

**TOWN OF PAYSON
TOWN COUNCIL MEETING
MINUTES OF THE REGULAR MEETING
April 1, 2010**

CALL TO ORDER

Mayor Evans called the meeting to order at approximately 5:30 p.m. in the Town Hall Council Chambers, 303 North Beeline Highway, Payson, Arizona.

INVOCATION

Pastor Gordon Hauptman, Crossroads Church.

PLEDGE OF ALLEGIANCE

PRESENT: Mayor Kenny J. Evans, Vice-Mayor Su Connell, Council Member Ed Blair, Council Member Mike Vogel, Council Member John Wilson, Council Member Richard Croy, and Council Member Michael Hughes.

STAFF PRESENT: Debra Galbraith - Town Manager, Sam Streichman - Town Attorney, Don Engler - Police Chief, Marti deMasi - Fire Chief, Cameron Davis - Parks, Recreation and Tourism Director, Colin P. Walker - Assistant Public Works Director, Terry Morris - Library Director, Ray Erlandsen - Acting Community Development Director, and Cindy Smith - Chief Fiscal Officer.

OTHERS PRESENT: Gaye Stidham - Deputy Town Clerk, Tracie Bailey - Deputy Town Clerk, and Tim Wright - Deputy Town Attorney.

A. PUBLIC COMMENTS (SPEAKER'S REQUEST FORM SUBMITTED)

Mike McFarland questioned the article about the increase in water rates in the Payson Roundup. Mr. McFarland read from the article then asked what the dollar amount of the reserves for the Water Department were. Mayor Evans believed the article had some misstatements and explained the options the Council had used to determine to raise the water rate. Council had to give staff direction to raise the rates. The Council Decision Request was directing staff to come back to Council with all the numbers.

B. CONSENT AGENDA

Items listed on the agenda with an asterisk are considered to be routine in nature and will be enacted by one motion.

Motion: to approve all items on the Consent Agenda.

Moved by Council Member Mike Vogel, seconded by Council Member John Wilson.

Vote: Motion carried 7 - 0

Yes: Mayor Kenny J. Evans, Vice-Mayor Su Connell, Council Member Ed Blair, Council Member Mike Vogel, Council Member John Wilson, Council Member Richard Croy, and Council Member Michael Hughes.

C. CURRENT EVENTS PRESENTATION BY THE TOWN MANAGER, MAYOR, AND/OR COUNCIL MEMBER

1. Brief presentation of current events by the Town Manager, Mayor, and/or Council Members. The Arizona Open Meeting Law specifies that the Town Council may not discuss or take action on any matter mentioned during this presentation or on the attached materials unless the specific matter is properly noticed for legal action.

Cameron Davis, Parks, Recreation and Tourism Director, announced the Easter events at Green Valley Park. Next weekend was the Battle of Payson a Civil War Re-enactment at Green Valley Park. This was a free event which included over 100 actors portraying the Civil War. The 20th Annual Sawdust Festival was in June. Over \$12,000 was going to be given away in cash and prizes. There would also be a Town Booth at Country Thunder this year.

Council Member Blair stated he had been on KMOG with Cameron and asked Cameron to provide more details about the Civil War Re-enactment. Mr. Davis responded Abraham Lincoln would be there. Mr. Davis stated the gentleman who portrayed Mr. Lincoln had studied Lincoln for over 15 years.

Council Member Connell announced there would be a First Friday on Main Street tomorrow. Council Member Wilson stated there will not be a dinner at the Presbyterian Church because there would be a 7:00 p. m. church service for Easter. Council Member Blair announced a number of citizens had asked him about the increase in building height and gave the date and time for the next public meeting for this.

Mayor Evans stated he had an opportunity to do an interview regarding the Tonto Natural Bridge that was published in the LA times and the New York Times. Mr. Davis responded his web site got more hits on the Tonto Natural Bridge page than ever before because of those articles. Mayor Evans presented Council Member Hughes with a Birthday card.

