

*CORPORATE STRATEGIC
PLAN*



Fiscal Years 2009-2011

TOWN OF PAYSON, ARIZONA



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Introduction

All organizations must plan in order to successfully prepare for future challenges and opportunities. Successful organizations also establish performance measures to ensure that they are continually moving toward their goals. These performance measures are also used to monitor when a shift in goals may be needed due to the nature of the challenges and opportunities that have arisen. The Corporate Strategic Plan process is the cornerstone of our business model. It is the foundation upon which the Business Plan and the Annual Budget are based.

We believe that before we can allocate our available resources, we must first understand the needs and desires of the residents of Payson and the environmental factors that will be necessary to provide them.

The Town of Payson began producing an annual Corporate Strategic Plan (CSP) to highlight the Town's overall direction and priorities in 1995. The last CSP to be published in this form was the Fiscal Year 2006-2007 edition. For the fiscal years of 2006-2007 through 2008-2009, a different approach was used. During that time the name of the plan was changed to the Payson Goal Plan (PGP) and public input was sought. The plan became more focused on capital needs and wants, and operational details rather than the all encompassing key result areas (KRA) of the previous plans. Meetings were held in March 2009 to bring together the past PGP and CSP plans to create the current CSP. For the Fiscal Years 2009-2011, the Town has returned to the original format of the CSP. This edition is the 14th of the CSP.

Our Strategic Planning Process

In the fall of 2008, we conducted a survey of Payson residents. The surveys were given out at various committee and civic group meetings. They were also available at Town Hall and on our website. 139 surveys were received. This is less than 1% of the total population of Payson. We gathered both tangible data (e.g., neighborhood crime rate statistics) and perception-based data based on survey questions.

The CSP Workshop begins with revisiting our mission. The Town Council determines what vital strategic priorities are most critical to our future. If changes are necessary, the Council makes them based on the data that has been gathered by staff and input from the public.

Once the priorities are set, the Council defines each priority with both a general strategy statement. The final piece of the strategic planning process produces directional statements to further explain what the Town should be focusing on in each area. Once the CSP is established, it guides the direction of the entire organization, and only then do we begin to allocate available resources.

The Business Plan flows directly from the CSP, with Business Plan Initiatives supporting the CSP priorities and the directional statements. In this way, we assure that the efforts we engage in are purposefully designed to meet the strategic needs of the Town.

How this Document is Organized

The first four major sections set out the mission, core values, Key Result Areas (KRA), and strategic priorities that the Council has set for the next three fiscal years, 2009, 2010, 2011. The directional statements are listed at the bottom of each page, with a three-year goal identified for each.

Following the priorities are the elements of the situational analysis that were provided to the Council prior to the March 17, 2009 CSP Workshop. It consists of data accrued from many internal and external sources, resident surveys, customer requirements and performance analysis. The document is organized into four sections: Financial Health, Environmental Scan, Customer Requirements and Performance Analysis. It should be noted that the document reflects our thinking and research as of March 26, 2009. More recent information can be found in the Business Plan for each fiscal year.



Organizational Mission

The Town of Payson is dedicated to enhancing the quality of life for our citizens by providing a superior level of service in the most effective and efficient manner while exercising fiscal responsibility. To do this, we.....

Value open communication;

Encourage citizen participation;

Operate honestly and fairly;

Conduct ourselves through unity and teamwork;

Respect our differences;

Treasure our natural resources and unique environment

Strategic Priorities for 2009, 2010, 2011

1. External Communication
2. Water Resource Management
3. Environmental Protection
4. Community Development
5. Transportation and Drainage
6. Parks, Recreation, Tourism and Economic Vitality
7. Fire Protection and Emergency Services
8. Police and 911 Services
9. Organizational Development
10. Airport
11. Library

Core Values

Customer Focus

- Demonstrate a passion for customer service.
- Care about employees, so they will be more likely to care about customers.
- Measure organizational and employee success based on customer satisfaction.
- Solicit and listen intently to customer requirements and expectations.
- Maximize the positive impact of customers' first impression.
- Collect customer feedback continuously and use it to improve quality.
- Achieve customer satisfaction by assessing the specific needs and expectations of each individual customer.

