



PAYSONAZ.GOV



# TOWN MANAGER'S REPORT

AUGUST 26, 2021

# CONTENTS



---

**03**

MESSAGE FROM THE  
TOWN MANAGER

---

**04**

IT DEPARTMENT

---

**05**

PAYSON AIRPORT

---

**06**

PARKS, REC & TOURISM

---

**08**

WATER DEPARTMENT

---

**16**

FINANCE DEPARTMENT

# MESSAGE FROM THE TOWN MANAGER



This document is developed and provided to help inform residents about what is happening with Town operations, services and programs; to answer frequently asked questions; and to encourage citizen participation in our local government. We aim to provide high quality programs and services to our residents in an effort to create a high quality of life. We welcome public comment and participation in the governance of our town. Residents are encouraged to join a council appointed board, commission or committee, speak at a council meeting during the public comment period, or fill out an online comment form. Town staff and I are honored to serve the residents of our town; we are committed to excellence and welcome you all to join us in the spirit of service.

-Troy Smith, Town Manager

# IT DEPARTMENT

On Friday evening, August 13th, at 7:44 pm, the server room at Town Hall experienced a lightning strike resulting in extensive damage to equipment. It included servers, routers, switches, firewalls, VoIP phones as well as many other devices, ultimately affecting some online services and various communications. After many long hours on Saturday and Sunday, most services were restored by Monday morning. However, some equipment couldn't be repaired so warranty replacement devices had to be ordered, shipped and configured once they arrived. Everything other than the damaged desk phones are once again operational.

The IT department is currently hiring for the positions of GIS Tech and Sr IT tech, for applications, please visit the Town website [www.paysonaz.gov](http://www.paysonaz.gov).

Speaking of the Town website, the IT department has begun the process of redesigning the Town Government website. Being in the initial design stage, there is still a lot of work to do but we are planning to have a new site "live" to the public in about 9 months.

-Steve DeHaan, IT Director



# PAYSON AIRPORT

At approximately 1:30 pm on Monday August 23, Payson Airport Unicom received a radio call from a pilot of a motor glider to have airport staff do a visual check of the motor glider's landing gear as he flew low over the runway. Airport staff informed the pilot that the gear doors were ajar, and the landing gear was not locked. After several attempts by the pilot to remedy the issue, he radioed the airport that he was going to fly above the airport to use up fuel to lighten the aircraft for a gear up landing. Airport staff contacted the Fire Department and requested an engine and fire personal to stand by at the airport for an aircraft emergency landing. The Fire Department responded with two engines and personal. The aircraft landed gear up with minimal damage. The two pilots exited the aircraft unharmed. Airport staff used a backhoe from the Streets Department to remove the aircraft from the runway. Thanks to the skill of the pilot and the response from Town of Payson Departments the airport was closed less than an hour.

-Dennis Dueker, Airport Coordinator



# PARKS, RECREATION & TOURISM

2021

## Fiddle and Acoustic Celebration

SEPTEMBER 24-26

*Friday*

**FRIDAY NIGHT CONCERT**  
6PM GREEN VALLEY PARK

*Saturday*

**ARIZONA FIDDLE STATE CHAMPIONSHIPS AND MORE...**

*Sunday*

**GOSPEL CONCERT AND FIDDLE GRAND CHAMPIONSHIPS**



more information and full schedule at  
**PAYSONRIMCOUNTRY.COM FIDDLE**

# PARKS, RECREATION & TOURISM



Fall  
Soccer

IS OPEN FOR REGISTRATION!

[PAYSONRIMCOUNTRY.COM/YOUTH-PROGRAMS](https://paysonrimcountry.com/youth-programs)

# WATER DEPARTMENT

## Hoover Program Net Savings Report Monthly Report to The Town of Payson Terry Urbine, Current Insight Inc. Prepared 8/12/2021; For July 2021

### Executive Summary

July notched another good month with net savings of \$3,810 pushing the year end forecast up to a net savings of \$16,522 by September.

	Energy (kWh)		Rev (\$)	Costs (\$)		Net Savings	
	Hoover	Firming	APS Credits	Hoover	Firming	Hoover	Firming
Year 1	486,000	0	\$30,560	\$20,781	\$0	\$9,779	\$0
Year 2	525,000	0	\$33,086	\$20,870	\$0	\$12,217	\$0
Year 3	495,000	170,000	\$41,220	\$20,000	\$3,786	\$10,578	\$6,855
Year 4 *	453,000	107,000	\$33,938	\$16,905	\$3,248	\$11,073	\$2,712
<b>Total</b>	<b>1,959,000</b>	<b>277,000</b>	<b>\$138,804</b>	<b>\$78,556</b>	<b>\$7,034</b>	<b>\$43,647</b>	<b>\$9,567</b>

