impending increase in my own property taxes. It helps me to consider this: Since I purchased my condo in Blackjack in 2004, I have been receiving an annual gift from the taxpayers of Salt Lake County of about \$400; while they have decided no longer to continue giving me that gift, I am grateful for what I have received over the years.

The Town of Alta staff and I are available to answer questions you may have.