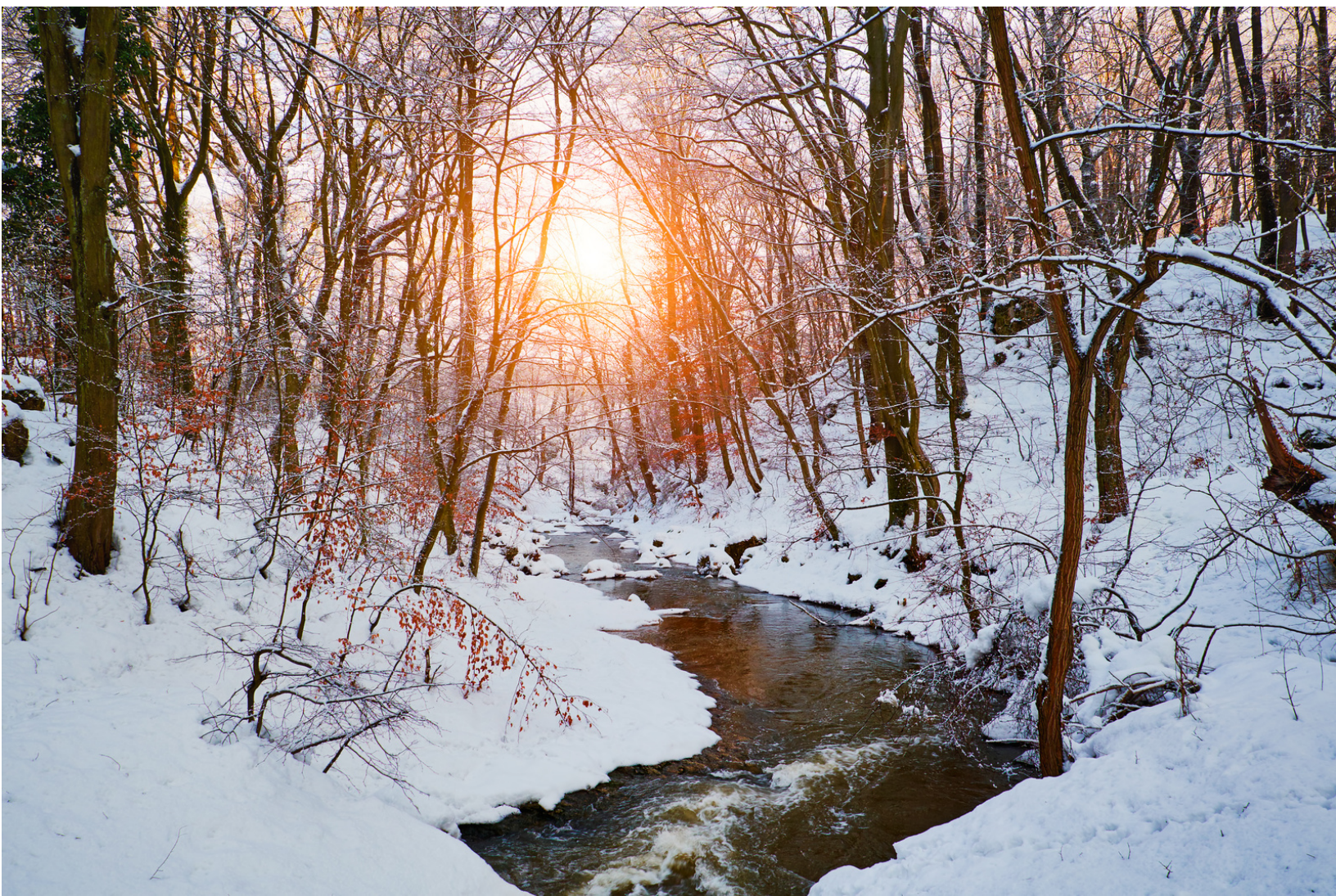




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TOWN MANAGER'S REPORT

JANUARY 27, 2022

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MESSAGE FROM THE TOWN MANAGER



All cities in Arizona are required to have a balanced budget where spending cannot exceed available resources. State law requires that cities in Arizona cap their annual expenditures either by adhering to a limit determined by a formula developed by the State in 1980, or by obtaining voter approval on an alternative expenditure limitation. The Town of Payson voters have approved the Home Rule Option ten times since 1982. To continue the Home Rule Option, it must be approved by the voters every four years. It was last approved in 2018. The State's formula, which would impose a \$18 million spending limitation, does not take into consideration the level of services and programs provided to citizens by each city or town.

