Northwest Colorado
Council of Governments

eNews

January 2025: Insuring Against Fires, Public Lands, and Overtime Threshold

From the Director's DeskDevastation in CA: It could happen here

Defining fires as “wildfires” or “urban” or in the Wildland Urban Interface appears to be a thing of the past. As risk skyrockets alongside the costs, it begs several wicked questions for insurers, for individuals and for state and local officials to consider. Can any places with extreme drought and high winds really be safe? Can massive fires in neighborhoods be mitigated without completely revamping our land planning and building practices? Can we be honest about the limitations of mitigation and the capabilities of water systems and firefighting? How much are we willing to pay to rebuild in places where high risk cannot reasonably be mitigated?

It’s shocking how few people we’ve learned so far have perished in the massive California wildfires. The scale boggles the mind. News covers finger pointing leaders. This misses the question of whether such a fire is preventable at all. It obscures the fact that Job #1 was done extraordinarily well. The evacuation was amazingly smooth. I trepidate over the scale of total structures demolished (approaching 20,000 residences) more than the miraculously few lives lost (approaching 30). The Palisades and Eaton wildfires around Los Angeles have conflagrated with Santa Ana winds that are forecast to whip up again. It feels too close to home here on the West Slope of Colorado where massive fires have become the norm.

Blame casting misses the larger implications: our infrastructure, response systems and financial models were not designed to address the scale of what is happening there. It wouldn’t be different here. For each major weather event that increase in frequency and intensity (NIH, USGS, and the EPA), there is an corresponding insurance event. The Colorado Sun reports that for each dollar earned, insurers lose $1.15 here, and that premiums are up 60% in five years. Worse, insurers are beginning to non-renew. The U.S. government provides disaster relief because if we allowed every community devastated each year to not recover, the cumulative cost to our economy and society for so many failed places, displaced and suffering people would be magnitudes worse. For all the chatter about FEMA and Federal Disaster Relief, that is just to address the immediate situation and a limited portion of the recovery. The costs fall hardest upon states.

Like California, Colorado has stepped up to be an insurer of last resort. Meaning that if it didn't "re-insure" large carriers and provide public insurance some companies would leave the state, and many residents soon could not afford insurance at all. This cascades to the ability to get a loan, avoid bankruptcy and homelessness after a major event. This also seems like a recipe for financial insolvency with the constraints on both states budgets which voters have imposed. Colorado as a state ranks 6th in the rate of homeowner policies being non-renewed. Leslie Kaufman, a reporter from Bloomberg Business discusses the implications nationally of the L.A. fires, and of California's insurance of last resort which has "a half a trillion dollars of risk on the books" already. The video is worth a watch. When asked if there is a place in the U.S. that doesn't have much risk for natural disaster, she suggested "the great lakes region... maybe." The conversation on Amanpour and Company got to some of the most uncomfortable questions such as; should land owners even be allowed to rebuild in high-risk areas with public support. It is a question not yet on the table, but soon to be. It is difficult to imagine any lawmaker wanting to tackle that one. Besides, wildfires, and now massive "urban fires" which we thought were a think of the past—vast, dense tenements built of wood without sprinkler systems or firefighting infrastructure—que the Dalmatians, the Cow and the lamp—today, our improvements to those days are not standing up as events intensify and are less predictable. They also seem to be extending far beyond those places with a history of wildland fires, hurricanes, tornados, or geologic disasters.

With fire protection, homeowners wildly overestimate the system's ability to protect neighborhoods against catastrophes. Take the Marshall Fire that started in a particularly dry and windy December day and progressed through neighborhood so rapidly that local fire agencies had no chance to mobilize or get ahead of it. Three years later only 2/3 of homes are rebuilt and insurance payouts average $100,000 less than actual costs.

There is no avoiding the increased risk- physical or financial. Taxpayers are on the hook at all levels of government and are paying much more than they may realize locally for fire protection. It is not just the property taxes going to the local fire districts they pay. Not incidentally with the SB24-194 trojan horse last spring, special districts now have the power to levy impact fees without a vote, and for the first time can add sales tax, read the CML January newsletter (p. 7). It is difficult to say no to firemen, much easier to say no to new property taxes that would provide the infrastructure they need, most of which is supplied by a municipality and water district. That law is going to be a major headache for cash-strapped municipalities who were left out of the discussion and will ensure fire districts bypass any local government collaboration when it comes to fees and taxes. There will be more shiny trucks and equipment because Special Districts are famously non-transparent, often passing property tax increases with only a handful of voters because many voters were never made aware there was a vote. Real reform would be to make all special districts only have elections with general elections in November and to force entities who provide the trucks to talk to the people who supply the water systems with those who approve the land uses. Colorado may have some of the lowest property taxes in the nation, it is also one of the more handicapped states when it comes to tax reform. That doesn't mean people here believe there is capacity for additional taxes. The Wall Street Journal reports that 9% of homeowners, up from 4% (2014) now have more than half of their monthly mortgage payment going to Homeowners Insurance and Property Taxes, which is a trend the WSJ says has no sign of reversing. This is especially impactful to those on fixed incomes and in retirement, but it also impacts midlife, middle-class households like my own where our monthly payment is $1,200 to principal, $1,400 to interest (2.99%) and $1,800 to Escrow for property taxes ($600) and home-owners insurance ($1,200). In other words, we are paying the same amount for insurance as our principal at this early point in our mortgage.