\* Year 4 is 10 months of data

Table 1

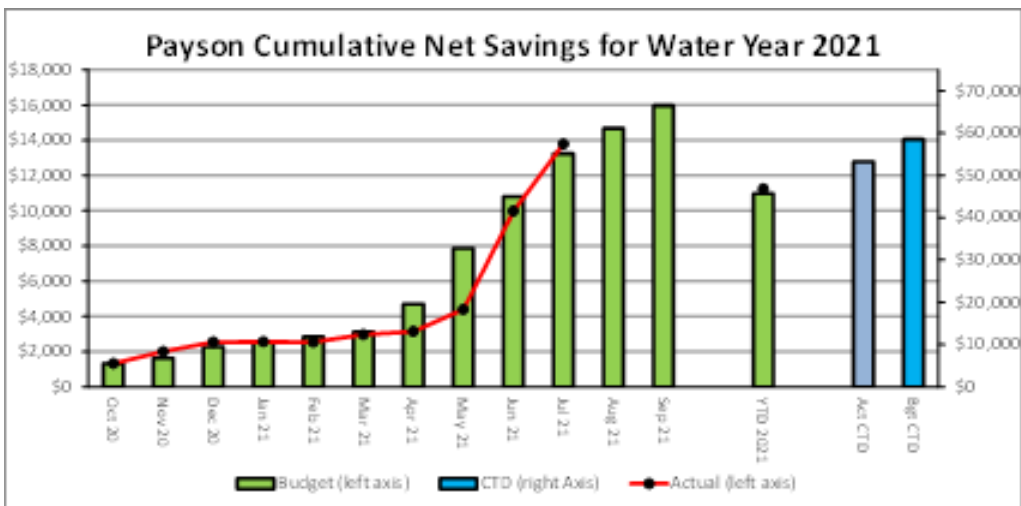


Chart 1



# WATER DEPARTMENT

Monthly tracking shows that we are close to budget after 10 months of the water year complete.

	Oct 20	Nov 20	Dec 20	Jan 21	Feb 21	Mar 21	Apr 21	May 21	Jun 21	Jul 21	YTD 21	WY 21	CTD
Actual	\$1,325	\$682	\$538	\$10	(\$17)	\$427	\$174	\$1,254	\$5,581	\$3,810	\$11,240	\$13,785	\$53,214
Budget	\$1,317	\$314	\$635	\$314	\$267	\$267	\$1,580	\$3,175	\$2,926	\$2,432	\$10,961	\$13,226	\$58,512
over/(under)	<u>\$8</u>	<u>\$368</u>	<u>(\$97)</u>	<u>(\$303)</u>	<u>(\$284)</u>	<u>\$160</u>	<u>(\$1,406)</u>	<u>(\$1,921)</u>	<u>\$2,655</u>	<u>\$1,379</u>	<u>\$280</u>	<u>\$559</u>	<u>(\$5,298)</u>

\* Notes: YTD 21 – year to date on calendar year basis  
 WY 21 – water year to date based on federal year (oct. sep)  
 CTD – Hoover contract to date. Cumulative values since Oct 1, 2017.

**Table 2**

In July, some uncredited Hoover power from April and May was credited to Payson retail electric accounts which cleans up all the past billing errors we have been chasing with APS. A budgeted firming purchase of 20,000 kWh was not executed because wholesale prices this month were astronomical. Hoover power was very close to budget at 53,000 kWh this month.

	July	YTD 21	WY 21	CTD
Actual Net Savings	3,810	11,240	13,785	53,214
Budget Net Savings	<u>2,432</u>	<u>10,961</u>	<u>13,226</u>	<u>58,512</u>
Variance	<u>1,379</u>	<u>280</u>	<u>559</u>	<u>(5,297)</u>
<b>Variance Causes</b>				
Costs (over)/under budget	623	244	566	2,172
LCRBDF charges under/(over) budget	5	0	(68)	183
Repayable Cap Advances under/(over) bgt	0	0	12	1,449
APA Energy kWh purchase (over)/under bgt	12	0	(180)	347
APA Energy rates (over)/under bgt	(19)	(115)	(148)	(2,026)
APA Capacity kW purchase (over)/under bgt	(46)	270	318	2,832
APA Capacity rates (over)/under bgt	46	(270)	(318)	(3,925)
WAPA Firming kWh (over)/under bgt	625	279	869	1,626
WAPA Firming price (over)/under bgt	0	80	80	1,805
APA Late Fees	0	0	0	(119)
Revenue over/(under) budget	756	36	(6)	(5,868)
APS Hoover credit rate higher/(lower) than bgt	2,178	(440)	(440)	(484)
Hoover kWh higher/(lower) than budget	(106)	233	1,037	(6,469)
APS Firming credit rate higher/(lower) than bgt	0	910	910	33
Firming kWh higher/(lower) than budget	(1,315)	(667)	(1,513)	1,052
One time variances from WY18 & WY19	0	0	0	(1,602)
<b>Total Savings over/(under) budget</b>	<u>1,379</u>	<u>280</u>	<u>559</u>	<u>(5,297)</u>