As an alternative to this formula-based limit, the State Constitution allows voters of a municipality to approve a Local Alternative Expenditure Limitation, otherwise known as the Home Rule option. The Home Rule option allows the Town Council to adopt its own budget limits locally based on local needs, service levels, and available resources. The current year's budget is \$49.5 million. With Home Rule, Town residents and the Mayor and Council will continue to decide what level of service is best for Payson.

-Troy Smith, Town Manager

TOWN CLERK'S OFFICE

Alternative Expenditure Limitation (Home Rule) FREQUENTLY ASKED QUESTIONS

1. WHAT IS IT?

In 1980, Arizona voters approved a tax reform package that placed an expenditure limitation on cities and towns. This legislation also allows local voters to approve an exception to the state imposed expenditure limitation in their city or town, known as Home Rule. (Arizona State Constitution-Article IX, Section 20(9).

Under the state-imposed expenditure limitation, a city or town may only spend a certain amount of funds. Regardless of the city or town's revenue or individual needs, its budget is limited by the state-imposed ceiling. Under the Home Rule Option, the city or town may determine its own expenditures based on its budget.

2. WHY IS IT ON THE PRIMARY ELECTION BALLOT?

The Town of Payson voters have approved the Home Rule Option every four years since 1982. To continue the Home Rule Option, it must be passed by the voters every four years. It was last passed in 2018.

3. HAVE OTHER CITIES AND TOWNS AUTHORIZED HOME RULE?

YES - Home Rule and permanent adjustments have been voted on and approved in more than 87% of Arizona Cities and Towns.

4. DOES APPROVAL OF HOME RULE GIVE THE CITY AUTHORITY TO IMPOSE NEW TAXES?

NO - Home Rule does not change the property tax or sales tax the Town currently collects. Approval to continue Home Rule only allows the Town to spend the revenues it collects, as approved in the annual budget.

5. WHAT HAPPENS IF HOME RULE IS NOT CONTINUED?

If Home Rule is not approved, the Town of Payson will operate under the state-imposed expenditure limit. Under this limit, the Town of Payson may not be able to expend all the revenues it collects to provide services such as police and fire protection, water, parks, and library services to Town residents.

The current 2021/2022 budget for the Town of Payson is \$49,511,900. The state imposed limit for 2021/2022 is \$18,172,790 (including estimated revenue exclusions). If the Home Rule Option was not in effect, the Town would have to cut more than \$31 million (62% reduction) in services from its budget.

6. IF HOME RULE IS CONTINUED, WHAT WILL IT MEAN FOR TOWN RESIDENTS?

With Home Rule, Town residents and the Mayor and Council will continue to decide what level of service is best for Payson.

Home Rule allows the Town to expend the revenues it receives to provide services to residents.

Each year, the Town will set its expenditure limit after citizen input through the budget and public hearing process.

Because the Town is required to have a balanced budget, expenditures will be restricted by available revenues.

PARKS, RECREATION & TOURISM

Hashknife Pony Express will be in Payson on 2-2-2022
at the Post Office at 3:30p.m.



- Thank you Water Department for your assistance to repair leaks, valves and hydrants to the water supply systems in Rumsey and Green Valley Parks.
- Thank you to the Streets Department crew for operating the bucket truck and other equipment to prune dead limbs, hanging branches and limb removal in trees in Rumsey Park.
- Thank you to the Streets Department for hauling the Christmas trees to the Blatner Pit. We collected 120 trees at the Event Center.
- Parks crew has been pruning and removing dead trees in Rumsey Park. Work will continue to remove approximately 15 dead trees in Green Valley Park.
- The sewer line at the Parks Administration building collapsed and put the restrooms out of service. Repairs are scheduled to begin January 25.
- Repairs to the sidewalk at the Pickleball court was completed. Work continues on grading and repairs to the fence at the tennis courts to repair the washouts from the summer monsoons and flooding.

FIRE DEPARTMENT

Welcome Firefighter Bradley Johnson to the Department and the Town. Firefighter Bradley successfully completed a regiment of training to prepare him to be a Payson Firefighter. He is now assigned to Station 11 on B-Shift.



POLICE DEPARTMENT

On the evening of January 2, 2022, the department had a sprinkler pipe burst in the front training room resulting in water and antifreeze damage, but also flood damage. The water was even coming out of the side of the building. This incident also affected the front interview room.



POLICE DEPARTMENT

We had Sunshine Cleaners come out and help clean up the damage. As of right now we have the rooms stripped down. Sunshine is still making sure flooring and walls are dry. The smell is becoming bearable. Mitigation is done. We are just waiting for quotes to put the rooms back together.