2. Documents, materials and information for Council review. (The Council will not discuss or take action on the attached; they are provided for information only)

D. CEREMONIAL; ANNOUNCEMENTS; PRESENTATIONS; INTRODUCTIONS

1. Comments, Commendations, and Presentations by Mayor, Council Members, and/or Town Staff.

E. MINUTES

1. * Council Meeting Minutes:
03-16-10 Special Meeting Pages 1 -2
03-16-10 Special Meeting Pages 1 -7
03-18-10 Regular Meeting Pages 1 -9
***CONSENT* APPROVAL**

BOARDS/COMMISSIONS MEETING MINUTES (Note: Minutes of various

boards/commissions/committees are for Council information only and may or may not have been approved by the respective board/commission.

2. * Planning and Zoning Commission Minutes:
02-08-10 Regular Meeting Pages 1 -6
***CONSENT* INFORMATION ONLY**
3. * Design Review Board:
02-23-10 Regular Meeting Pages 124 -135
***CONSENT* INFORMATION ONLY**
4. * Transportation Advisory Board:
02-03-10 Regular Meeting Pages 208 -210
***CONSENT* INFORMATION ONLY**
5. * Historic Preservation and Conservation Commission Minutes:
02-04-10 Regular Meeting Pages 200 -201
***CONSENT* INFORMATION ONLY**

F. HEARINGS AND APPEALS

1. Mayor Evans opened the public hearing concerning an application for the transfer of a Series #06 Liquor License filed by Randall Snyder, agent, The Rim Golf Club, 300 S. Clubhouse, Payson, Arizona.

Council Member Blair asked if this was transferring from Randall Snyder or to Randall Snyder.

David Bosley stated he was the new General Manager for the club and this was transferring to the members of the club. Mayor Evans closed the Public Hearing.

Motion: to Approve the application for the transfer of a Series #06 Liquor License filed by Randall Snyder, agent, The Rim Golf Club, 300 S. Clubhouse, Payson, Arizona.

Moved by Council Member John Wilson, seconded by Council Member Richard Croy.

Vote: Motion carried 7 - 0

Yes: Mayor Kenny J. Evans, Vice-Mayor Su Connell, Council Member Ed Blair, Council Member Mike Vogel, Council Member John Wilson, Council Member Richard Croy, and Council Member Michael Hughes.

G. RESOLUTIONS AND ORDINANCES

1. * As Council, staff, and the audience have the titles to all resolutions and ordinances, authorization to forego verbal title readings.
***CONSENT* APPROVED**
2. * **Resolution No. 2545.** Council approved, on the Consent Agenda, Resolution No. 2545, captioned as follows: A RESOLUTION OF THE MAYOR AND COMMON

COUNCIL OF THE TOWN OF PAYSON, ARIZONA, MAKING KNOWN ITS COMMITMENT TO THE PRINCIPLE OF FAIR HOUSING, AND DESCRIBING ACTIONS IT WILL UNDERTAKE TO AFFIRMATIVELY FURTHER FAIR HOUSING.

***CONSENT* APPROVED**

H. UNFINISHED BUSINESS

There were no items in this section.

I. NEW BUSINESS

1. **Council Decision Request** filed by Debra A. Galbraith, Town Manager, to direct staff to proceed with the notice of a public hearing to discuss a possible increase to the Bed Tax and a new sales tax on car rentals.

Debra Galbraith, Town Manager, explained any raise in taxes or fees had procedures to follow. This Council Decision Request was asking for direction from Council. The public hearing would be held on May 6, 2010. Mayor Evans asked if there was a maximum number. Ms. Galbraith responded Council could use any number.

Council Member Blair noted the bed tax was a special revenue fund that goes towards tourism. Mr. Davis responded it was very typical for tourist towns to apply a bed tax and believed staff had to do some research on what other towns were doing. Council Member Blair asked if this could be applied for the promotion of tourism. Mr. Davis replied yes. Council Member Wilson felt this needs to be looked into.

Motion: to direct staff to proceed with the notice of a public hearing to discuss a possible increase to the Bed Tax and a new sales tax on car rentals.

Moved by Council Member John Wilson, seconded by Council Member Michael Hughes.