\* YTD 21 – Year to Date – calendar basis – cumulative since January 2021  
 \*\* WY 21 – Water Year to Date – cumulative values since October 2020  
 \*\*\* CTD – Contract To Date – cumulative values since beginning of federal contract; October 2017

**Chart 1**

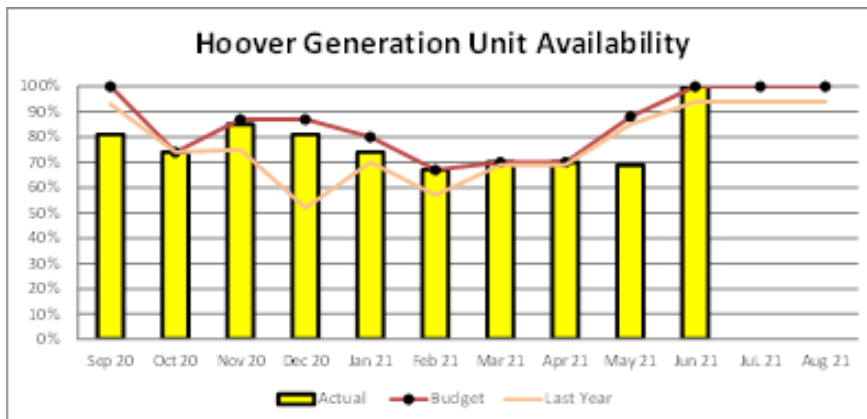
# WATER DEPARTMENT

July 2021 was better than July 2020 with revenue about the same overall year over year. Revenue was boosted this year by the make up credits in July that should have been booked in April and May, but July revenue was lower this year by a similar delta related to 30,000 kWh firming done in 2020, but not done in 2021. That foregone firming then reduced our July costs this year versus last, yielding the net gain of 891 year over year.

**Table 4: Hoover Program Net Savings WY 21 Over WY 20**  
\$

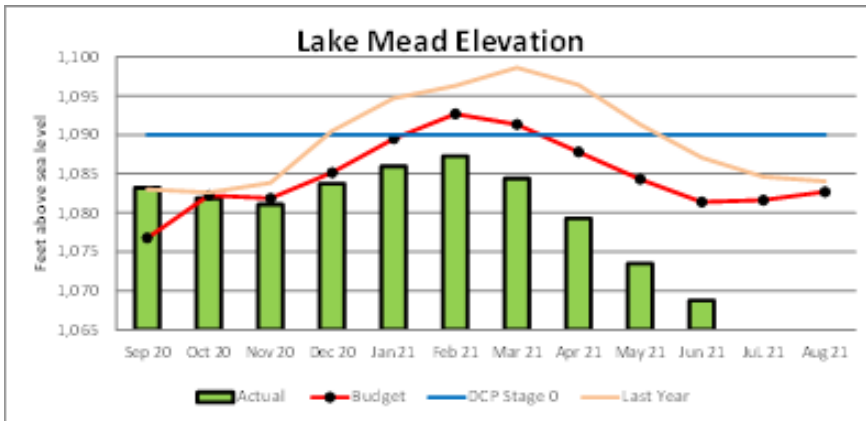
	July	WY TD (10mo)
Net Savings in WY 2021	3,810	13,785
<u>Net Savings in WY 2020</u>	<u>2,929</u>	<u>13,164</u>
<b>Change</b>	<b><u>881</u></b>	<b><u>621</u></b>
<b>Reasons</b>		
<b>WY 21 Costs (Higher)/Lower than WY 20 Costs</b>	<b>914</b>	<b>(1,239)</b>
Hoover Energy volume (Higher) /Lower than WY20	36	(677)
Hoover Energy prices (Higher) / Lower than WY20	33	210
Hoover Capacity volume (Higher)/Lower than WY20	7	230
Hoover Capacity prices (Higher)/Lower than WY20	7	(85)
Firm Energy volume (Higher) /Lower than WY20	818	582
Firm Energy prices (Higher) / Lower than WY20	0	(1,241)
LCRBDF in WY19 (Higher)/Lower than WY20	14	(257)
APA Late fees (Higher)/Lower in WY20 than WY20	0	0
APA Repayable Advances (Higher) in WY21 than WY20	0	0
Transitional Items (Higher) / Lower in WY21 than WY20	(0)	0
Other	0	(2)
<b>WY 21 Revenue Higher/(Lower) than WY 20 Revenue</b>	<b>(33)</b>	<b>1,861</b>
PRR Hoover Energy volume kWh Higher/(Lower) in WY21 than WY20	(318)	1,829
PRR Hoover Energy prices Higher/(Lower) in WY21 than WY20	2,259	620
PRR Firm Energy volume kWh Higher/(Lower) in WY21 than WY20	(1,973)	(1,555)
PRR Firm Energy prices Higher/(Lower) in WY21 than WY20	0	860
APA refund Higher/(Lower) in WY21 than WY20	0	106
Other	(0)	0
<b>Total Net Savings Change WY 2021 over WY 2020</b>	<b><u>881</u></b>	<b><u>621</u></b>

Hoover dam power output in June and wholesale prices in June impact July net savings.



