

PAYSON CITY
REGULAR CITY COUNCIL MEETING
Payson City Center, 439 W Utah Avenue, Payson UT 84651
Wednesday, August 3, 2022

CONDUCTING William R. Wright, Mayor

ELECTED OFFICIALS Kirk Beecher, Brett Christensen, Linda Carter, Taresa Hiatt, Bob Provstgaard, William R. Wright

STAFF PRESENT David Tuckett, City Manager
Cathy Jensen, Finance Director
Kim E. Holindrake, City Recorder
Jason Sant, City Attorney
Robert Mills, Development Services Director
Travis Jockumsen, Public Works Director/City Engineer
Scott Spencer, Fire Chief
Jill Spencer, City Planner
Michael Bryant, Planner II

OTHERS Ed Seegmiller, Brian Hulet, Wayne Boise, Thayne Harmon, Paul Jacobson, Lee Johnson

A. CALL TO ORDER

William R. Wright, Mayor, called this meeting of the City Council of Payson City, Utah, to order at 6:00 p.m. The meeting was properly noticed.

B. ACTION ITEMS

1. Public Hearing/Resolution – Truth in Taxation and Certified Tax Rate

Staff Presentation:

Cathy Jensen reviewed the proposed certified tax rate, enterprise fund transfers, and fiscal year 2022-2023 budget. The proposal is to keep the certified tax rate steady, which has been done for several years with the exception of the COVID year. The current tax valuation of all of Payson is \$1,856,133,029. The proposed certified tax rate for Payson City only is .001193, which will give a budget revenue of \$2,214,367. The county auditor's certified tax rate was .000929, which would give a budget revenue of \$1,724,348, which is \$490,019 less. Payson City's portion of the certified tax rate is 11.97% of the total property tax. Other entities include Utah County at 7.89%, Central Utah Water Conservancy at 4.01%, and Nebo School District at 76.11%. The City is only guaranteed the same revenue as last year. As property valuations go up and the tax base increases, the certified tax rate goes down. The City has increasing costs just like everyone else.

Updates since the tentative budget adoption:

- Indirect services and gasoline changed in every budget, which are allocated based on the size of the individual budgets.

- General Fund – Taxes adjusted to include the proposed property taxes for an increase of \$464,367, indirect services increased \$89,715, and beginning general fund balance increased \$590,013.
- Mayor and Council - Other Professional Services reduced \$70,000. Economic Development increased \$188,800 for an economic development consultant, software, Dowdle puzzle, and public information intern. Economic Development Committee increased \$27,900.
- Facilities – Administration building HVAC rolled over and increased \$221,000.
- Legal - Conflict attorney increased \$2,000.
- Police - Camera carryover and increased \$10,000.
- Fire – Phone allowance increased \$600, water tender rolled over and increased \$460,000, skid unit rolled over and increased \$28,000.
- Streets – Projects rolled over and increased \$45,000. Backhoe lease increased \$10,800.
- Engineering – MAG project match carryover and increased \$12,300.
- Parks – Employee reallocate department and increased \$3,080.
- Cemetery – Backhoe lease increased \$9,000.
- Events – Miss Payson to attend Miss Utah pageant increased \$800. Other events increased \$2,625 for corn hole boards, corn hole winners, and treasure hunt in Payson Canyon.
- B&C – Appropriate fund balance of \$11,600 (revenue). 2023 CAT loader lease increased \$60,000. 2023 CAT loader lease interest increased \$16,249. Contribution to fund balance decreased \$46,782.
- Impact Fee, Water – Contribution to fund balance of \$200,100 (revenue). Capital improvement projects (1300 South 20-inch line and 100 South PI Project) increased \$200,100.
- Water – Appropriation of fund balance of \$428,313 (revenue). Spring Lake dredging rolled over and 100 South PI Project increased \$386,949.
- Landfill – Appropriate fund balance of \$214,419 (revenue). Landfill fencing rolled over and increased \$10,000. 2023 CAT loader lease increased \$30,000. 2023 CAT load lease interest increased \$5,000.
- Electric – Appropriation of fund balance of \$421,795 (revenue). New director position adjustment increased \$78,800. Tuition reimbursement increased \$2,500. Electricity purchase increased \$300,000.
- Sewer – Appropriation of fund balance of \$1,942,948 (revenue). New employee payroll adjustment increased \$9,200. Professional services decreased \$453,975. Screw press increased \$100,000. High School project carryover and increased \$349,000 with portion paid with ARPA funds and sale of property. 2022 Department of Water Quality Bond payments increased \$1,830,646. Bond interest increased \$67,516. Note: Use of Fund Balance - 800 South project (\$349,000), Engineers (\$1,374,025), and balancing (\$339,304) with \$100,000 coming back. The 35% increase for the sewer facility upgrade is not used for any operations.
- Golf Course – Appropriation of fund balance of \$53,879. Building improvements carried over \$13,000.
- Storm Drain – Geo Strata Engineering carried over and increased \$55,000. 2022 basin repair increased \$80,100. 600 South 100 East Project increased \$200,000. 2023 CAT loader lease increased \$30,000. 2023 CAT loader lease interest increased \$5,000. Contribution to fund balance decreased \$42,468.
- PARC Tax - Allocation made totaling \$174,460.
- Peteetneet – Air conditioning repair rolled over and increased \$10,000, which includes a donation from Central Utah Water.