Vote: Motion carried 7 - 0

Yes: Mayor Kenny J. Evans, Vice-Mayor Su Connell, Council Member Ed Blair, Council Member Mike Vogel, Council Member John Wilson, Council Member Richard Croy, and Council Member Michael Hughes.

2. **Council Decision Request** filed by the Legal Department to adopt the attached Notice of Intention to increase water rates and direct the Town Clerk to (1) cause such Notice of Intention to be published in the Payson Roundup on April 9, 2010, (2) schedule a public hearing on such Notice of Intention on May 6, 2010, and (3) file a copy of the report supporting such Notice of intention and make the report available to the public.

Mayor Evans explained this was the necessary notice of public hearing. Vice-Mayor Vogel moved approval, Council Member Wilson seconded the motion.

Council Member Croy asked if staff would be prepared to answer questions at the public hearing.

Mayor Evans replied if anyone has questions they should contact Ms. Galbraith. Council Members would also have information. Ms. Galbraith suggested that as there are questions not to pose an answer until the public hearing is held. Mayor Evans asked that questions be directed to Ms. Galbraith so that all questions can get answered.

Council Member Blair asked that more background be given to explain the history of this possible increase. Council Member Blair felt the public needed to know the reason for this. Mayor Evans would make himself available to the media to explain the history.

Motion: to adopt the attached Notice of Intention to increase water rates and direct the Town Clerk to (1) cause such Notice of Intention to be published in the Payson Roundup on April 9, 2010, (2) schedule a public hearing on such Notice of Intention on May 6, 2010, and (3) file a copy of the report supporting such Notice of intention and make the report available to the public.

Moved by Council Member John Wilson, seconded by Council Member Richard Croy.

Vote: Motion carried 7 - 0

Yes: Mayor Kenny J. Evans, Vice-Mayor Su Connell, Council Member Ed Blair, Council Member Mike Vogel, Council Member John Wilson, Council Member Richard Croy, and Council Member Michael Hughes.

3. **CSP.** Mayor Evans opened discussion/possible action and to seek public input concerning:
 1. Review and update of the Corporate Strategic Plan (CSP) including:
 - a. Review and update of existing Key Result Areas (KRA's)
 - b. Add new Key Result Areas (KRA's)
 - c. Department Director review of 2009/2010 accomplishments and 2010/2011 goals
 - d. Prioritizing Key Result Areas for Fiscal Year 2010/2011
 2. Scheduling future meetings to deal with updating and adoption of the 2010/2011 Corporate Strategic Plan
 - a. June 3, 2010 is tentatively scheduled for adoption of the 2010/2011 Corporate Strategic Plan. *NOTE: The CSP is available on the Town website

Mayor Evans explained the budget process and introduced Cindy Smith, Chief Fiscal Officer.

Ms. Smith reviewed the key result areas for the Corporate Strategic Plan. Each area had an objective and strategies to accomplish that objective. Ms. Smith also focused on the summary area.

Council Member Connell noted that in KRA 1 tourism was addressed in several places and asked if it would be taken out. Ms. Smith replied it could be taken out. Debra Galbraith, Town Manager, responded this was about communication not specifically if it was tourism or not. It could be mentioned on the tourism side as well.

Mayor Evans noted communication was to citizens and other levels of government. Mayor Evans believed image was important. Cameron Davis, Parks, Recreation and Tourism Director agreed. Staff could create another objective for public communications. Mayor Evans asked that it be made clear an objective was to get the image of Payson. Mr. Davis stated that was in the Tourism KRA. Mayor Evans believed this could have an economic impact.

Ms. Smith reviewed KRA 2 Water Resource Management. Colin Walker, Assistant Public Works Director, had a change for page 11. Mr. Walker stated water saving devices installed needed to be changed to 12 for residential and 30 for commercial for the 10/11 budget. This was originally designed to get people to change to water saving devices and the need has been satisfied. Now it is turning into a replacement program because most people already have the water saving models in residential areas. In commercial areas they were all done for a large part.

Council Member Croy asked would it be appropriate during the rate increase public hearing to add that. Mr. Walker replied that was covered under the objective. Mayor Evans felt Mr. Walker had done a marvelous job assisting people with this program and felt there should be an objective under this KRA for this. Mr. Walker believed that would be a good idea. It was Council consensus to add that.

