

PAYSON CITY  
CITY COUNCIL WORK SESSION  
Payson City Center, 439 W Utah Avenue, Payson UT 84651  
Wednesday, April 30, 2025

CONDUCTING William R. Wright, Mayor

ELECTED OFFICIALS Brett Christensen, Taresa Hiatt, Brian Hulet, Anne Moss, William R. Wright

EXCUSED Ryan Rowley

STAFF PRESENT David Tuckett, City Manager  
Cathy Jensen, Finance Director  
Kim E. Holindrake, City Recorder  
Brandon Dalley, City Attorney  
Robert Mills, Assistant City Manager  
Travis Jockumsen, Public Works Director/City Engineer  
Scott Spencer, Fire Chief  
Tracy Zobell, Parks & Golf Director  
Shawn Black, Power Director

A. CALL TO ORDER

William R. Wright, Mayor, called this meeting of the City Council of Payson City, Utah, to order at 6:01 p.m. The meeting was properly noticed.

Prayer offered by Bill Wright.

Pledge of Allegiance led by Anne Moss

B. WORK SESSION

1. Discussion regarding potential WIFIA Funding Projects

Staff Presentation:

Travis Jockumsen reviewed proposed Water Infrastructure Finance and Innovation Act (WIFIA) projects and clarified sources and uses of project funding. WIFIA project must be related to water (culinary, pressurized irrigation, sewer, storm drain) with a minimum cost of \$20 million minimum (single or multiple projects) and are only funded 49%. Communities less than 25,000 population can do \$5 million projects, which Payson City currently complies under the 2020 census, and are funded 80%. WIFIA is a federal program and requires a NEPA study or environmental study. Other federal requirements important to WIFIA include Build America/Buy America, which the city may be able to get out on some projects that were in process and had a plan prior to May 14, 2022. Others include the National Historic Preservation Act, Endangered Species Act, and Flood Plain Management. Projects are evaluated on top city priority, status, shovel ready, environmental impacts, and community benefits. Impact fees can be used to pay back the loan (not for deficiencies), but the lending must be secured through user rates. Once funding is secured, the city doesn't have to use it all if not needed. The city only pays on what is used.

49 Projects for Consideration:

WIFIA Funding Costs						
1	Construction Management	1	LS	\$	500,000.00	\$ 500,000.00
2	UDOT Costs	1	LS	\$	200,000.00	\$ 200,000.00
3	Contingency	1	LS	\$	500,000.00	\$ 500,000.00
4	Mobilization/Demobilization	1	LS	\$	500,000.00	\$ 500,000.00
5	16" Culinary Water Main	23,400	LF	\$	300.00	\$ 7,020,000.00
6	16" Water Valves	15	EA	\$	5,000.00	\$ 75,000.00
7	10" Culinary Water Main	500	LF	\$	220.00	\$ 110,000.00
8	10" Water Valves	6	EA	\$	4,000.00	\$ 24,000.00
9	Fire Hydrants	59	EA	\$	8,000.00	\$ 468,000.00
10	16" PI Water Main	23,400	LF	\$	300.00	\$ 7,020,000.00
11	16" Water Valves	15	EA	\$	5,000.00	\$ 75,000.00
12	10" PI Water Main	500	LF	\$	220.00	\$ 110,000.00
13	10" PI Water Valves	6	EA	\$	4,000.00	\$ 24,000.00
14	Concrete Collar Valves	42	EA	\$	2,200.00	\$ 92,400.00
15	30" Sewer Main	13,300	LF	\$	600.00	\$ 7,980,000.00
16	Sewer Force Main	3,500	LF	\$	300.00	\$ 1,050,000.00
17	84" Sewer Manholes	35	EA	\$	12,000.00	\$ 420,000.00
18	24" Sewer Main	10,100	LF	\$	525.00	\$ 5,302,500.00
19	72" Sewer Manholes	25	EA	\$	10,000.00	\$ 252,500.00
20	10" Sewer Main	500	LF	\$	250.00	\$ 125,000.00
21	60" Manholes	10	EA	\$	8,000.00	\$ 80,000.00
22	Water Tank	3	EA	\$	6,000,000.00	\$ 18,000,000.00
23	Upsize Waterlines from new Tank	15,000	LF	\$	400.00	\$ 6,000,000.00
24	Main Street Phase 3	1	LS	\$	3,500,000.00	\$ 3,500,000.00
25	Golf Course Sprinkler System	1	LS	\$	3,500,000.00	\$ 3,500,000.00
26	Sewer Plant Construction Refinancing	1	LS	\$	80,000,000.00	\$ 80,000,000.00
27	Culinary and PI Water Lines Replacement Project	5	Years	\$	2,000,000.00	\$ 10,000,000.00
28	Sewer Line Replacement Project	5	Years	\$	2,000,000.00	\$ 10,000,000.00
29	Wellhead Protection Sump Relocations	1	LS	\$	10,000,000.00	\$ 10,000,000.00
30	800 West Culinary, PI, Sewer, and Storm Drain Utility Replacer	1	LS	\$	20,000,000.00	\$ 20,000,000.00
						\$ 192,928,400.00