POLICE DEPARTMENT

New Hires/Promotions/Awards



Mandy Breese started 12/29/2021, as our Public Safety Telecommunication Manager. She came from the Gilbert area. With her background, we are excited to have her as part of our team!



Ashly Barnes (left) and David Timothy (right) have been promoted to Lead Dispatch positions.



On January 10th, 2022 we sent 3 recruits to the Northern Arizona Regional Training Academy (NARTA). Unfortunately, 1 recruit quit and 1 recruit was hurt; hoping to heal and go back. Karen Stephens is digging deep and going strong. She is performing well and making Payson Police proud.



The Elks Club Officer of the Year and Dispatcher of the Year Awards were given to both Officer Eric Dunston (left) and Dispatcher David Timothy (right).



Recent Notable Cases:

1/10/2022 Officers conducted a traffic stop on a vehicle for having fictitious plates. Upon further investigation, officers located narcotics in a hidden compartment of the vehicle as well as firearms. Two subjects were taken into custody.

1/14/2022 Agency Assist with DPS. Suspect shooting at passing cars north of the Town limits on Hwy 260. The Suspect was taken into custody without incident at Speedway North.

PUBLIC WORKS - ENGINEERING & STREETS DIVISION

In response to requests from area residents and based upon Police Department collision data, the Engineering and Streets Divisions recently installed safety enhancements in the 400 block of E. Continental Drive. The new warning signs, traffic delineators, landscaping, and warning signs align with the standards set forth in the Manual on Uniform Traffic Control Devices. The improvements were warranted due to the posted speed limit and degree of curvature in the roadway along this segment of roadway.



FINANCE DEPARTMENT

QUARTERLY STATUS OF FUNDS

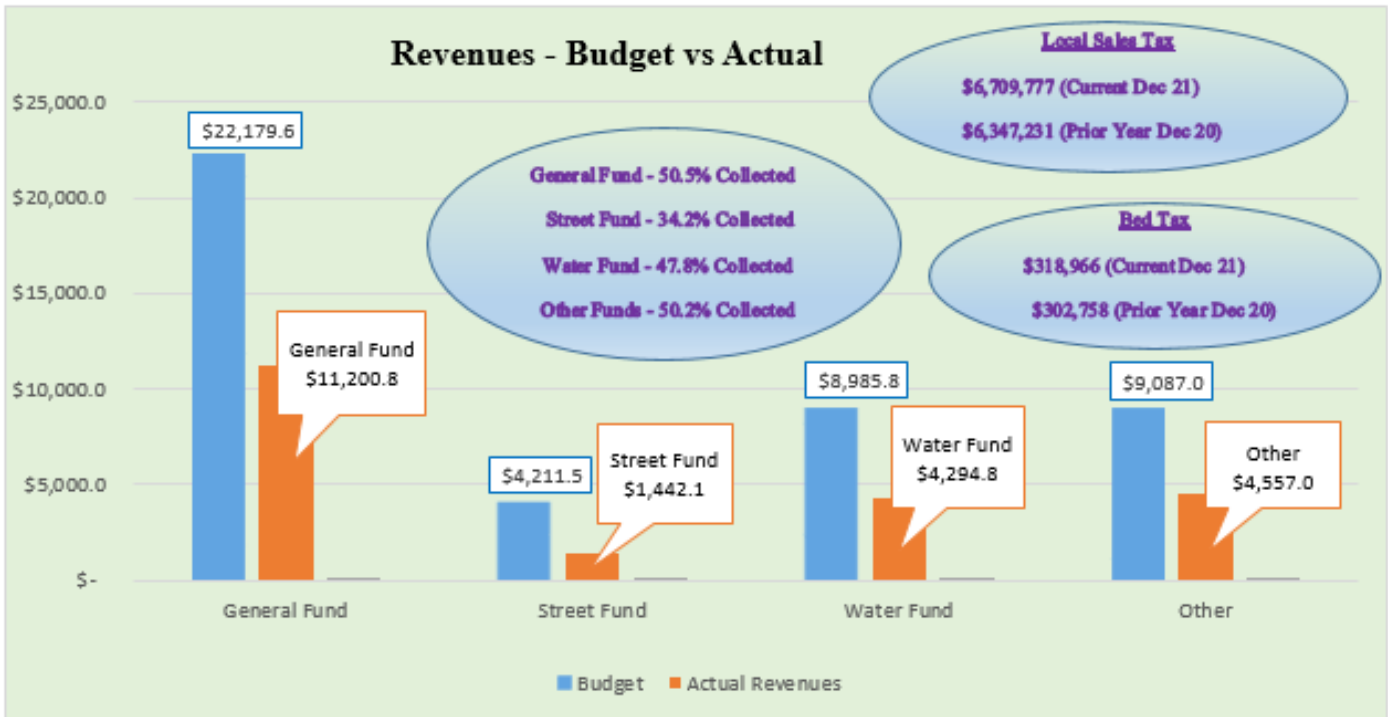
JULY 2021 - DECEMBER 2021

SUMMARY OF REVENUES (ALL FUNDS)

The Town of Payson is half way through the fiscal year (July 1, 2021 – June 30, 2022). Incoming revenues for the General Fund are on track with the budget of \$22,179,600. These revenue streams include state, county, and local taxes; grants; licenses and permits; fines and fees; charges for services; and other miscellaneous income.