Ms. Smith reviewed KRA 3 Environmental Protection. Marty deMasi, Fire Chief, stated the number of fire wise assessments needed to be adjusted to 100 for 2010. It was Council consensus to do that. Council Member Blair asked how many education programs there were. Chief deMasi replied there would be four. Ms. Galbraith noted these are set up for goals and asked if it would be helpful to have a column that shows the actual number of goals achieved. Council Member Blair asked for a column that shows how many Firewise Communities there are in our area. Chief deMasi would do that. Council Member Connell felt this was another form of communication and a strong selling point for our community. Chief deMasi noted the Firewise project was custom built for subdivisions not necessarily an entire town, but he would like to get more Firewise Communities.

Ms. Smith reviewed KRA 4 Community Development. Council Member Blair found the Community Development Department extremely helpful.

Ms. Smith reviewed KRA 5 Transportation and Drainage. Mayor Evans felt staff had been doing a marvelous job dealing with deteriorating streets with limited resources. Ms. Galbraith noted staff did listen at the CIP meeting and would look to increase pavement preservation money in the next budget. Council Member Connell asked if there would be any more sidewalks. Ms. Galbraith responded that could be added.

Ms. Smith reviewed KRA 6 Parks and Recreation. Council Member Blair asked if

the Green Valley Redevelopment Area Commission was going to be disbanded. Mayor Evans responded Council could adjust the title. Ms. Galbraith suggested moving the Commission to Economic Development.

Ms. Smith reviewed KRA 7 Emergency and Medical Services. Council Member Blair asked if Fire Station 13 would be added in 2011. Chief deMasi replied yes. Council Member Blair asked where the fire hydrant maintenance program was added. Ms. Galbraith stated it could be added to the outcomes. Council Member Blair believed that would be helpful. Ms. Galbraith asked staff to remove the third box, joint fire facility discussion, because there was no discussion now. Mayor Evans stated block it out in 2010/2011. Chief deMasi noted item 6 language needed to be changed to "update the emergency plan".

Ms. Smith reviewed KRA 8 Police and 911 Services. Council Member Blair felt the Police Department should get credit for all of the dog complaints they handle. Council Member Connell believed with all the issues that come up this could be in communications and asked if it was tracked now. Ms. Galbraith explained it depended on how a citizen reported it. Council Member Connell asked if the complaints that were captured electronically were tracked. Ms. Galbraith explained the process was Tonia Erin, I.T. Technician, handled it, but if it was not resolved then it came to her. Ray Erlandsen, Acting Community Development Director, stated Community Development tracked all complaints. Ms. Galbraith stated she wanted to work on a performance measurement system. Mayor Evans stated if the goal was to track it for our own performance he would agree with that. Ms. Galbraith noted staff can only track what staff knows not anything a Council Member resolved. Council Member Blair believed Police needed to add how many calls they got under objective 2. Don Engler, Police Chief, noted there had been an increase in calls and he needed to complete all the figures for calls per officer per year.

Ms. Smith reviewed KRA 9 Evaluate Organizational Effectiveness and Efficiency. There were no changes.

Ms. Smith reviewed KRA 10 Airport. There were no changes.

Ms. Smith reviewed KRA 11 library. There were no changes.

Ms. Smith stated there were two new KRAs. Ms. Smith reviewed KRA 12 Economic Development and summarized objectives. Council Member Blair asked for a directional statement and add marketing plan that would work with the Chamber of Commerce and Community Development to help struggling businesses with signage under objective 2. Ms. Galbraith replied staff could create a directional statement such as, review codes or become more business friendly. Council Member Connell asked if under outcomes, number of businesses pursued, staff could add why a business chooses to leave or not come to Payson. Mayor Evans believed the real challenge was to try to capture why businesses want to come to a community. The model Payson would have to adopt was a model that identified the kind of businesses Payson wanted to attract and go knock on their door. The Town would have to look at targeting specific businesses.