Empowered Employees

- Empower the people closest to the customer, working individually or in teams, to continuously improve the organization's quality and services.
- Commit the entire organization to achieving total customer satisfaction.
- Empower people to make decisions based on their experience, skill, training and capability, rather than their position.
- Share decision-making and allow people to take authority and responsibility for the organization's mission.
- Encourage use of individual judgment to do what needs to be done.
- Empower employees to contribute to customer satisfaction regardless of organizational level.

Leadership

- Establish an inspiring vision that creates a government that works better and costs less.

- Create an atmosphere of innovation, risk-taking, and tolerance for mistakes.
- Recognize failure as the price paid for improvement.
- Lead by example, by involvement, and demonstrate commitment to quality, service, and customers – “walk the talk”.
- Create a system of guidelines, not rules.
- Remove “red tape” to achieve the organization's mission.
- Practice a “can do” attitude.
- Solicit and listen intently to employees' requirements and expectations.
- Recognize and reward quality and customer service initiatives.
- Recognize change is a given, not government as usual.

Continuous Improvement

- Commit “every day, in every way, to getting better and better”.
- Plan for quality
- Make quality a never ending effort.
- Have customers define quality.
- Let customer feedback drive quality improvements.
- Focus on process improvements to increase quality.
- Create a culture in which the right things are done the first time and very time.

External Communication

Develop innovative ways to make participation in local government activities possible for all residents and foster a sense of engagement among the citizenry by effectively communicating a common identity, actively seeking insight into the needs of the community, aligning Town services with customer expectations, and continuing to strive for excellence.

Key Result Areas: KRA 1

Objectives:

1. External Communication Plan
2. Develop and Implement an Inter-Governmental Communications Program.

Directional Statements

Invite and promote citizen volunteerism. Maximize opportunities for staff to directly meet customer needs.

Departments that have significant contact With the Public shall have an external communication program. Improve and enhance e-government systems.

Diversify the methods of communicating with citizens to provide information on Town news and issues to the widest possible audience. Align Town services with customer needs and expectations.

Maintain and improve programming on TV4.

Intended Outcomes

Outcome	FY 2009 Goal	FY 2010 Goal	FY 2011 Goal
Overall rating of the Town in terms of communicating with residents (survey)	Not enough response to survey to calculate overall rating.		
Customer service rating by residents (survey)	Not enough response to survey to calculate overall rating.		
Overall quality rating for Town services and programs (survey)	Not enough response to survey to calculate overall rating.		

Water Resource Management

Continue to enhance the high level of water quality, conservation and sustainability.

Key Result Areas: KRA 2

Objectives:

1. **Secure Assured and Sustainable Sources of Water Supply.**
2. **Promote Water Conservation.**

Directional Statements

Secure the rights to use the water supply. Develop and implement a water infrastructure plan.

Review progress of water conservation in reducing consumption. Develop financial incentives to reduce consumption.

Maintain water usage levels as measured in gallons per day in the range of 80-90. Educate elementary school students in water conservation.

Encourage installation of water saving devices. Review and revise growth management policies as needed.

Intended Outcomes

Outcome	FY 2009 Goal	FY 2010 Goal	FY 2011 Goal
Secure process completed			
Infrastructure plan			
Usage gallon per day			
Water saving Devices			
School programs			



Environmental Protection

Provide support to neighborhood groups and individual homeowners and business owners in maintaining and improving the environmental cleanliness and safety throughout the Town. Lead by example in the stewardship of natural resources by maintaining and preserving existing natural resources.

Key Result Areas: KRA 3

Objectives:

1. **Explore Additional Solid Waste Collection/Recycling Opportunities.**
2. **Encourage and Promote Development of Fire Wise Communities.**
3. **Actively Work to Eliminate Noxious and Invasive Weed Species.**
4. **Work to minimize vehicle congestion and pollution (See KRA 5: Objective 3).**

Directional Statements

Promote the Fire Wise program.

Work with neighborhoods to achieve Fire Wise status.

Work with the Forest Service and homeowners/business owners to aggressively reduce noxious and invasive weeds.

Intended Outcomes

Outcome	FY 2009 Goal	FY 2010 Goal	FY 2011 Goal
Fire Wise education programs			
Neighborhood assistance provided			
Lots cleared of weeds			

Community Development

Provide support to neighborhood groups and individual homeowners and business owners in maintaining and improving property values, aesthetics and safety throughout the Town.