I was also once on a town board and even then, 20 years ago, struggled at the cost of our water system, and the fact that most of our storage tanks, even the 1M and 2M gallon ones were close to 50% oversized to meet NFPA firefighting emergency storage requirements. That is a lot of extra capacity to fund. I was also stunned to understand that ours, like most fire districts, don't have the resources to fight more than one structure fire at a time without mutual aid. Many neighborhoods served by a single tank have water pumped uphill which limits supply and is reliant on power. Those oversized tanks were part of overlapping systems for all that extra capacity were built to fight only two or three residences at a time. Perhaps the ratios are a bit different now, but the general point stands: there are massive gaps between capabilities and expectations, and no one is looking at the problem wholistically. If they did, they would balk at the actual cost of increasing capacities as risks rise.

Jon Stavney
Executive Director - NWCCOG
JStavney@nwccog.org

2025 Aging Caucus at the State Capitol

Erin Fisher, NWCCOG's Vintage Director, joined other Colorado Area Agency on Aging Directors last week for the first Aging Caucus of the 2025 Legislative Session at the state capitol. This year's sponsors are Senators Kipp and Simpson and Representatives Willford and Taggert. Join the rest of the Aging Caucus sessions on

February 11th, March 11th, and April 8th.

Colorado Aging in Place Summit – Save the Date!

Save the date for the **Colorado Aging in Place Summit**, a gathering of thought leaders and experts from across the state to shape the future of aging in Colorado. This summit will address the critical challenges and opportunities facing our communities as we strive to create an environment where residents can age in place with dignity and support.

- **Hosts**: Colorado Commission on Aging, Colorado Association of Area Agencies on Aging, and Polco
- **Date**: February 20, 2025
- **Time**: 9am-1pm – Lunch is provided
- **Location**: Colorado Department of Human Services / 8th floor C-STAT Conference room / 1575 Sherman St, Denver, CO 80203 Virtual option also available.
- **Cost**: Free
- **RSVP HERE**: https://bit.ly/2025COAginginPlaceSummit

At the summit, we will delve into key topics including:

- Housing options that adapt to the needs of older adults
- Transportation solutions that ensure mobility and independence
- Land use planning for accessible and inclusive communities
- Employment opportunities and workforce considerations for older adults

---

Keep the land "Public:" It's something we can all mostly agree upon in Colorado

Some Good News for Coloradans who motorbike, mountain bike, hike, raft, and camp on desert lands to the west. On January 13th, the U.S. Supreme Court refused to hear a case brought by the State of Utah. If you travelled through Utah's front range in the past year you may have seen some curious signs showing blue collar workers or beautiful young people ostensibly recreating (hardhats or climbing helmets, and background) the implication being that "the people" would be happier if the State managed what is already open to the public, already enjoyed through multiple uses. Funded by the State of Utah; Stand for our Land: Let Utah Manage Utah Land was part of a $2M PR campaign to that included $500,000 spent with a law firm that brought the state's case to the Supreme Court. This isn't entirely separate from the above story, because one of the "benefits" of a state owning that land is to capture revenue from mineral extraction locally.

Though it looks like a solid precedent, it may be shakier than it appears. The new Congress, has adopted a rules package making it easier "for lawmakers to more easily transfer or sell off public lands managed by federal agencies" finding that they have "no value." It is the beginning of privatization of one of our most unifying assets – public lands.

Last Monday, the state of Utah was blocked from being able to argue to SCOTUS, that 18.5 million acres of federal public lands managed by the BLM is illegally possessed by the public of the United States as land "held unappropriated in perpetuity." Understandably, some county leaders in Utah as well as Tribal Nations have grown weary of the tug of war of protections of such places as Bears Ears National Monument and Grand Staircase Monument which was established by President Obama (44) at the

request of 5 tribes in 2016 as one of his last actions, then shrunk at the behest of the mineral industry by President Trump (45) in 2017, thenexpanded by President Biden (46) in 2021. It is expected that President (47) will continue that saga shrinking it again. It remains to be seen how the SCOTUS decision will or will not deter Congress from unloading more land to states who sell it off to industry.

Overtime Threshold Increase "Vacated"

Here is an FYI on a subject you may have missed entirely. Presidents have the power to increase the threshold below which employees, even salaried employees, have the right under the Fair Labor Standards Act (FSLA) to collect overtime. President Trump (44) increased the limit to around $35,000 per year. The Biden administration had an increase to $58,000/year poised to go into effect January 1, 2025 before it was nixed by a judge in December. There was hardly any media coverage of the decision. Here are two articles about the matter, from the New Republic and by Emilie Shumway in HR Dive. For small employers it will be a relief, but it is extremely difficult to hire and retain an employee for $20/hr, which is about $40,000/year. We have found in the past few years that the realistic threshold for starting employees should be north of $50,000 in this market if you don't want them continually looking for another job. For employees between $35,000 and $58,000 who are not classified as "managers" exempting them from overtime access to time-and-a-half pay would have been a boost.

Northwest Colorado Council of Governments | P.O. Box 2308 249 Warren Ave. | Silverthorne, CO 80498 US

Unsubscribe | Update Profile | Constant Contact Data Notice