

WOODLAND HILLS CITY COUNCIL
Work Session
Woodland Hills City Center, 690 South Woodland Hills Dr.
Tuesday, October 14, 2025

CONDUCTING	Mayor Pro-Tempore Ben Hillyard
ELECTED OFFICIALS	Council Member Brian Hutchings (remotely) Council Member Janet Lunt Council Member Kari Malkovich (remotely) Council Member Dorel Kynaston (remotely)
STAFF PRESENT	Ted Mickelsen, Public Works Dir./Fire Chief Chris Helvey, Finance Director (remotely) Jody Stones, City Recorder Wayne Frandsen, Code Enforcement and Planning Commission
EXCUSED	Mayor Winder

Mayor Pro Tempore Ben Hillyard welcomed everyone to the work session for the Woodland Hills City Council at 6:05 p.m.

1. Review of City's Current Debt

Chris Helvey reported that the Council had received the July and August financial statements and explained that he had also been receiving financial questions from City Council candidates. He stated that several comments had been made publicly or in writing that required clarification.

Chris displayed the August financials and explained that he was focusing on the revised budget column approved by the Council in August. He emphasized that the budget was a “living, breathing document” that fluctuated, and he reviewed how the Mayor and department heads had the authority to move funds when needed, although they typically brought changes to the Council for transparency.

He then addressed candidate questions regarding revenue sources, noting which revenues were general in nature and which were earmarked—particularly Class C Road Funds, which were strictly restricted to road maintenance, repairs, and snow removal. He clarified that the Water Fund operates as a separate enterprise fund and that, to his knowledge, the City has never transferred water revenues into the General Fund.

Chris reviewed the total compensation for key full-time staff (Ted Mickelsen, Chris Helvey, Jody Stones, Lori Thomas, Toby Szalkowski, and Lance Wollenback), estimating personnel costs at approximately \$690,000 including benefits, and roughly \$925,000 annually for all City employees, including part-time workers and firefighters/EMTs. He explained how wildland firefighter deployments generate reimbursements for labor and apparatus, noting that the wildland program has covered its costs.

Ted Mickelsen added that staff had been reviewing all expenses and revenues related to the Wildland Fire Crew and confirmed the crew had more than covered their costs.

Chris informed the public about transparent.utah.gov, explaining that detailed financial information, including salaries and expenditures, is publicly available.

He then addressed budgeted amounts for infrastructure and maintenance, reviewing the roads budget, Class C Road Funds, water system maintenance (such as recent repairs like the Broadhollow Well upgrade), and other infrastructure items such as parks and chipper days.

Chris reviewed the City's debt obligations, including:

- the 2014 water bond,
- the 2019 refinanced infrastructure bond,
- the 2020 Bank of Utah loan,
- the 2021 water revenue bond,
- and the fire engine loan.

He clarified debt balances, interest rates, maturity dates, and annual payments. In response to Council Member Lunt, Chris confirmed that lease vehicles come with warranties and lower maintenance costs. Ted Mickelsen noted that selling older equipment had helped offset lease costs. Council Member Hutchings added that the City plans to continue leasing and rotating vehicles as part of its long-term equipment strategy.

Council Member Malkovich asked for clarification regarding the importance of newer fire equipment. Ted explained the City's ISO rating process, NFPA standards, and how compliant equipment helps maintain homeowner insurance eligibility and firefighter safety.

Ted also reviewed wildland crew financials for January through September, noting total expenses of approximately \$274,800 and total revenue of roughly \$456,700, resulting in a positive net revenue of about \$181,000.

Chris cautioned that while revenues seemed high, the City needs to retain funds to cover months when wildland crews are not deployed. Ted also noted that wildland crew labor allows the City to satisfy state in-kind match requirements without requiring additional cash.

Council Member Kynaston asked how the City had fared regarding lease mileage or hour limits. Chris reported that the City generally stays within limits and had even received \$9,000 back on its last set of snowplow truck returns.

Chris addressed candidate questions about sinking funds, explaining that the Water Fund maintains savings for future infrastructure needs. He noted that the City previously kept several small savings accounts for departments but discontinued them due to inflation and the need to allocate funds to roads. He explained statutory limits on General Fund reserves and that the City maintains a \$250,000 rainy-day fund for emergencies.