Budget highlights:

- Employee market adjustments of 6% and police 15%.
- Additional funds allocated to parking lots at \$300,000; and sidewalks at \$100,000.
- On-call pay standardized for eligible employees.
- New Positions – Police patrol, part-time recreation maintenance, library pay increase (2 employees), drive up window coverage added 2 hours per day, golf assistant, Fire Marshall, and inspector/plans examiner.

Indirect Services – These are overhead allocations charged to the enterprise funds for items such as vehicle maintenance and IT. An enterprise fund is a self-sustaining entity (business). These allocations are for the services that would otherwise need to be hired out.

Transfers – Traditionally 9% of revenue is transferred to the general fund and used to support general operations to help cover amounts tax exempt entities do not pay into the City but pay utilities.

General Fund – Revenues/Expenses \$22,560,626

- Proposing certified tax rate remain stable through truth-in-taxation hearing.
- New positions include police patrol, part-time recreation maintenance, library pay increase (2 employees), drive up window coverage added 2 hours per day, golf assistant, Fire Marshall, and inspector/plans examiner.
- Expenditures include B&C road funds, historic, CDBG, Peteetneet, Salmon Supper, and Payson Community Theater.

Water – Revenues/Expenditures \$8,348,050

- Priority projects include fire hydrant repair and broken/additional valves.
- Well #2 project funded through American Rescue Plan Act funds.
- 1300 South Nebo Loop road to Canyon Road 1200-foot, 20-inch pipe financed through impact fees.
- Spring Lake pumps funded through water bonds.
- Carried over the 100 South upsizing 4,300 feet of pipe to the eastern area of the upper pressure zone with a portion funded through impact fees.
- Carried over the Spring Lake dredging project.

Impact Fees

- Water – Revenue/Expenditures \$1,016,100
- Electric – Revenue/Expenditures \$777,300

Solid Waste – Revenues/Expenditures \$3,797,076

- Fencing for landfill.
- No gravel royalties due to prepaid revenues by Kenny Seng for scales and ballfield.
- Upgrade scales.
- Link belt through internal revolving loan.

Electric – Revenues/Expenditures \$17,496,439

- Purchased electricity \$8,800,000.

- Golf course line \$650,000.
- Substation property \$200,000.
- Strawberry line SESD buyout reserved funds \$600,000.

Sewer – Revenues/Expenditures \$8,075,738

- Utah State Department of Water Quality required sewer plant upgrade to reduce mineral deposits from being introduced into Utah Lake to be completed by 2024. The initial upgrade estimate was about \$55 million. Loan received from the State for \$13.5 million with a \$1 million grant. Additional funds will come through bonding on the open market.
- The City implemented a 35% rate increase to begin accruing funds for bond coverage. Additional rate increases will be implemented to cover bonds in subsequent years.
- Added initial estimates of debt service in the budget that may need to be trued up at a later date.

Ambulance – Revenues/Expenditures \$1,045,495

- Operational expenses.
- Paramedic program.

Golf – Revenues/Expenditures \$1,653,585

- Third year of RV Park.
- Mow equipment purchase through revolving loan \$252,027.
- Golf assistant position.
- Paths, pavilion, and fencing \$15,000.
- Utility sprayer for entire City carryover \$45,493.

Storm Drain – Revenues/Expenditures \$1,441,354

- 400 N project \$60,000.

Special Revenue Funds, Capital, Revolving Loan, & Perpetual Care

- These funds support themselves.
- Downtown project \$8,400,000 with \$5,000,000 CDBG grant and \$3,400 general fund balance.
- ARPA funds for the high school sewer and Well #2.
- Revenues/Expenditures: Capital - \$9,643,650; Revolving Loan - \$1,420,027; Perpetual Care - \$250,000.

Internal Service Funds

- Vehicle Maintenance \$416,611.
- IT \$519,000.