52 Dave Tuckett noted the council gave staff the direction to pursue the WIFIA funding, and staff has met  
53 twice with the consultant, Consor. Staff now needs direction to move forward or not with the  
54 application and fee.

56 Travis Jockumsen clarified that additional items could be added to some projects such as the golf  
57 course sprinkler system by adding the Forebay pond and tying it to the sprinkler system. Storm drain  
58 sumps could be added to the replacement projects. Ten more projects could be added to the list. He  
59 asked if the council would like to remove any projects or add other projects. The city has about 40  
60 years to pay for funding.

62 Discussion to reword projects such as the golf course sprinkler system could be a secondary water  
63 system for Gladstan Golf Course, Goosenest, and beyond. Bonds are paid for immediately whereas  
64 WIFIA isn't paid until the project is finished plus five years. If water infrastructure is replaced, then  
65 the road can be included in the project, which would help catch up on streets and saves money in the  
66 long run. A lot of the Nebo Belt Route project will be reimbursed through Property Reserve  
67 Incorporated (PRI). Items 22 and 23 (blue) are development drive. The city is not committing to the  
68 entire \$193 million from day one but a few projects at a time. The city has only one chance to get the  
69 utilities included in the Nebo Beltway Route project, which is critical. UDOT has to include the city's  
70 infrastructure in the design and the city puts in funding before construction begins in 2027.  
71 Development can't occur until the infrastructure is installed, which is an opportunity for the city to  
72 guide the development. Once the infrastructure is installed, it gives the city more control on the density  
73 because the lines are already sized.

Discussion on whether these funds are today's money. WIFIA required a 20% contingency if not designed and 10% contingency if designed. Projects need to be completed within seven years but can go longer if justified.

Councilmember Hulet feels all the listed projects are needed and will save money in the long term. He proposed the Forebay pond lining to make it bigger and creating a place for recreation as a want more than a need.

Councilmember Christensen noted the Nebo Beltway Route projects needs to be done now. He doesn't want to tear up a new road to add infrastructure later.

Robert Mills stated the consultant is drafting a letter of intent to apply to the EPA for WIFIA funding. The EPA then makes a determination, which all have indicated is high to qualify. If the city anticipates \$200 million in projects, the city needs to be willing to raise rates to cover it. Impact fees may cover some but can't be used to acquire the funding. There is always an off ramp.

Discussion that a rate survey is needed. Possible work session on May 21 with the consultant on why impact fees should be updated yearly and address a different utility rate for new development for 10 years. The Utah Housing Authority is in favor of yearly impact fee updates.

The consensus of the council is to proceed with all the projects.