Council Member Malkovich asked whether the City still maintains an emergency reserve. Chris confirmed that the Council has set aside a quarter-million dollars for that purpose.

Chris addressed a final candidate question regarding discretionary funds, explaining that while small discretionary spending occurs within departments, the City uses zero-based budgeting to allocate every dollar to specific categories each year.

Council Member Hillyard confirmed that the City allocates each budgeted dollar to a category each fiscal cycle.

Chris concluded his presentation and invited questions.

Michael Meyers asked about public safety line items labeled “fire” and “fire fuel reduction.”

The City Recorder explained that one represents the fire department and the other the wildland fire crew. Michael asked additional salary questions related to the July payroll numbers. Chris and the City Recorder explained that overtime for wildland crews and delayed reimbursements caused variances.

Chris thanked Michael for his questions and invited a follow-up if needed.

Council Member Hillyard thanked Chris for the presentation and turned the floor over to Mark Anderson.

2. Discussion with Mark Anderson from Zions Public Finance about Potential Bonding to Complete the Pavement Management Preservation Plan

Mark Anderson thanked the Council for the opportunity to meet and noted that he recognized Council Members Malkovich and Kynaston, though it had been some time since he last attended a Woodland Hills City Council meeting. He stated that he had worked with the City on four or five financings since 2019 and that it had been a positive experience. Mark provided background on his 28-year career with Heber City, including eight years as finance director and twenty years as city manager, and shared brief personal history connecting him to Woodland Hills.

Mark explained that his purpose was to discuss potential road financing options. He reviewed the City’s existing 2019 Sales and Franchise Tax Revenue Bond, which refinanced earlier 2013 debt and provided the greatest borrowing capacity because of its pledged revenue source. He also reviewed the City’s 2020 \$580,000 road loan secured with Class C Road Funds, with annual payments just under \$60,000 and payoff scheduled in 2030.

Mark reported that the City currently generates approximately \$415,000 annually from telecommunications, energy, and sales taxes. Because the revenue pledge required a 1.5x coverage covenant, the City could only support annual debt service of roughly \$276,000. With the City already paying approximately \$108,000 per year on the 2019 bond, he explained that the City’s remaining bonding capacity under that pledge was approximately \$270,000 to \$275,000 in annual debt service. Mark discussed the call date for the 2019 bonds, noting they would become callable in February 2026. However, because the bonds carried a favorable 2.43% interest rate, and because current interest rates for a 10-year structure were in the high-3% to 4% range, he advised against refinancing or paying off the 2019 bonds. Instead, he recommended “wrapping” new debt around the 2019 bonds to preserve the lower interest rate. Based on current market conditions, this structure would provide approximately \$1.45 million in additional bonding capacity, with lower annual payments during the remaining life of the 2019 bonds (through 2033) and then increasing to the full coverage limit for the final years of the new bond.

Mark noted that the City had reserves, potentially in the couple of million-dollar range, that could be combined with bond proceeds to fund the planned road improvements.

Chris Helvey clarified that the discussion focused only on the General Fund and emphasized that the figures were high-level estimates that could change.

Mark Anderson agreed, stating that all projections were based on current interest-rate conditions and were subject to daily fluctuation. He invited questions from the Council.

City Recorder Jody Stones asked for confirmation that the City was discussing a 10-year note.

Mark Anderson confirmed this and explained that road improvements should generally not be financed for a period longer than the lifespan of the improvement. He noted that when a city pledges Class C Road Funds, as Woodland Hills did in 2020, state law legally limits the term to 10 years and restricts pledged revenues to 80% of Class C Fund receipts. He reiterated that the same philosophy applied to current road financing: the term should not outlive the improvement itself.

Council Member Hillyard remarked that the explanation made sense and thanked Mark for the information. He asked whether any Council members had additional questions.

Council Member Malkovich stated that some residents had encouraged the City to save cash and avoid borrowing for road projects. She asked Mark, given his combined municipal management experience and public finance expertise, whether it was financially prudent for a city to bond for considerable road improvements, given rising construction costs and inflation. She asked if bonding was a wise use of City resources when interest rates permitted stable long-term repayment planning and when state statute allowed such borrowing.