The Town’s largest revenue source is from the 2.88% local sales tax. The local sales tax revenue is generated mostly from retail stores, restaurants, bars, hotels, vacation rentals, and online purchases. The Town’s projected local sales tax of \$12,000,000 is 54.1% of the total General Fund revenues. Compared to December 2020, the local sales tax is coming in 5.7% higher.

The Street Fund revenue is well below the straight line of 50% with 34.2% collected. This is due to a delay in receipt of grants funds for the Granite Dells Improvement project and the Beeline Bus Route Improvements. However, revenues from the Highway Users Gas tax and the Gila County Transportation tax are slightly higher at 52.4% collected.



Total Budget Revenues \$44,463,900

Includes Transfers Between Funds

FINANCE DEPARTMENT

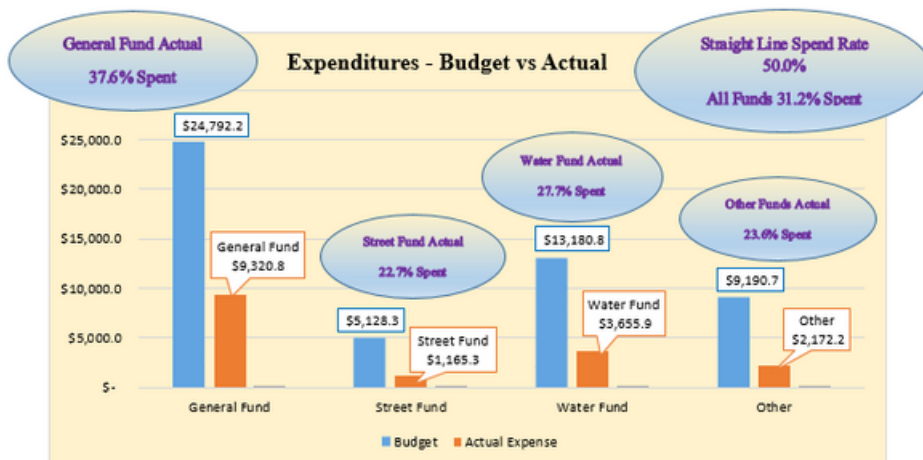
SUMMARY OF EXPENDITURES (ALL FUNDS)

The Town continues to stay cautious in its spending. Compared to the 50% straight-line spending rate, the Town spend rate for all funds is 31.2%. However, in this report we will focus more on the General Fund since it is the largest and less restrictive fund than the other funds. The General Fund spend rate is 37.6%. The lower spend rate is due to the following: Personnel Gaps – These are from retirements, sudden resignations, and hiring difficulties. Gaps include hiring two new information technology positions; recruiting fire fighters and police officers; high turnover of dispatchers; hiring planning and permit technicians; and hiring an Economic Development Specialist, Parks and Recreation Director, and multiple parks staff.

Grants – The Town budgeted \$994,600 for potential grants. However, over 50% of the budgeted grants in the General Fund were not awarded. Other grants that were awarded came in less than what was budgeted. The \$220,000 Hazardous Fuels Fire Wising Grant is a two-year grant; however, qualified citizens are having difficulty finding contractors to do the work.

Capital – Most of the capital projects are in other funds, such as Street Department and Water Department. The majority of the capital that is in the General Fund are vehicles, remodel building design, and computer software. The Police Department has six vehicles on order (\$400,000); but due to shortages caused by the pandemic there is a long lead time, and the Town hasn't received the vehicles. This shortage also affects the \$115,300 budgeted vehicle lease program in Parks and Community Development.

Transfers – Transfers (\$1,509,200) out of the General Fund are completed at the end of the fiscal year, ending on June 30, 2022. The transfers are done to supplement funds for the Library, Airport, and Westerly Road debt. It also includes a \$412,000 transfer to the Water Department to pay off the loan.



Total Budget Expenditures \$52,292,000

Includes Transfers Between Funds

End of Report

Next Report: February 10, 2022