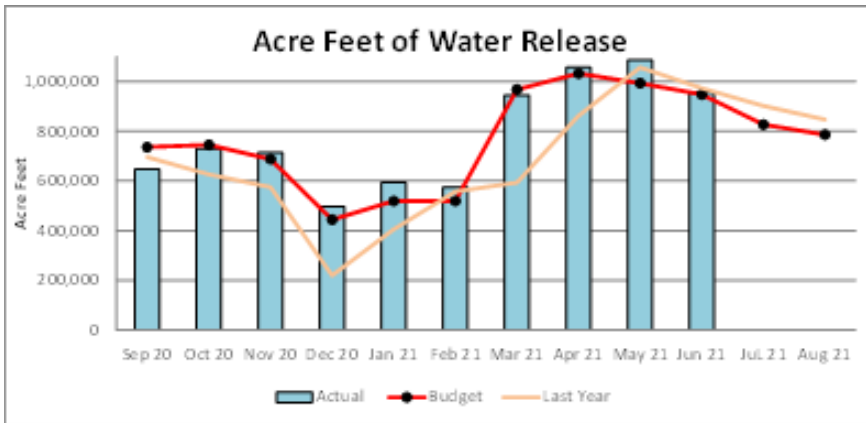
**Chart 2**  
All 17 Hoover generators are now online.

# WATER DEPARTMENT



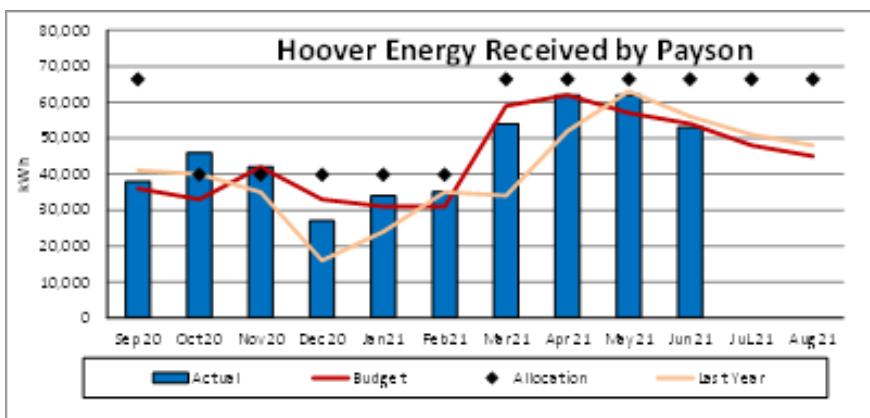
**Chart 3**

Lake elevation continues to plummet, dropping 5 feet to 1,068 in June. It seems that now that we have broken through the 1,075 level, it's no holds barred by water users - like a run on the bank.



**Chart 4**

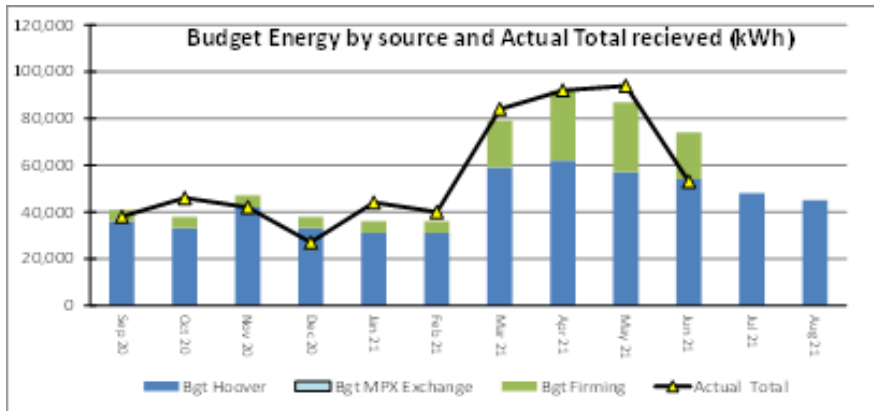
In June, water releases were on budget which begs the question of why elevation dropped by 5 feet from last month, while the water schedule budget called for a decline of 3 feet from prior month. This 2 foot difference is 200,000 acre feet of water that is not accounted for. There must be something fishy going on with the releases from Powell.