Vice-Mayor Vogel pointed out things were improving. Businesses did not want any

part of Payson, but that was changing. In the last month Vice-Mayor Vogel had gone to three new businesses. Ms. Galbraith believed that in the future there would be reports on the successes of what had happened.

Ms. Smith reviewed KRA 13 Tourism. Ms. Galbraith stated in the last outcomes box it should say increase bed tax revenue by 15 percent. Mayor Evans believed the Town needed to develop government to government relationships. Ms. Galbraith suggested adding something to the effect of "eliminate barriers between government to government sponsored events". Ms. Galbraith would find out if there was any way the Town could get the increased insurance and how that would fit into the process. Ms. Galbraith stated insurance had been an issue in the past.

Ms. Smith stated she would work toward these 13 key result areas and requested direction from Council on how to rank these KRAs. Council Member Blair found two or three he would rank number one and suggested ranking them as high and highest. Mayor Evans stated Council could rank them and get the responses back in a timely manner. Mayor Evans believed this should require a two step process where KRAs were ranked on paper then ranked orally. Ms. Galbraith believed Council could do that and then look at the results in a meeting. Mayor Evans believed Council could have the survey then have a meeting to review the results. Sam Streichman, Town Attorney, stated the discussion would occur in public and be provided to the Council and the public simultaneously. Council Member Croy felt that as circumstances changed all the KRAs were a top priority and it would be an error to prioritize them. Vice-Mayor Vogel also did not want to prioritize the KRAs. Vice-Mayor Vogel believed they were all equally important. Council Member Hughes agreed with Council Member Croy and Vice-Mayor Vogel. Council Member Hughes felt it was not a list that should be prioritized because they were all equally important. Council Member Wilson felt many of these things were important to particular departments and each department would put their project on top. Council Member Wilson also felt it should not be prioritized. Mayor Evans stated the sense of the Council was not to prioritize the list.

J. CLAIMS

1. * **List of checks.** Council approved, on the Consent Agenda, a list of checks paid from 03/01/10 through 03/25/10, Check Nos. 008987 through 009293, except Check No. 009149, and authorization to file the checks for audit.
***CONSENT* APPROVED**
2. * **Check No. 009149.** Council approved, on the Consent Agenda, check no. 009149 and authorization to file check for audit. (Note: due to a perceived and/or conflict of interest, Council Member Vogel will be considered to have abstained from voting on this item).
***CONSENT* APPROVED**

K. MISCELLANEOUS

1. * Council approved, on the Consent Agenda, the acceptance with regrets of the **resignation of Charlie Smith** from the Green Valley Redevelopment Area Commission and thanks for a job well done.
***CONSENT* APPROVED**

2. * Council approved, on the Consent Agenda, the acceptance with regrets of the **resignation of Bruce O. Wales** from the Design Review Board and thanks for a job well done.
***CONSENT* APPROVED**

L. PUBLIC COMMENTS

There were no public comments.

ADJOURNMENT

Mayor Evans adjourned the meeting at approximately 7:27 p.m.

APPROVED:

_____ Date: _____

Kenny J. Evans, Mayor

ATTEST:

Silvia Smith, Town Clerk

Certification

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the regular meeting of the Town Council of the Town of Payson held on this day the 1 of April, 2010. I further certify that the meeting was duly called and held and that a quorum was present.

DATED this ____ day of _____, 2010.

Tracie Bailey, Deputy Town Clerk

March 31st, 2010

Town Council
Town of Payson
303 North Beeline Highway.
Payson, AZ 85541

To The Honorable Mayor Evans and Council Members:

We are writing to you regarding the increase of the bed tax from 3% to 5%. We just heard about this today via KMOG. Since we are representing the industry were this tax will increase and we are the ones that are going to have to tell our guests of the increase, we have a few of concerns that we hope that you take into consideration before going to vote on this. This impacts our business, our revenue, our livelihood.

Our first concern is the pace in which this vote is happening. We think it is horrible that we are just now hearing of it two days before you are putting it up for vote. It seems as though it is a rush item with no investigation or input from the industry that this will affect.