Dave Tuckett clarified most of the projects are rollovers. Funds go to fund balance at the end of the budget year and then redistributed back to those projects. There are labor shortages and supply chain shortages. The City can't get parts for the upstairs air conditioning.

MOTION: Councilmember Provstgaard – To open the public hearings for the Truth in Taxation/Certified Tax Rate, Enterprise Funds, and Fiscal Year 2022-2023 Budget (items 1, 2, and 3). Motion seconded by Councilmember Beecher. A roll call vote was taken as follows and the motion carried.

185
186 Yes - Kirk Beecher
187 Yes - Linda Carter
188 Yes - Brett Christensen
189 Yes - Taresa Hiatt
190 Yes - Bob Provstgaard
191

192 Public Comment:

193 Ed Seegmiller stated he is representing a group of retired residents from Heritage Village who are over
194 the age of 55; about 113 dwellings. He asked for a better explanation of what the tax burden will be for
195 a citizen and clarification that it's not an increase of the tax rate but an increase to the value of the
196 home. The City provides electricity, water, sewer, garbage, street repairs, sidewalks, irrigation water,
197 police, fire, library, and so many other services; and they really appreciate these services. We are all
198 new residents and you are all original residents. We recognize that we added a lot to the community as
199 well. The majority of us are retired and happy with the community. We are not here to battle. We are
200 on a fixed income. One couple receives \$2,000 per month to live on, which is probably true throughout
201 the community. A lot of these increase that are coming are unexpected, but they understand demands
202 on the community such as redoing the sewer plant. They are grateful that the City doesn't put off the
203 needed maintenance for the community. One of the problems with state and federal government is you
204 can't come to a meeting to voice opinions and be heard. Here in Payson we can. The Council needs to
205 think about what to do with senior citizens. He proposed including a provision in the tax rate for a
206 senior citizen exemption. In some places, they use homestead exemptions and other places senior
207 citizen property tax exemptions. Some municipalities offer exemptions to set an income limit, a sliding
208 scale, a 50% exemption, or exempt completely. Their concern is that these increases will go up and
209 never down. Senior citizens won't be able to afford living and will have to move out. Please discuss
210 and place in this resolution a relief for senior citizen of Payson City to see a minor to a significant
211 reduction in their property tax. The Council has the option to offer this exemption.
212

213 Cathy Jensen explained on an average home value of \$440,000, which is taxed at 55%, it would be
214 about \$58 per year.
215

216 Councilmember Christensen stated for example, a gallon of milk is \$5 and last year it was \$3.25. The
217 store charges an 8% tax. The tax rate is the same but the milk costs more. This is the same concept
218 with a home. The tax rate is the same but the value of the home increased.
219

220 Mayor Wright noted the City doesn't have much control over the county tax. There are some options
221 with the County that can be addressed such as abatement.
222

223 Brian Hulet stated there is called a circuit breaker through the State for people of lower incomes. He
224 has the website that he will give to staff for the city website. He would like someone in the City trained
225 to explain it and help people apply for it. He thanked the Council and City for all they do and for the
226 hard work. He knows the City is concerned about the dollars that come in and how they are spent.
227 They work hard to make wise use of the money.
228

229 Dave Tuckett clarified the truth in taxation hearing decides the certified tax rate. The City doesn't have
230 the ability to create exemptions. Those are created by the State or County. The City deals with 12% of
231 the overall county property tax. Staff will look at the circuit breaker program.
232

Councilmember Beecher as read the law. Cities can't do an exemption but counties can.

Jason Sant clarified the State mandates what taxes are state wide and allows counties to determine what each county assesses. Every home value in the State of Utah has skyrocketed up. When the County assess a property, a property owner can challenge the assessment, which aren't always successful. Cities don't have the ability to do any exemptions. Programs are run through the State and counties. Payson's property tax is low compared to the other property taxes. The Nebo School District is by far the highest. Staff is happy to look into programs with the State or County to help any residents.

Dave Tuckett stated the Council can choose to keep the same certified tax rate or lower it. The truth in taxation hearing is just one portion of the property tax. The City also held a public hearing to address various utility rates. The sewer rate increased 35% to cover the bond. Interest rates and costs keep going up. The water rate went up 17% because of projects that have to get done. Other utility rates went up as well with the consumer price index at 7%.

Wayne Boise recently moved to Payson. When looking at his tax bill from Utah County, there are three rates in red, meaning they went up, from 2021 to 2022, which are Payson, Central Utah Water, and Nebo School District. It went up from \$.93 per 1,000 valuation to \$1.19 per 1,000 valuation. He doesn't understand how the City says there's no change.