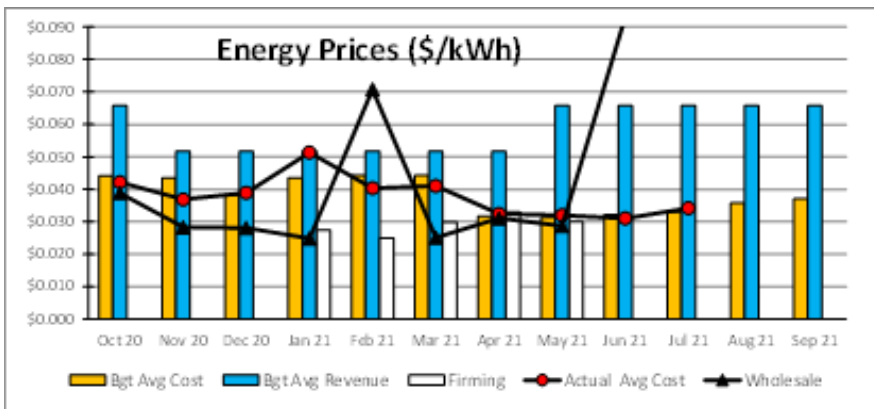
**Chart 5**

Hoover energy received by the Town, was close to budget at 53,000 kWh.

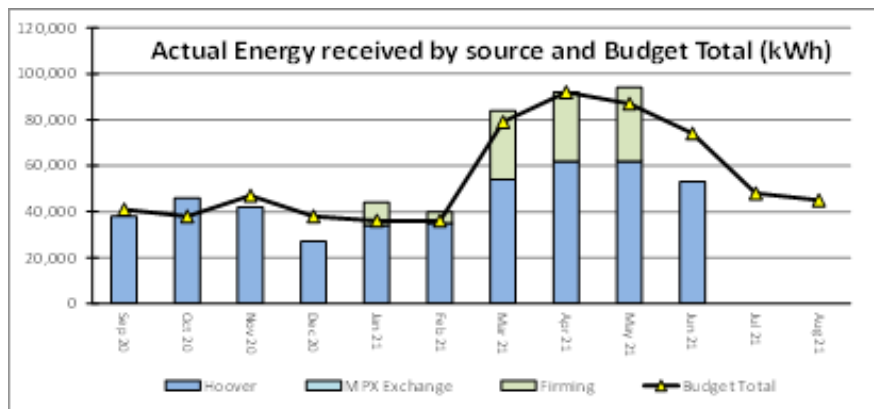
# WATER DEPARTMENT



**Chart 6**  
Total preference power energy received by the Town was 21,000 kWh under budget in June. Hoover was under by 1,000 kWh and firming was canceled for 20,000 kWh.



**Chart 7**  
Wholesale prices for power were literally off the charts in June at \$93 per MWh, hence no firming. It would be nice to sell our Hoover into that market in the months when we see these spikes.



**Chart 8**  
The June Hoover output was close to budget, but firming left a gap.

# WATER DEPARTMENT

## Outlook

The various APS billing inconsistencies that began in February have all been fixed and credited properly. With Cragin WTP shut down after 7/15, we will be closely monitoring Hoover energy and how it stacks against the 2 wells' loads in the coming bill cycles. We will advise the water department concerning the best run strategy in the coming months.

Town of Payson Hoover Program Net Savings for Water Year 2021

	Energy (kWh)		Rev (\$) APS Credits	APA Costs(\$)		Firming Cost (\$)	Net Savings
	Hoover	Firming		Power	Other		
Oct-20	38,000	0	\$2,499	\$737	\$438	\$0	\$1,325
Nov-20	46,000	0	\$2,380	\$1,261	\$438	\$0	\$682
Dec-20	42,000	0	\$2,173	\$1,195	\$438	\$2	\$538
Jan-21	27,000	0	\$1,397	\$949	\$438	\$0	\$10
Feb-21	34,000	10,000	\$1,759	\$1,064	\$438	\$275	(\$17)
Mar-21	35,000	5,000	\$2,070	\$1,080	\$438	\$125	\$427
Apr-21	54,000	30,000	\$2,902	\$1,392	\$438	\$898	\$174
May-21	62,000	30,000	\$4,202	\$1,523	\$438	\$987	\$1,254
Jun-21	62,000	32,000	\$8,502	\$1,523	\$438	\$960	\$5,581
Jul-21	53,000	0	\$5,624	\$1,376	\$438	\$0	\$3,810
Aug 21	48,000	0	\$3,157	\$1,061	\$654	\$0	\$1,443
Sep 21	45,000	0	\$2,960	\$1,026	\$640	\$0	\$1,294
<b>Total</b>	<b>546,000</b>	<b>107,000</b>	<b>\$39,626</b>	<b>\$14,187</b>	<b>\$5,669</b>	<b>\$3,248</b>	<b>\$16,522</b>

\* Actual invoice data shown as shaded rows, unshaded rows are forecast values

Table 5



# WATER DEPARTMENT

## Municipal Power Exchange (MPX)

No firming purchases were made in June.