Our second concern is the bed tax that is being collected in all the other cities in the state of Arizona. Please see attached Bed Tax Rates. There are two cities at 6%, none at 5% but a majority of them at 2% or 3%. Payson does not have as much for tourist to do like lets say Flagstaff at 2% or Sedona at 3% or Prescott also at 3%. Don't get us wrong, we love Payson and we think it has a lot to offer but for people that are coming to visit, are we really a weekend destination with lots of action packed things to do? We think this increase in bed taxes will discourage people from coming to our town but entice them to go to other towns were the tax rates are already less and there is more to offer. The total tax our guests are paying now is 11.72%. This will increase us to 13.72%. Wow! Popular resort areas are on the average at about 15%.

Our third concern, bed tax dollars collected is earmarked for tourist related items. What do you intend to do with the extra 2% collected. Is this money going to be invested into advertising to try to get more people to come to our area or is this extra money going to help the town deficit? The bed tax was created to promote tourism to our area.

We know that the Town's bed tax dollar fund is down from previous years, as too is our revenue. Most of us have a 25% or more decrease in revenue in 2009 over 2008. 2008 also showed a great decrease for all of us. We are struggling; the town is struggling but increasing the bed tax is not going to solve any of our problems. It is going to make it harder for us to rent the rooms. It is going to make it harder for people to choose Payson when they can just drive onto the next town or for that matter just drive back home to the Phoenix area, as that is where a bulk of our guests comes from.

We hope that you will take our thoughts into consideration and look at the bed taxes collected from other towns/cities before making your decision. During these tough times, a lot of people will not be able to take large vacations – perhaps weekend vacations will become more popular - we do not want to discourage them from coming to our community.