Key Result Areas: KRA 4

Objectives:

1. **Reduce the Number of Unsightly Properties.**
2. **Increase the Availability of Workforce Housing.**
3. **Implement Town of Payson Beautification Plan, including signage, Town Scape and Highway 87 & 260 right-of-way beautification.**

Directional Statements

Reduce the number of unsightly conditions that are Unified Development Code violations.

Implement a plan to increase workforce housing.

Intended Outcomes

Outcome	FY 2009 Goal	FY 2010 Goal	FY 2011 Goal
Number of properties cleared			
Number of violations			
Affordable housing units completed			

Transportation and Drainage

Promote best practices and effective technology to improve safe mobility and encourage convenient and accessible modes of transportation

Key Result Areas: KRA 5

Objectives:

1. **Improves Streets.**
2. **Improve Drainage.**
3. **Support ADOT’s PARA Study to identify ways to expedite traffic flow and minimize congestion, including, but not limited to, studying the feasibility of an economically viable route to loop traffic north onto Highway 87 and east onto Highway 260.**

Directional Statements

Promote more effective traffic management technology to reduce current and future traffic overload.

Encourage walk-ability and bike-ability in order to provide safe and pleasing alternatives to using automobiles in Town.

Intended Outcomes

Outcome	FY 2009 Goal	FY 2010 Goal	FY 2011 Goal
Number of streets improved			
Miles improved			
Drainage projects			
Miles new paths on streets			



Parks, Recreation, Tourism and Economic Vitality

Provide support to neighborhood groups and individual homeowners and business owners in maintaining and improving property values, aesthetics and safety throughout the Town. Lead by example in the stewardship of natural resources by preserving existing

Key Result Areas: KRA 6

Objectives:

1. **Increase Use, Functionality and Overall Aesthetics of Parks & Recreation Facilities and Services.**
2. **Develop 36 Acre Event Center Complex.**
3. **Enhance the Town’s Economic Performance.**
4. **Enhance the Economic Performance of the Green Valley Redevelopment Area (GVRA).**

Directional Statements

Update Parks & Recreation Master plan.	Increase acreage available for park facilities in Payson.
Seek funding for improvements.	Develop and implement an economic development plan.
Increase participation of GVRA businesses in the Main Street program.	Increase number of people frequenting Main Street.
Improve parking within GVRA/Main Street area and enhance pedestrian amenities.	Explore the acquisition and development of an industrial park within the GVRA district.

Encourage redevelopment of the GVRA district into vibrant, pedestrian friendly, mixed use, community centers.

Intended Outcomes

Outcome	FY 2009 Goal	FY 2010 Goal	FY 2011 Goal
% Master Plan completed			
Acreage increase			
Business in the Main St. program			
Parking spaces avail			
Redevelopment projects			

Fire Protection and Emergency Services

Assist the public in the protection of life and property by minimizing the impact of fires, medical emergencies and other potential disasters or events that affect the community and environment.

Key Result Areas: KRA 7

Objectives:

1. Upgrade Fire and Emergency Medical Services
2. Improve Wildland/Urban Interface Fire Conditions Affecting the Town.
3. Develop a joint Police/Fire training facility.

Directional Statements

Update 1997 Public Safety Master Plan.	Improve ISO rating from Class Four to Class Three.
Work cooperatively with Hellsgate Fire District to develop a joint fire facility.	Complete Fire Station 11 remodeling project.
Implement and schedule a fire hydrant installation plan.	Develop Emergency Operations Plan.
Amplify wildland fire public information efforts.	Enhance code enforcement.
Support fire suppression capabilities.	Comply with standards and codes for all Town properties.
Integrate proposed actions with existing and future needs.	Encourage and promote development of Fire Wise communities. (See KRA 3)

Intended Outcomes

Outcome	FY 2009 Goal	FY 2010 Goal	FY 2011 Goal
% Master Plan completed			
ISO rating			
% Joint Fire Facility completed			
FS 11 remodel completed			
Hydrants installed			
EOP completed			

Police and 911 Services

Provide professional, high quality and effective police service in partnership with the community.

Key Result Areas: KRA 8

Objectives:

1. **Continue to Develop and Improve Police and 911 Services.**
2. **Develop enhanced Technology and Training.**

Directional Statements

Update 1997 Public Safety Master Plan. Implement a plan to address pending vacancies in the Police Department.