## 2. Discussion regarding new Fire Station (6:35 p.m.)

### Staff Presentation:

Dave Tuckett reviewed fire station concept station 2 at a cost of approximately \$10 million for 17,000 square feet. Previous discussions have included putting it out to a vote of the people as a general obligation bond or just building it. If the city feels it is needed even though it's voted down, the city could build it anyway. Previously, the council questioned raising property taxes to fund the entire cost. Staff feels \$4 million can be used from fund balance and raise property taxes for the remaining \$6 million, which is about \$40 per year on a house value of about \$440,000. Staff needs to know if the council is comfortable with this scenario. Staff can get information out to the public prior to the Truth in Taxation hearing. Mayor Wright and Councilmember Rowley toured the St. George fire station, which was \$6.4 million and 12,800 square feet (\$500 per square foot). The proposed station is about \$592 per square foot. The Santaquin fire station was \$13 million for 21,000 square feet (\$597 per square foot).

Scott Spencer noted that it's easier to build the entire station now than remodel in the future.

Discussion regarding covering Spring Lake now that it's incorporated, but Payson Fire covers a lot of county area to the south and west. Spring Lake will be a customer and pay for the service. This station will give a much faster response to the southern area as well as assisting Santaquin. Santaquin is planning another station on its southern border. The downtown station will still be used but station 92 will be sold for a cost savings.

Discussion that the city would need to hold the tax rate yearly to generate the needed funds for the bond. A revenue bond can't be used because fire is a general fund department. The property tax would be about \$90 per household if funded the entire \$10 million. UDOT could be asked to put in a light at

the intersection of the new station and access issues onto SR-198. Residents will possibly get a better insurance rating.

Discussion regarding the need for additional fire employees because of growth, which comes from the capital fund.

The consensus of the council is to move forward.

### 3. Discussion regarding Fiscal Year 2025-2026 Budget (7:00 p.m.)

Staff Presentation:

Cathy Jensen reviewed highlights from the Fiscal Year 2025-2026 tentative budget. Following adoption of the tentative budget (statutory requirement), work sessions will be scheduled to determine any changes.

- City-wide proposed budget is \$118,463,000.
- A 6% adjustment to individual wages was added to keep wages competitive (3% through COLA, 3% merit).
- Required Utah Retirement System contributions range between 15% to 33%.
- Requested operational budgets for departments given in most cases, which have been conservative.
- Mayor's economic development has been reallocated through multiple line items such as golf tournament, lobbyist, etc.
- Insurance renewal includes general liability - \$434,766 (6.95% increase), workers compensation - \$117,514 (6.95% increase), employee health insurance (5.5% increase), and dental insurance (10% increase).
- Proposed utility rate increases:
  - Last year's independent rate analysis suggested a power rate increase of 5.5% for the next 3 years to provide for the new electrical plant, operations, and SUVPS bonding obligations.
  - Proposed 3% utility rate increase for water, sewer, storm, and landfill to keep pace with the CPI index and increased costs.
- About \$3.4 million is being used from fund reserve.

Dave Tuckett noted that over the last several years, the budget included the use of fund balance to balance, but it's never used because of lower expenses and better revenues. It's a very conservative budget.

Robert Mills reviewed the proposal of a transportation utility fee (TUF) that is implemented on the utility bill and becomes a revenue funding source for transportation, curb, gutter, and sidewalk improvements. The fee helps generate revenue from sources that are generally tax exempt but still create an impact on a city. The survey a couple years ago showed street repairs as a high need. Most cities are really considering this to fund improvements to streets. The B&C road funds source is not covering the costs associated with roads. The fee is different for business and residential uses. There are budget funds to do the study for a transportation utility fee.

Mayor Wright noted that B&C is based on population, and the state takes a lot of it.

Discussion that it would save money in the long-term to repair the roads and ties with WIFIA funding. The argument to not charge a fee was the number of retired residents, but the older residents have benefitted from the roads previously. Many senior citizens do have other ways of making money, but a waiver could be offered.

The consensus of the council is to move forward with the TUF study.

C. ADJOURNMENT

**MOTION: Councilmember Hulet – To adjourn.** Motion seconded by Councilmember Christensen. Those voting yes: Brett Christensen, Taresa Hiatt, Brian Hulet, Anne Moss, Ryan Rowley. The motion carried.

The meeting was adjourned at 7:22 p.m.

---

Kim E. Holindrake, City Recorder