Town of Payson Ledger of cash flows						
Positive values are credits, or savings. (Negative) values are payments						
Actual Invoices received are shown as shaded rows followed by forecast values						
Counterpart				Invoice	Cumul.	
Date	Y	Reference #	Description	Payment	Credits	Savings
10/1/2020	APA	N/A	Refund from WY 2019		\$428.66	
10/15/2020	APA	Inv # OY 2020-986	Sep 2020 Hoover bill	(\$1,603.38)		
11/12/2020	APS	Svc# 2343222985	Oct '20 Credit, Cragin WTP		\$2,499.41	\$1,324.69
11/16/2020	APA	Inv # OY 2021-1086	Bill for Oct 2020 Hoover	(\$1,698.32)		
12/9/2020	APS	Svc# 2343222985	Nov '20 Credit, Cragin WTP		\$2,380.22	\$2,006.60
12/15/2020	APA	Inv # OY 2021-1186	Bill for Nov 2020 Hoover	(\$1,635.02)		
1/14/2020	APS	Svc# 2343222985	Dec '19 Credit, Cragin WTP		\$2,173.25	\$2,544.82
1/15/2021	APA	Inv # OY 2021-1247	Bill for Dec 2020 Hoover	(\$1,386.72)		
2/10/2021	APS	Svc# 2343222985	Jan '21 Credit, Cragin WTP		\$1,397.09	\$2,555.19
2/16/2021	APA	Inv # OY 2021-0147	Bill for Jan 2021 Hoover	(\$1,776.52)		
3/11/2021	APS	Svc# 2343222985	Feb '21 Credit, Cragin WTP		\$1,759.30	\$2,537.97
3/15/2021	APA	Inv # OY 2021-0247	Bill for Feb 2021 Hoover	(\$1,642.92)		
4/9/2021	APS	Svc# 2343222985	Mar '21 Credit, Cragin WTP		\$2,069.76	\$2,964.81
4/15/2021	APA	Inv # OY 2021-0347	Bill for Mar 2021 Hoover	(\$2,727.86)		
5/11/2021	APS	Svc# 2343222985	Apr '21 Credit, Cragin WTP		\$2,837.69	
5/11/2021	APS	Svc# 4670917252	Apr '21 Credit, P Pkwy well		\$64.50	\$3,139.14
5/17/2021	APA	Inv # OY 2021-0447	Bill for Apr 2021 Hoover	(\$2,948.02)		
6/9/2021	APS	Svc# 2343222985	May '21 Credit, Cragin WTP		\$3,090.49	
6/9/2021	APS	Svc# 4670917252	May '21 Credit, P Pkwy well		\$1,111.49	\$4,393.11
6/15/2020	APA	Inv # OY 2021-0547	Bill for May 2020 Hoover	(\$2,920.72)		
7/12/2021	APS	Svc# 2343222985	Jun '21 Credit, Cragin WTP		\$6,617.10	
7/12/2021	APS	Svc# 4670917252	Jun '21 Credit, P Pkwy well		\$1,885.08	\$9,974.57
7/15/2021	APA	Inv # OY 2021-0647	Bill for Jun 2021 Hoover	(\$1,813.12)		
8/19/2021	APS	Svc# 2343222985	Jul '21 Credit, Cragin WTP		\$3,592.02	
7/30/2021	APS	Svc# 5017111000	Jul '21 Credit, Star Valley well		\$2,031.55	\$13,785.02
8/17/2020	APA	TBD	Bill for Jul 2020 Hoover	(\$1,714.31)		
9/14/2020	APS	Svc# 2343222985	Aug '20 Credit, Cragin WTP		\$3,157.15	\$15,227.86
9/15/2020	APA	TBD	Bill for Aug 2020 Hoover	(\$1,666.16)		
10/13/2020	APS	Svc# 2343222985	Sep '20 Credit, Cragin WTP		\$2,959.83	\$16,521.53

# WATER DEPARTMENT

A lightning strike happened on Friday the 13th and took out our SCADA system that runs our water system for a couple of hours. SCADA is an acronym for Supervisory Control and Data Acquisition which is basically the brains and nervous system that tells our Water Distribution pumps and valves how to operate based upon real time field conditions. The Water Department SCADA technician Dennis Oosthuizen is a master at adapting and overcoming challenges. So, he quickly deployed a temporary antenna and radio system within a couple of hours that was mounted onto his truck to get us through the weekend. Then on the following Monday, Dennis used the Town's bucket truck to permanently repair the issue on top of the Water Department building. Everything was back up by 10:00 am.



# FINANCE DEPARTMENT

The Town is 100% through Fiscal Year 2020/2021, which ended on June 30, 2021. The numbers discussed in this report are unaudited and may change from the final audit report in December.

