

Proposal for Revenue and Cost Allocation Study for the Town of Alta

Richard Haskell, PhD

February 1, 2021

A Two-Phase Study

In recent years the Town of Alta (*Town*), like many small towns across the nation, has experienced significant cost increases associated with supporting an appealing quality of life for its residents, the beauty of its natural endowments, its attractiveness to those guests who use the town's residential, commercial and recreational resources, and the many externalities associated with such a unique and precious part of the state.

This proposal provides detail for Phase One of a two-phase study of the Town of Alta's revenue and expense structure. The proposal offers a possible structure, timeline and scope of a second study phase, Phase Two Study, for which only general consideration is given. The details of the Phase Two Study may become the subject of a future proposal, but are not expressly covered in this proposal.

Phase One

The Phase One Study (*Study*) examines current and potential revenue sources available to the Town through various business license, disproportionate use fees, tax assessments, and direct commercial and residential property tax levies. It contrasts these with the town's expanding expense structure for fire and safety services and considers strategies for equitable cost sharing among services users. The Study seeks to further explore balancing revenue contributions and expense allocation across Town stakeholder and occasional use groups.

It is understood that town fiscal resources are stretched and additional sources or levels of revenue may be necessary to see the town through current and future difficult budgetary periods. It is similarly recognized that the town is currently receiving emergency services from the Unified Fire Authority (*Authority*) paid through the Authority's taxing entity, United Fire Service Area. Fire and safety services are specified in an operating agreement between the Authority and Town. This contractual agreement went into effect on January 1, 2021. Under the agreement direct property tax assessments are to be levied against private properties located within the township. Prior to January 1, 2021 the Town was a contract city with the Authority and paid for services through the Town's budget.

The Study is expected to result in recommendations regarding how the Town may best serve its residents, businesses, property owners, guests and all those who enjoy the benefits afforded by the Town itself as it moves into the future. It may offer insight into strengthening the Town's fiscal condition and provide Town decision makers and support personnel with a useful resource.

Phase Two

The second phase of the study has been motivated by comments and responses from Town Council members during the December 9, 2020 Town Council Meeting and is expected to examine other Town infrastructure and public finance needs. The Phase Two Study proposal is expected to be discussed with Town Council members and may be prepared and presented following the completion of the Phase One Study.

Phase One Study Proposal

The Town of Alta, Utah has requested a study to include the following:

1. An exploration of revenue sources available to Town decision makers and support personnel
2. An analysis of burden sharing for fire and safety service costs amongst the Town's stakeholders and those who enjoy the benefits of services provided by the town
3. The Town's business license ordinances codified as Title 3 of the Town Code, Alta, Utah
4. An assessment of the propriety of the Town's business license fee schedule under UTAH CODE ANN § 10-1-203 and any other applicable statutory requirements
5. A survey of business license fees charged by select other municipalities Utah and surrounding states, tabulate such results, and provide such information to the Town for comparison purposes
6. A revised business license fee schedule, if needed, to assure compliance with all applicable legal requirements while assuring recovery of the Town's costs in administering business licenses generally
7. Suggestions with respect to any other modifications to Alta Town Code, Title 3 dictated by such study of the Town's business license ordinances
8. A consideration of potential externalities reasonably resulting from changes in Town revenue and cost allocation strategies.

The required work to complete the Study, together with ancillary and additional services as may be reasonably required to accomplish the project in a competent, comprehensive and finished manner, is referred to herein as the "*Phase One Study*" or "*Study*."

Phase One Study Details

The Phase One Study will include, without limitation, a review of the following and suggest possible revisions to the Town's business license fee structure and underlying ordinances including:

- a) General Businesses. Analyze and assess the Town's cost of regulating general businesses.
- b) Regulatory Efforts. Analyze and assess the Town's cost of any special regulatory efforts.
- c) Disproportionate Fees. Analyze and assess the excess rates of usage of Town services by selected classes of businesses (disproportionate fees).
- d) Enhanced Services. Analyze and assess the cost of Town services provided to specific geographic areas and the benefitted businesses in those areas (enhanced services).
- e) Current Fee Structure. Analyze, against applicable legal requirements, all aspects of the Town's current business license fee structure.
- f) Survey. Perform a survey of the business license fees charged by select other municipalities in Utah and surrounding states, tabulate such results and provide such information to the Town for comparison purposes.
- g) Revised Fee Schedule. Propose a revised business license fee schedule, if needed, in the same or similar format as the current business license fee schedule contained in the Town's consolidated fee schedule, bearing in mind the Town's intent to comply with all statutory requirements; its desire to recover its administrative costs (including appropriate enhanced fees for enhanced services, disproportionate service costs, and the cost of special regulatory efforts); and the Town's desire for its business license fees to be substantially equivalent (to the extent possible in view of the foregoing considerations) with the business license fees of surrounding and comparable cities in Salt Lake County, Utah.

- h) Ordinances. Review all Town business licenses ordinances and make recommendations (including draft language for amendments) for improvements.
- i) Administration. Review Town business license administration and make recommendations for improvements.
- j) Research and Advise. Explore details with respect to the Salt Lake County General Fund Recreation Area Contribution: a) research and understand the legislation/program resulting in this fund, b) identify its intended purpose, c) determine how much the town receives from the fund, for what purpose(s) the funds are expected to be used, and what the town must do to secure them, and d) provide the Town Council and administrative staff with a full report on the findings.

Phase One Study Team

The Phase One Study will be prepared and completed by Richard Haskell, PhD. Haskell holds Doctorate and Masters in Economics degrees from the University of Utah and an undergraduate degree in Financial Planning from Brigham Young University. He is a retired Utah business owner of more than thirty years with experience in the private and public capital markets. He is currently an Associate Professor of Finance in Westminster College's Bill & Vieve Gore School of Business, the Director of the Westminster Center for Financial Wellness, and holds an active faculty appointment with the University of Utah's Department of Economics. Haskell maintains a consulting relationship with Goldman Sachs' 10,000 Small Business program and is the Managing Director of the University Valuation Group – a student led valuation consultancy (CV available upon request). Haskell may include colleagues from Westminster College and the University of Utah to complete various aspects of the Phase One Study.

Administrative staff with the Town of Alta are an important part of the Phase One Study Team. Haskell will rely heavily on them and their generous cooperation as they jointly seek to isolate quantitative data with respect to fire and safety services, Marshall services, and Town revenue detail. The staff's assistance in obtaining additional data from the Unified Fire Authority will be necessary and greatly appreciated.

Phase One Study Completion Schedule

The Town may anticipate the following schedule for the Phase One Study:

- Present proposal to Alta Town Council: February 10, 2021
- Execute signed agreement: February 28, 2021
- Completed Phase One Study: May 31, 2021
- Present findings to Town Council: June 9, 2021

Phase One Study Cost and Payment Schedule

Phase One Study Cost

The cost of the proposed Study is \$9,000. This is an all-inclusive fee for services rendered, assuming the proposed services discussed above are stipulated.

Phase One Study Payment Schedule

The cost of the study is expected to be paid to Signature Management, LLC in three installments as follows.

1. Installment #1: \$3,000 to be paid within 5 business days of the date of the signed Phase One Study agreement.

2. Installment #2: \$3,000 to be paid within five business days of the Phase One Study presentation to the Town Council.
3. Installment #3: \$3,000 to be paid within 30 calendar days of the Phase One Study presentation to the Alta Town Council.