With Warm Regards,



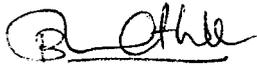
Best Western Payson Inn
General Manager



America's Best Value Inn
Owner/GM



Comfort Inn
Owner/GM



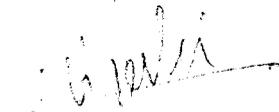
Super 8
General Manager



Paysonglo Lodge
General Manager



Days Inn
Owner/GM



Economy Inn
Owner/GM



Majestic Mountain Inn
General Manager



Budget Inn and Suites
Owner/GM

Bed Tax Rates: Arizona Communities
February 2009

Community	County	Tax Rates				
		Bed	City	County	State	Total
Apache Junction	Maricopa/Pinal	2.2%	2.2%	1.77/1.198%	5.5%	11.67/11.098%
Avondale	Maricopa	2.0%	2.5%	1.77%	5.5%	11.77%
Benson	Cochise	2.0%	2.5%	0.55%	5.5%	10.55%
Bisbee	Cochise	2.5%	2.5%	0.55%	5.5%	11.05%
Bullhead City	Mohave	3.0%	2.0%	0.28%	5.5%	10.78%
Camp Verde	Yavapai	3.0%	1.0%	0.825%	5.5%	10.325%
Carefree	Maricopa	3.0%	3.0%	1.77%	5.5%	13.27%
Casa Grande	Pinal	2.0%	1.8%	1.198%	5.5%	10.498%
Cave Creek	Maricopa	4.0%	2.5%	1.77%	5.5%	13.77%
Chandler	Maricopa	2.9%	1.5%	1.77%	5.5%	11.67%
Chino Valley	Yavapai	3.0%	3.0%	0.825%	5.5%	12.325%
Clarkdale	Yavapai	2.0%	2.25%	0.825%	5.5%	10.575%
Colorado City	Mohave	2.0%	2.0%	0.28%	5.5%	9.78%
Coolidge	Pinal	3.0%	3.0%	1.198%	5.5%	12.698%
Cottonwood	Yavapai	3.0%	3.0%	0.825%	5.5%	12.325%
Dewey-Humboldt	Yavapai	1.0%	1.0%	0.825%	5.5%	8.325%
Douglas	Cochise	2.0%	2.8%	0.55%	5.5%	10.85%
Eagar	Apache	3.0%	3.0%	0.55%	5.5%	12.05%
El Mirage	Maricopa	2.0%	3.0%	1.77%	5.5%	12.27%
Eloy	Pinal	4.0%	3.0%	1.198%	5.5%	13.698%
Flagstaff	Coconino	2.0%	1.721%	1.237%	5.5%	10.458%
Florence	Pinal	2.0%	2.0%	1.198%	5.5%	10.698%
Fountain Hills	Maricopa	3.0%	2.6%	1.77%	5.5%	12.87%
Gila Bend	Maricopa	2.0%	3.0%	1.77%	5.5%	12.27%
Gilbert	Maricopa	3.0%	1.5%	1.77%	5.5%	11.77%
Glendale	Maricopa	3.4%	2.2%	1.77%	5.5%	12.87%
Globe	Gila	3.0%	2.0%	1.10%	5.5%	11.60%
Goodyear	Maricopa	2.5%	2.0%	1.77%	5.5%	11.77%
Guadalupe	Maricopa	4.0%	3.0%	1.77%	5.5%	14.27%
Hayden	Gila	2.0%	3.0%	1.10%	5.5%	11.60%
Holbrook	Navajo	2.0%	3.0%	0.55%	5.5%	11.05%
Kearny	Pinal	3.0%	2.5%	1.198%	5.5%	12.198%
Kingman	Mohave	2.0%	2.0%	0.28%	5.5%	9.78%
Lake Havasu City	Mohave	3.0%	2.0%	0.28%	5.5%	10.78%
Litchfield Park	Maricopa	1.0%	2.8%	1.77%	5.5%	11.07%
Marana	Pima*	3.0%	2.0%	0.55%	5.5%	11.05%
Maricopa	Pinal	2.0%	2.0%	1.198%	5.5%	10.698%
Mesa	Maricopa	3.0%	1.75%	1.77%	5.5%	12.02%
Nogales	Santa Cruz	4.0%	2.00%	1.10%	5.5%	12.60%
Oro Valley	Pima*	6.0%	2.0%	0.55%	5.5%	14.05%
Page	Coconino	3.0%	3.0%	1.237%	5.5%	12.737%
Paradise Valley	Maricopa	3.0%	1.65%	1.77%	5.5%	11.92%
Parker	La Paz	4.0%	2.0%	1.10%	5.5%	12.60%
Patagonia	Santa Cruz	3.0%	3.0%	1.10%	5.5%	12.60%
Payson	Gila	3.0%	2.12%	1.10%	5.5%	11.72%

Bed Tax Rates: Arizona Communities
February 2009

Community	County	Tax Rates				
		Bed	City	County	State	Total
Peoria	Maricopa	3.8%	1.8%	1.77%	5.5%	12.87%
Phoenix	Maricopa	3.0%	2.0%	1.77%	5.5%	12.27%
Pinetop-Lakeside	Navajo	3.0%	2.5%	0.55%	5.5%	11.55%
Prescott	Yavapai	3.0%	2.0%	0.825%	5.5%	11.325%
Prescott Valley	Yavapai	2.33%	2.33%	0.825%	5.5%	10.985%
Queen Creek	Maricopa/Pinal	1.0%	2.25%	1.77/1.198%	5.5%	10.52/9.948%
Safford	Graham	5.0%	2.5%	0.55%	5.5%	13.55%
Sahuarita	Pima*	2.0%	2.0%	0.55%	5.5%	10.05%
St. Johns	Apache	1.0%	2.0%	0.55%	5.5%	9.05%
Scottsdale	Maricopa	3.0%	1.65%	1.77%	5.5%	11.92%
Sedona	Coconino/Yavapai	3.0%	3.0%	1.237/0.825%	5.5%	12.737/12.325%
Snowflake	Navajo	4.0%	2.0%	0.55%	5.5%	12.05%
South Tucson	Pima*	2.0%	2.5%	0.55%	5.5%	10.55%
Springerville	Apache	2.0%	3.0%	0.55%	5.5%	11.05%
Surprise	Maricopa	1.0%	2.2%	1.77%	5.5%	10.47%
Taylor	Navajo	2.0%	2.0%	0.55%	5.5%	10.05%
Tempe	Maricopa	3.0%	1.8%	1.77%	5.5%	12.07%
Thatcher	Graham	3.0%	2.0%	0.55%	5.5%	11.05%
Tolleson	Maricopa	2.0%	2.5%	1.77%	5.5%	11.77%
Tombstone	Cochise	3.0%	2.5%	0.55%	5.5%	11.55%
Tucson	Pima*	6% +\$1	0.0%	0.55%	5.5%	12.05% +\$1
Wellton	Yuma	2.5%	2.5%	1.198%	5.5%	11.698%
Wickenburg	Maricopa	3.5%	1.7%	1.77%	5.5%	12.47%
Willcox	Cochise	0.0%	7.0%	0.55%	5.5%	13.05%
Williams	Coconino	0.0%	4.5%	1.237%	5.5%	11.237%
Winslow	Navajo	2.0%	3.0%	0.55%	5.5%	11.05%
Youngtown	Maricopa	3.0%	2.0%	1.77%	5.5%	12.27%
Yuma	Yuma	2.0%	1.7%	1.198%	5.5%	10.398%