Mark Anderson stated that he believed there was value in considering bonding, especially in an environment where the inflation rate for road improvements exceeded borrowing costs. He provided an example of a 4% borrowing rate compared to a 10% construction-inflation rate. He added that cities also benefited from economies of scale, noting that larger, consolidated projects typically attracted more competitive bids.

Mark described Heber City's approach during his tenure, noting that the city had certain advantages due to its healthy commercial district and its voter-approved Rural Local Option Transportation Tax, which added 3/10 of 1% to the sales tax and could be imposed because Heber was outside the Wasatch Front. He explained that by combining Class C Road Funds with the rural transportation tax, Heber City routinely borrowed enough money to complete citywide road maintenance every seven years, repaid the debt within that time, and then repeated the process. He stated that the system remained in place after his tenure.

Mark emphasized, however, that Heber City had a far more diverse revenue base than Woodland Hills. He noted that Woodland Hills functioned as a bedroom community with very little sales tax revenue and virtually no commercial activity, meaning its financing capacity differed significantly from that of cities with broader revenue streams.

Ted Mickelsen reported that he had reviewed the City's road project costs and had prepared numerical comparisons to better illustrate the financial impact of construction inflation versus financing. He noted that the current road projects totaled approximately \$2.6 million. He explained that if the City attempted a "pay-as-you-go" approach, it could allocate roughly \$350,000–\$400,000 per year toward road work, which would require reductions in salary budgets and savings in other operational areas. Under that scenario, completing the projects would take approximately 7.5 years.

Ted stated that he modeled the project as a series of \$350,000 annual projects spread over 7.5 years and then applied a conservative 6% annual construction inflation rate, based on a study conducted by the City's finance committee, which found current construction inflation ranging between 6% and 10%. He

explained that with inflation, the 7.5-year schedule would actually extend to approximately nine years, as the available annual funding would not keep pace with rising construction costs.

Ted reported that the total cost of the \$2.6 million project would increase to approximately \$4 million under a cash-funded, pay-as-you-go model—an additional \$1.4 million attributable solely to construction inflation.

Ted then compared this scenario with financing the project at an estimated 4% interest rate over a 10-year term, which would generate an annual payment of approximately \$325,000 and total payments of about \$3.25 million over the life of the loan. He stated that financing would result in roughly \$600,000 in interest above the original project cost but would still save the City nearly \$750,000 compared to the increased construction costs of a pay-as-you-go approach.

Ted emphasized that these calculations did not include two additional cost impacts:

1. Increased road maintenance expenses over the nine years required to cash-fund the project, and
2. The fact that treatments available today (such as micro-seal applications) would no longer be adequate in six to seven years, at which point roads would require more expensive mill-and-fill treatments.

He noted that the recent treatment of about nine miles of roadway cost roughly \$500,000, but the same nine miles would likely cost \$2–3 million in six to seven years because of needed treatment changes. He concluded that, when considering these realistic future treatment costs, the total additional cost of delaying the project could exceed \$2 million, making financing the more financially responsible choice.

Ted Mickelsen stated that although individuals are typically taught early on to avoid debt in their personal finances, municipal financing works differently. He explained that municipal debt isn't inherently bad and, in many cases, it helps a city save taxpayer money over time. By financing projects upfront, the city can also lower long-term maintenance costs and enhance overall financial stability and efficiency.

Ted noted that he had worked for years in project planning, budgeting, and financing for small communities and often encountered the belief that cities should stay out of debt. He emphasized that municipal debt could be a strategic tool that allowed a city to leverage available funds, complete essential infrastructure projects sooner, and ultimately save money.

Referring to earlier comments by Mark Anderson, Ted explained that completing road projects now and repaying the debt over ten years put the City in a position to begin the next cycle of improvements with roads already in better condition. As a result, future treatments would cost less because the City had maintained the road base through timely repairs.

4. Discussion of July 2025 Financial, Check Approvals and Fund Disbursements

Mayor Pro-Tempore/ Council Member Hillyard asked to combine items 4 and 5 on the agenda. Hearing no questions from the council, the council moved on to item 6 on the agenda.

6. Consideration of an Ordinance Adopting a Change in Municipal Code 8-5-1 Water Requirements and Policies.

Ted Mickelsen explained that the City currently holds more water rights than it would likely use at full build-out. He noted that while the City could not sell or give away its water rights, it could allow developers to pay a fee in lieu of providing their own water rights. Under this arrangement, the City collected a fee and allocated a portion of its excess water rights to the development, generating revenue for the City.