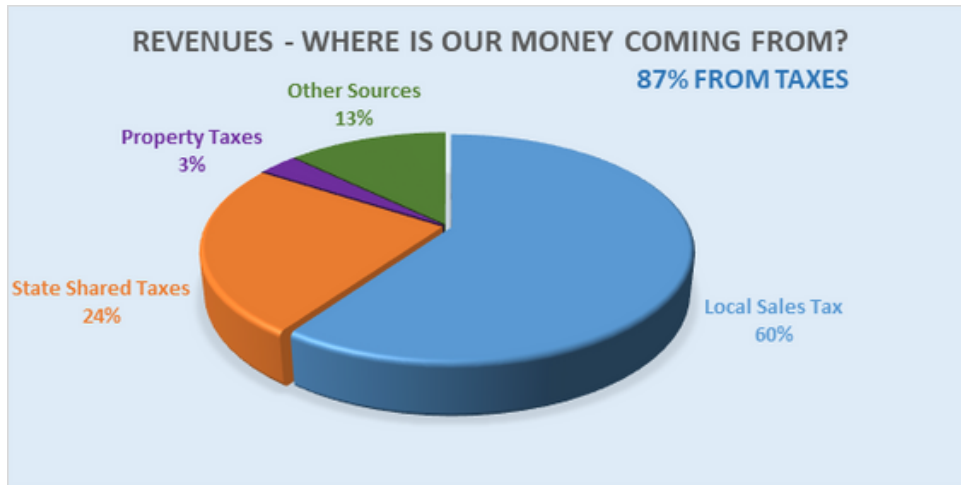
The major focus in this report is on the day-to-day operating fund called the General Fund. The General Fund covers operations in Law Enforcement, Fire Safety and Medical Emergencies, Parks & Recreation, Town Manager, Council, Information Technology, Clerks, Elections, Human Resources, Attorney, Magistrate Court, Finance, Central Services, Community Development, and Health & Wellness

The General Fund collects revenues from different sources such as taxes, intergovernmental service agreements, grants, fines, business licenses, building permits, and charges for services & activities. For FY 20/21 the Town budgeted \$19,442,500 in revenues (excludes transfers from other funds). Taxes accounted for 87% of the income collected in the General Fund. Out of those taxes, the 2.88% local sales tax was over 60% of the overall revenues. As of June 30, 2021, the Town actually collected \$22,414,776 of total revenues, which is 115.1% of budget. The increase in revenue came from the local sales taxes. Compared to fiscal year 2019/2020, the change includes a 37% increase in hotels and short-term rentals; 12% average increase in retail sales, bars, and restaurants; and 164% increase in online sales.





# FINANCE DEPARTMENT



**Local Sales Tax** | Adopted Budgeted Revenue \$10,700,000 ..... Collected \$13,408,152  
 • **125.3% Collected**

**State-Shared Taxes** | Adopted Budgeted Revenue \$4,878,500 ..... Collected \$5,447,522  
 • **111.7% Collected**

**Property Taxes** | Adopted Budgeted Revenue \$701,300 ..... Collected \$684,699  
 • **97.6% Collected**

**Other Sources** | Adopted Budgeted Revenue \$3,162,700 ..... Collected \$2,874,404  
 • **90.9% Collected (what happened here?)**  
 • Grant funds are budgeted based on pending application requests; however, it is typical to receive a small portion of the grants requested.  
 • Parks & Recreation collected 22.4% less than budgeted caused by cancellations of activities and programs.

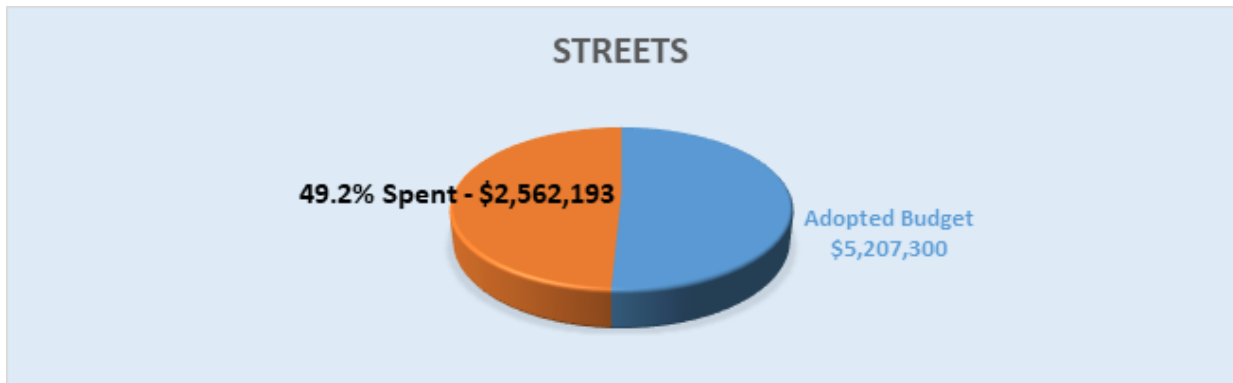
# FINANCE DEPARTMENT

How did the Town do with spending those revenues? The General Fund was budgeted to spend \$20,020,800 (excludes transfers out to other funds). As of June 30, 2021, the expenditures are \$17,551,427, which is 87.7% of the budget. The main reason for the lower spend rate is because of delayed or cancelled grant projects and capital purchases. Additionally, Town personnel worked closely together and continued to stay within their overall budgets.