Dave Tuckett stated the certified tax rate last year of .001193 is what is proposed to be held for 2023. If the property value goes up, then the County lowers the certified tax rate so it's revenue neutral. The certified tax rate is the same, but home values have gone up. It constitutes a tax increase. Those three entities are proposing a tax increase to the lowered rate. Mr. Boise's tax notice shows the certified tax rate for Payson at .000929 if the City didn't do anything. The proposed Payson rate is .001193 because the City decided to keep the same rate. The County says if the City keeps the same tax rate, it's a tax increase. For Mr. Boise, it would increase from \$258.03 to \$331.36, which is \$73.33. The city's estimated increase of \$58 per year is based on a \$440,000 home value.

Councilmember Christensen stated the County does it backwards. The County asks what a city is proposing as a tax rate way in advance. Then the County decides to adjust the taxes. The City shoots high in case the County pulls way back because of growth. As new houses come in, the tax is lowered so the City gets the same amount.

Wayne Boise stated he will complain to the County on how confusing their notice is. The presentation emphasized the state's role in mandating the sewer plant upgrade by 2024. He believes that is being forced on the State by a federal mandate. He questioned if staff has investigated any possible revenue from the federal government side coming from the bipartisan infrastructure bill. On the drinking water side, there was about five billion over the next five year at the states level.

Councilmember Provstgaard noted the state distributes those funds from the federal funds.

Mayor Wright stated he and staff have met with the Water Quality Board for grants or forgiveness on the balance owed.

Thayne Harmon questioned the rollovers from the last year in the budget and they are already funded.

Cathy Jensen explained if a project isn't completed, those funds go to general fund balance and then reallocated to those specific projects.

Paul Jacobson stated most golf courses are privately owned and questioned why Payson owns its golf course. It's a big sink hole for improvements, roads, and staff. The City should sell the golf course and not have the burden. He proposed disbanding the golf course as far as city-owned. The City doesn't need it.

Cathy Jensen stated the golf course is an enterprise fund so by governmental financial requirements, it has to be self-supporting. At one time to get it up and running, the general fund supported the golf course a little bit but not at all any more.

Councilmember Provstgaard stated there are expenditures that are covered by the revenue generated by the golf course. The RV park is a huge revenue producer.

Dave Tuckett stated the golf course has not always carried its weight, but it creates enough revenue now to be self-sustaining. It brings in \$1,653,585. The golf course power line is the Goosenest annexation from back in the 1980's. The line provides power to homes that are in Payson City.

Councilmember Carter stated there are a lot of golf courses that are not privately owned.

Brian Hulet stated when he first got on the council about seven years ago, the City provided some funding for the golf course, and a lot of citizens had a hard time with it. Since then, it has been breaking even. The City has tried to make it an asset for economic development. It is used to entice companies to come to Payson. Once a year, there is an economic development golf tournament that brings people and businesses in from all over the State to attract them to Payson. It is used as an asset to bring in a tax base and attract businesses.

Councilmember Christensen stated the golf pro just informed the Council that the golf course was recently ranked 16th in the nation.

Lee Johnson questioned if everyone is paying their fair share to flush their toilets such as Elk Ridge. A couple years ago, his bill doubled, and Elk Ridge didn't because of a hand shake agreement. He questioned if Payson is packing the burden.

Dave Tuckett stated under the agreement with Elk Ridge, any time the rates are raised for Payson residents the rates are raised for Elk Ridge. He lives in Elk Ridge and pays a sewer rate of \$30 more than a Payson resident. This is the same with Woodland Hills.

MOTION: Councilmember Beecher – To close the public hearings. Motion seconded by Councilmember Christensen. A roll call vote was taken as follows and the motion carried.

Yes	-	Kirk Beecher
Yes	-	Linda Carter
Yes	-	Brett Christensen
Yes	-	Taresa Hiatt
Yes	-	Bob Provstgaard

Council Discussion:

Councilmember Provstgaard stated he has been going through the budget with the superintendents since April. Each department is well understaffed for our size of city. The Council made decisions on who got employees this year, and there aren't that many being added based on the number of citizens moving to the City. The Council has made sure to vet every possible avenue to not have to raise any other taxes. At some point, the City will need a fulltime fire department. He still believes development has to pay its fair share and not be a burden on the current citizens. Impact fees and other fees for new construction have been addressed to meet that. It should be highly recognized that this Council held the line with the inflationary costs not only in staff labor and keeping police, but also in utility rates. Sewer and water barely pay the bills to keep water in the pipes and flush the toilet. He is amazed at what it costs to run the City. The budget has tripled since the early 1990's when he was first on the Council.