Ted stated that implementing a fee-in-lieu program helped the City make beneficial use of its water rights, as required by the State. If the City were unable to show beneficial use, or if a master plan demonstrated that the City held more rights than necessary, the State could require the rights to be forfeited. The proposed program would help prevent that outcome while also producing income.

He emphasized that the fee-in-lieu option did not eliminate the existing policy allowing developers to bring their own water rights. Both options would remain available. For larger developments, should any acquiring developers provide water rights, it could still be appropriate, though Ted noted that no such large project appeared likely at this time.

Ted concluded that the proposal simply created an additional mechanism for developers either to bring water rights to the City or to pay a fee to lease the City's excess rights, thereby offering flexibility while ensuring responsible management of the City's water-right portfolio.

Resident Steve Johns asked how much excess water the city is holding in its water shares right now.

Ted Mickelsen stated that the City currently possesses roughly twice the water rights needed for its current conditions, noting that he was still finalizing the exact calculations. He explained that Woodland Hills is estimated to be about 50% built out based on current growth projections and long-term plans. If the City keeps all of its existing water rights, it would likely have enough at full build-out—but only over the next several decades.

Ted mentioned that allowing developers to pay a fee in lieu enables the City to allocate part of its excess water rights to new development while still maintaining enough supply for the future. He stressed that this method offers flexibility: if the City later finds it needs to hold more water rights, it can stop the fee-in-lieu program and require developers to provide their own rights.

He further clarified that the City must show beneficial use of its water rights under state law. Continuing to accumulate more shares could risk surpassing its needs and failing to demonstrate beneficial use, which might lead the State to require forfeiture of unused rights. The fee-in-lieu program helps prevent over-collection and protects the City's ability to keep its rights long-term.

Ted explained that the City cannot sell water rights outside its boundaries, nor on the open market. All rights must stay assigned to Woodland Hills. Under the proposed plan, the water rights would remain in the City's name, while developers would be allowed to pay a fee instead of bringing their own water shares.

Steve Johns inquired about the number of shares the city was holding.

Ted Mickelsen mentioned it was around 900, maybe 890-something. He confirmed those were correct, explaining he had been reviewing the figures but hadn't yet fully grasped them. He added he had only recently compiled a spreadsheet that helped him refine the details.

7. Grant Updates

a. Woodland Hills Culvert Project: Ted reported that the City's culvert project was connected to the county-wide NRCS mitigation project. He stated that the NRCS project had been progressing slowly, as was typical for federal projects, and that the environmental review phase had recently been completed and was expected to be formally finalized by the end of the year.

Ted explained that the City's FEMA-funded culvert project was approximately 90% designed. However, the project remained in a holding pattern while waiting for the NRCS project to advance to the same stage. If both projects stayed on schedule and federal funding for NRCS continued, construction would likely occur around 2027.

He noted that the NRCS project focused on mitigation work near the well and was designed to manage runoff, snowmelt, and stormwater by safely routing water around homes and directing it back into the drainage system at the lower end of the city. Because NRCS funding did not cover culverts, the City sought FEMA assistance for culvert installation under driveways and roadways along Broad Hollow. Ted stated that FEMA agreed to fund the culvert portion, but the two projects were interconnected and would need to proceed in coordination.

b. MAG Trail Feasibility: Ted noted the study is probably 50% complete, and we received a \$100,000 grant from Mountainland Association of Governments, which is actually coming through Utah County. The grant is for a trail study to evaluate the feasibility of a trail at a specific location that would start on Hills Drive, swing back around down Summit Creek, and connect to 11200 South. This would eventually link into a county-wide trail system that's also in planning. So we're about 50% through that plan right now.

c. FEMA AFG grant: Ted cited that this was a brand new grant that helps the city purchase additional SCBAs, which are breathing apparatuses for our firefighters.

8. Department Reports

a. Public Works: Ted Mickelsen noted that the road projects for the season are nearly finished. He is awaiting a few more SCADA upgrades at the Broadhollow Well and hopes they will be completed within the week. Salt was delivered today, so we're preparing for snowplow season. The drivers are scheduled to meet tomorrow evening for training.

b. Fire: Ted indicated the fire crew is winding down and will be finished by the first week in November.

c. Code Enforcement: Wayne Frandsen had no updates to report regarding code enforcement. He mentioned that the planning commission is collaborating with Three Bridges on the proposed mailbox facility.