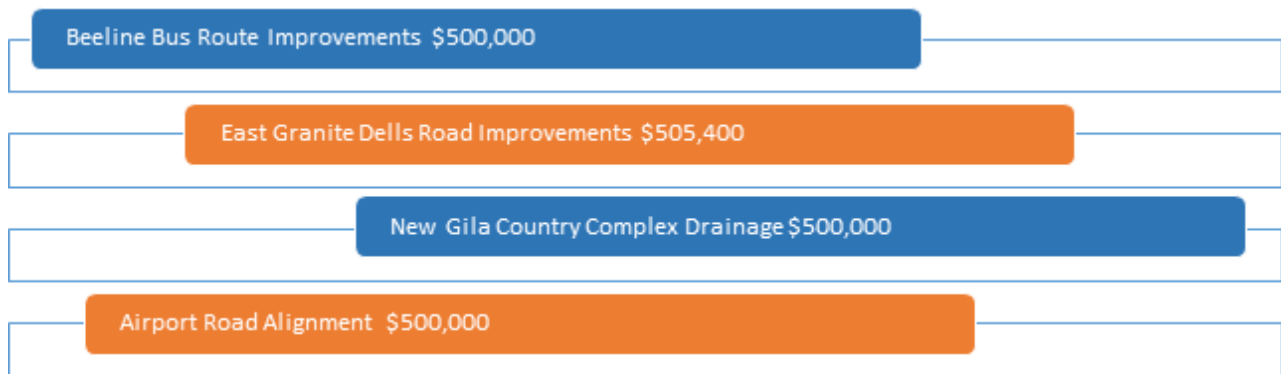


# FINANCE DEPARTMENT

The next major fund is the Highway User Revenue Fund (HURF) which is strictly used for the operations, maintenance, and capital projects for Town Streets. This is largely funded by state-shared gas taxes and the Gila County transportation tax.

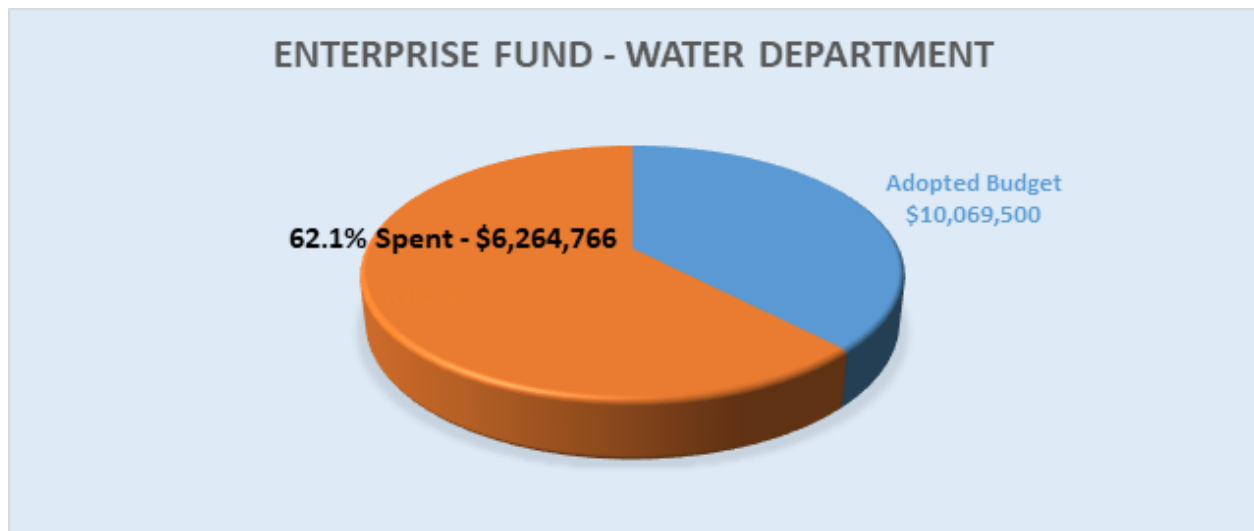


As of June 30, 2021, the revenues were 116% of budget for a total of \$3,166,015. The rise was due to a surge in travel activity within the State, providing a boost in shared revenue to the Town. The rate of expenditures is below budget, ending at 49.2% spent. The low spending rate was caused by delays or cancellations of capital projects and grants. These major projects included:



# FINANCE DEPARTMENT

The Water Department is a stand-alone enterprise business, which primarily operates from the collections received from the monthly water service charges that citizens and businesses pay. Charges for services make up 95% of the income for this fiscal year. As of June 30, 2021, the Water Department collected 104% of the budgeted revenues, for a total of \$8,824,703. The slight increase was due to a rise in water usage and new construction.



The spending rate ended at 62.1%, with \$6,264,766 in expenditures. This is normal, since the remaining budget is set up for costly unplanned breaks and major repairs.

End of Report

Next Report: September 23, 2021