MOTION: Councilmember Beecher – (resolution) To keep the Certified Tax Rate at the same as it was last year (0.001193). Motion seconded by Councilmember Provstgaard. A roll call vote was taken as follows and the motion carried.

Yes	-	Kirk Beecher
Yes	-	Linda Carter
Yes	-	Brett Christensen
Yes	-	Taresa Hiatt
Yes	-	Bob Provstgaard

2. Public Hearing – Enterprise Fund Transfers

MOTION: Councilmember Provstgaard – To approve enterprise fund transfers as listed in the data provided this evening. Motion seconded by Councilmember Christensen. A roll call vote was taken as follows and the motion carried.

Yes	-	Kirk Beecher
Yes	-	Linda Carter
Yes	-	Brett Christensen
Yes	-	Taresa Hiatt
Yes	-	Bob Provstgaard

3. Public Hearing/Ordinance – Fiscal Year 2022-2023 Budget

MOTION: Councilmember Christensen – To approve the (ordinance) budget for the Fiscal Year 2022-2023. Motion seconded by Councilmember Carter. A roll call vote was taken as follows and the motion carried.

Yes	-	Kirk Beecher
Yes	-	Linda Carter
Yes	-	Brett Christensen
Yes	-	Taresa Hiatt
Yes	-	Bob Provstgaard

C. **ADJOURN TO REDEVELOPMENT AGENCY**

MOTION: Councilmember Christensen – To adjourn to Redevelopment Agency. Motion seconded by Councilmember Hiatt. A roll call vote was taken as follows and the motion carried.

Yes	-	Kirk Beecher
Yes	-	Linda Carter
Yes	-	Brett Christensen
Yes	-	Taresa Hiatt
Yes	-	Bob Provstgaard

1. **Public Hearing/Ordinance – Fiscal Year 2022-2023 RDA Budget**

Cathy Jensen stated there are two RDA's; town and business park. The Town RDA pays for the Walgreens incentive agreement and the Business Park RDA received revenues from the cell towers.

MOTION: Director Provstgaard – To open the public hearing. Motion seconded by Director Christensen. A roll call vote was taken as follows and the motion carried.

Yes	-	Kirk Beecher
Yes	-	Linda Carter
Yes	-	Brett Christensen
Yes	-	Taresa Hiatt
Yes	-	Bob Provstgaard

Public Comment:

Thayne Harmon questioned if Walgreens is getting a tax break. Walgreens and the cell tower produce revenue.

Dave Tuckett explained under state law, there is the ability to create a redevelopment agency for a period of time. The cell tower was created as an Economic Development Agency under the RDA laws to install the infrastructure at the Business Park. The City was able to bond and put in the road, water lines, and sewer lines in to get the property ready to develop. As the property developed, the taxes went up. For a period of time, the City collected all the taxes and no taxes went to the County or Nebo School District. This created value to spark economic development for 20 years. Now, the City only collects the city portion. Most of the property is now sold and the City got tax funds to pay for it. The RDA is a different legal entity from the Council so a separate hearing and action is required. Walgreens is under an incentive agreement where the City returns 50% of the sale tax to Walgreens for a period of time or until a certain amount of money. generals. It's a good mechanism. The laws have changed, and it's much more difficult to do and includes negotiations with the school district.

MOTION: Director Christensen – To close the public hearing. Motion seconded by Director Beecher. A roll call vote was taken as follows and the motion carried.

Yes	-	Kirk Beecher
Yes	-	Linda Carter
Yes	-	Brett Christensen
Yes	-	Taresa Hiatt
Yes	-	Bob Provstgaard

MOTION: Director Christensen – To approve the (resolution) RDA budget for Fiscal Year 2022-2023. Motion seconded by Director Hiatt. A roll call vote was taken as follows and the motion carried.

Yes	-	Kirk Beecher
Yes	-	Linda Carter
Yes	-	Brett Christensen
Yes	-	Taresa Hiatt
Yes	-	Bob Provstgaard

D. ADJOURN FROM REDEVELOPMENT AGENCY

MOTION: Director Beecher – To adjourn from Redevelopment Agency. Motion seconded by Director Christensen. A roll call vote was taken as follows and the motion carried.

Yes	-	Kirk Beecher
Yes	-	Linda Carter
Yes	-	Brett Christensen
Yes	-	Taresa Hiatt
Yes	-	Bob Provstgaard

E. ADJOURNMENT

MOTION: Councilmember Provstgaard – To adjourn. Motion seconded by Councilmember Carter. Those voting yes: Kirk Beecher, Linda Carter, Brett Christensen, Taresa Hiatt, Bob Provstgaard. The motion carried.

The meeting adjourned at 7:30 p.m.

Kim E. Holindrake, City Recorder