9. Mayor and City Council Reports

a. Mayor Winder: Excused

b. Council Member Hillyard: Dry Creek Transfer Station- Council Member Hillyard attended the recent board meeting of the Dry Creek Transfer station and had nothing to report. He also sits on the New Era Dump board.

c. Councilmember Hutchings: Mt. Nebo Water Association/SUVMWA- Council Member Hutchings had nothing to report.

d. Councilmember Kynaston: Central Utah 911 Special Service District: Council Member Kynaston reported canceled the meeting this month, so I don't get to talk to you.

e. Councilmember Lunt: Council Member Lunt reported on the recent Woodland Hills Days event and stated that it had been very successful. She noted that attendance exceeded 700 people, the largest crowd the City had ever seen. She attributed much of the increased turnout to the community movie, which was well-received.

Council Member Lunt expressed that watching the movie together created a strong sense of community among those in attendance. She remarked that the atmosphere was meaningful and emotional, and that the event highlighted the rich history and connection shared by residents.

Trunk or Treat is coming up, and it will be, Halloween night, which is Friday night, so that'll be a good night.

f. Councilmember Malkovich: Utah Valley South Utah Valley Animal Shelter: Council Member Malkovich did not have a report, but reminded the council that they will be presenting on October 28th.

10. Items for Upcoming City Council Meeting

Hearing no other items, the Work Session for the Woodland Hills City Council was adjourned at 7:25 p.m.

**WOODLAND HILLS CITY COUNCIL
City Council Meeting
Woodland Hills City Center, 690 South Woodland Hills Dr.
Tuesday, October 14, 2025**

CONDUCTING	Mayor Pro-Tempore Ben Hillyard
ELECTED OFFICIALS	Council Member Brian Hutchings (remotely) Council Member Janet Lunt Council Member Kari Malkovich (remotely) Council Member Dorel Kynaston (remotely)
STAFF PRESENT	Ted Mickelsen, Public Works Dir./Fire Chief Chris Helvey, Finance Director (remotely) Jody Stones, City Recorder Wayne Frandsen, Code Enforcement and Planning Commission
EXCUSED	Mayor Winder

Call to Order: Mayor Pro Temore/Council Member Hillyard called the meeting to order at 7:35 pm.

Invocation: Council Member Lunt offered an invocation.

Pledge: Resident Steve Johns led the pledge of allegiance.

Public Comment

Resident Hillarie Orman expressed concerns about the wildlife, especially the Elk herd, in light of the new development. She has invited a representative from the Division of Wildlife and Resources to discuss how residents can help protect the Elk. This event is scheduled for October 28th at 7pm at the City Center. The second issue Ms. Orman addressed was school lunch debt. She is troubled by the rising number of children who may be going without lunch. She has a flyer with a QR code that residents can scan to donate and help cover the costs.

Resident Diana Sackett spoke about her concerns about the dirt pile at the mailboxes. She is concerned that it is a safety hazard. She is also worried that it may be interfering with drainage.

Consent Agenda

15. Approval of the August 26th and September 9th 2025 City Council Meeting Minutes

Motion: Council Member Lunt moved to approve the consent agenda.

Second: Council Member Malkovich seconded the motion.

Vote: Motion passed unanimously.

Business and Discussion

16 and 17. Resolution 2025-21 Approval of the July 2025 Fund Disbursements and Check Approvals and Resolution 2025-22 Approval of the August 2025 Fund Disbursements and Check Approvals

Motion: Council Member Hutchings moved to approve Resolution 2025-21 and Resolution 2025-22.

Second: Council Member Lunt seconded the motion.

Vote: The motion passed unanimously.

18. Ordinance 2025-34, Adopting a change in Municipal Code 8-5-1 Water Requirements and Policies.

Motion: Council Member Malkovich made the motion to adopt Ordinance 2025-34 amending City Code 8-5-1.

Second: Council Member Hutchings seconded the motion.

Vote: The motion passed by roll call, with all members of the council voting in favor of the passing of the ordinance.

Adjourn

Motion: Council Member Lunt moved to adjourn the meeting.

The meeting was adjourned at 7:54 p.m.