Implement a plan to become and remain competitive in Police Department compensation. Develop a joint Police/Fire training facility.

Develop and implement an inter-operability technology plan.

Intended Outcomes

Outcome	FY 2009 Goal	FY 2010 Goal	FY 2011 Goal
% Master Plan completed			
% Joint Police/Fire training facility completed			
% Technology plan completed			

Organizational Development

Create systems to monitor and empower Town departments to anticipate and meet customer expectations and carry out Town Council policy initiatives.

Key Result Areas: KRA 9

Objectives:

1. Evaluate Organizational Effectiveness and Efficiency.
2. To continue to improve and implement financial stability policies.

Directional Statements

Develop a strategic performance measurement program.

Develop departmental business plans pursuant to the adopted Corporate Strategic Plan.

Create sound financial policies.

Produce timely financial reports.

Intended Outcomes

Outcome	FY 2009 Goal	FY 2010 Goal	FY 2011 Goal
% Performance measurement plan complete	0%		
% Business Plan complete	0%		
Financial Policies implemented	5		
% Timely financial reports presented	95%		

Airport

Owned by the Town and operated by the Payson Regional Airport Authority (PRAA), the airport provides recreational and cargo opportunities.

Key Result Areas: KRA 10

Objectives:

1. **Monitor Activities of the PRAA to Ensure Compliance with the Lease.**
2. **Enhance Operations of the Airport.**

Directional Statements

Monitor the Lease.

Implement 2009 Airport Master Plan.

Intended Outcomes

Outcome	FY 2009 Goal	FY 2010 Goal	FY 2011 Goal
Lease compliance %			
% Master Plan completed	100%		
% Master Plan implemented	0%		



Library

Provide excellent customer service and information in a variety of formats. Its collection affords the opportunity to educate, inform, enrich, entertain, and inspire.

Key Result Areas: KRA 11

Objectives:

1. **Implement Library Expansion Program.**
2. **Secure technological Advancements.**

Directional Statements

Update expansion plan as funds become available.

Explore and implement new technologies and upgrade current technology.

Intended Outcomes

Outcome	FY 2009 Goal	FY 2010 Goal	FY 2011 Goal
% Expansion plans updated	0%		
New Technology acquired			
Technology upgraded			



Key Result Areas

KRA 1: Communication

Objective 1: External Communications Plan

1. All departments that have significant contact with the public shall have an external communications program.
2. Maintain and improve programming on TV 4.
3. Improve and enhance e-government systems.

Objective 2: Develop and Implement an Inter-governmental Communications Program.

KRA 2: Water Resource Management

Objective 1: Secure Assured and Sustainable Sources of Water Supply

1. Secure the rights to use the water supply.
2. Develop and implement a water infrastructure plan.

Objective 2: Promote Water Conservation

1. Review progress of water conservation in reducing consumption.
2. Develop financial incentives to reduce consumption.
3. Maintain water usage levels as measured in gallons per day in the range of 80-90.
4. Educate elementary school students in water conservation.
5. Encourage installation of water saving devices.
6. Review and revise growth management policies as needed.

KRA 3: Environmental Protection

Objective 1: Explore Additional Solid Waste Collection/Recycling Opportunities

Objective 2: Encourage and Promote Development of Fire Wise Communities

Objective 3: Actively Work to Eliminate Noxious and Invasive Weed Species

Objective 4: Work to Minimize Vehicle Congestion and Pollution (See KRA 5: Objective 3).

KRA 4: Community Development

Objective 1: Reduce the Number of Unsightly Properties

1. Reduce the number of unsightly conditions that are Unified Development Code violations.

Objective 2: Increase Availability of Workforce Housing

1. Implement a plan to increase workforce housing stock.

Objective 3: Implement Town of Payson Beautification Plan, Including Signage, Town Scape and Highway 87 & 260 Right-of-Way Beautification.

KRA 5: Transportation and Drainage

Objective 1: Improve Streets

Objective 2: Improve Storm Drainage

Objective 3: Support ADOT's PARA Study to Identify Ways to Expedite Traffic Flow and Minimize Congestion, Including, But Not Limited To, Studying the Feasibility of an Economically Viable Route to Loop Traffic North onto Highway 87 & East onto Highway 260.