Note: *Transient lodging in unincorporated areas of Pima County is subject to a 6% county tax (effective 1/1/06).

This tax does not apply to transient lodging located within the incorporated cities/towns of Pima Co.

The 0.55% Transportation Excise Tax (eff. July 1, 2006) applies to all Transient Lodging businesses in Pima County.

The Maricopa County transient lodging rate of 1.77% includes 1% per Prop. 302

The city tax rate for transient lodging in Camp Verde is 1% as opposed to 2% for other sectors.

The Arizona state tax rate for lodging is 5.5% (Effective 1989) as opposed to 5.6%.

Source: Arizona Hospitality Research and Resource Center, Northern Arizona University

Revised March 2009

Payson considers 20% increase in water rates

Council on Thursday evening will also consider a 5 percent jump in tax on hotel rooms, rental cars

BY PETE ALESHIRE
ROUNDUP STAFF REPORTER

The Payson Town Council will meet Thursday to consider a 20 percent increase in water rates and new taxes on hotel rooms and rental cars.

The steep hike in water rates was first proposed by the water department back in October of 2007, but the council has previously refused to consider the increase.

The town spends about \$6 million on its water department, more than any other town function.

The water department has maintained substantial reserves, in addition to accumulating some \$5 million for the Blue Ridge pipeline, financed by a \$7,500-per-unit impact fee on new construction.

The hearing on Thursday is the first act in a long process that could result in the imposition of the rate increase in July.

Thursday's council session will start at 5:30 p.m. in the town hall council chambers.

The proposed 2 to 5 percent hike in the room tax and a proposed new 5 percent tax on rental cars would also boost town revenues, but most of that money would come from out-of-town visitors.

A 2 percent rise in the bed tax would bring in an estimated \$85,000, according to a memo written by Town Manager Debra Galbraith.

A 5 percent tax on rental cars would bring in another \$15,000 to \$20,000.

The town has struggled to fill its rooms in the past year, resulting in a decline in bed tax revenues of more than 15 percent. Overall, Gila County hotels in 2009 suffered from the second highest vacancy rate in the state — about 50 percent, according to the Arizona Department of Commerce.

Town officials say Payson's water rates remain low compared to other towns in the region and other communities on the outskirts of Payson served by Brooke Utilities and other water companies.

They say the jump in rates is several

years overdue and will help maintain the town's water system.

The town borrowed \$1 million from its own water department this year to get through the current fiscal year and cope with a roughly 15 percent drop in sales tax revenue and the near absence of building impact fees.

The town council at the start of the fiscal year passed up an increase in the property tax rate and has cut town expenses repeatedly in the past two years.

The town has had in place a hiring and pay raise freeze for nearly two years and canceled even routine street maintenance. In December, the council added a ban on overtime and a two-day a month furlough that resulted in an effective pay cut of 12 percent for most town workers and more like 16 to 20 percent for the overtime-dependent police and fire departments.

Sales tax and other revenue sources improved somewhat in February, easing the immediate fears of a big deficit in the current fiscal year. However, projections remain bleak for the fiscal year that starts in July. Town officials say they still see no signs of a recovery in the construction market, once a major source of town revenue.