KRA 6: Parks and Recreation

Objective 1: Increase Use, Functionality and Overall Aesthetics of Parks and Facilities & Services

1. Update parks and recreation Master plan
2. Increase acreage available for park facilities

Objective 2: Develop 36-Acre Event Center Complex

1. Seek funding for improvements

Objective 3: Enhance the Town's Economic Development performance

1. Develop and implement a Town of Payson economic development plan.

Objective 4: Enhance the Economic Development Performance of the Green Valley Redevelopment Area (GVRA)

1. Increase the participation of local business operators in the Main Street Program.
2. Increase the number of people frequenting Main Street.
3. Improve parking within GVRA/Main Street area and enhance pedestrian amenities.
4. Explore the acquisition and development of an industrial park within the GVRA district.

KRA 7: Fire Protection and Emergency Medical Services

Objective 1: Upgrade fire and emergency medical services

1. Update 1997 Public Safety Master Plan
2. Improve ISO rating from Class Four to Class Three
3. Work cooperatively with Hellsgate Fire District to develop a joint fire facility

4. Complete Fire Station 11 remodeling project
5. Implement fire hydrant program
6. Develop and adopt Emergency Operations Plan

Objective 2: Improve Wildland/Urban Interface Fire Conditions Effecting the Town

1. Amplify wildland fire public information efforts
2. Enhance code enforcement
3. Support fire suppression capabilities
4. Comply with standards and codes for all Town properties
5. Integrate proposed actions with existing and future plans
6. Encourage and promote development of Fire Wise communities

Objective 3: Develop a Joint Police/Fire Training Facility.

KRA 8: Police and 911 Services

Objective 1: Continue to Develop and Improve Police and 911 Services

1. Update 1997 Public Safety Master Plan
2. Implement a plan to address pending vacancies in the Police Department
3. Implement a plan to become and remain competitive in Police Department Compensation

Objective 2: Develop Enhanced Technology and Training

1. Develop a joint Police/Fire training facility.
2. Develop and implement an inter-operability technology plan

KRA 9: Organizational Development

Objective 1: Evaluate Organizational Effectiveness and Efficiency/

1. Develop performance management program
2. Develop departmental business plans pursuant to the adopted Corporate Strategic Plan

Objective 2: To Continue to Improve and Implement Financial Stability Policies.

KRA 10: Airport

Objective 1: Monitor Activities of the Payson Regional Airport Authority to Ensure Compliance with the Lease

Objective 2: Enhance Operations of the Airport

1. Implement 2009 Airport Master Plan

KRA 11: Library Services

Objective 1: Implement Library Expansion Plan

Objective 2: Secure Technological Advancements



Key Result Areas/Objectives Ranked

For this edition of the Corporate Strategic Plan, the Town Council did not rank the KRA's as they felt all were equally important at this time.

CODE	DESCRIPTION	COUNCIL RANKING
KRA 1	External Communication	
KRA 2	Water Resource Management	
KRA 3	Environmental Protection	
KRA 4	Community Development	
KRA 5	Transportation & Drainage	
KRA 6	Parks, Recreation, Tourism & Economic Vitality	
KRA 7	Fire Protection & Emergency Medical Services	
KRA 8	Police & 911 Services	
KRA 9	Organizational Development	
KRA 10	Airport	
KRA 11	Library	

Financial Health

The economic down-turn bit the Town hard during the 2008-2009 fiscal year. The Town did not have financial policies in place that would have created an emergency financial reserve that would have allowed us to weather this financial storm as we should have. Those policies will be put in place before the end of the 2008-2009 fiscal year. However, a policy does not create the reserves that are not all ready there. Building that reserve will take time and will require the return of a more favorable economy.

Our challenge will be to begin to create an emergency reserve, maintain services and catch up on the obligations, such as street maintenance, that have been allowed to elapse due to the major decline in revenues. The Town's plan, over the next several years, is to address these areas. We will look for ways to allocate additional resources, as they become available in such ways as to allow for following the policies to build the emergency reserves and rebuild the foundation infrastructure that has begun to decline in the these revenue deficient years. We will budget revenues conservatively; restrict spending as much as possible; use restricted funds to offset appropriate expenditures; and budget for emergency reserves when possible.

In general, our focus will be to continue a strong emphasis on cost containment, generate new revenue sources and increase productivity whenever possible. It will be extremely important to scrutinize new expenditures or services that have long-term consequences.

Financial Trend Monitoring System

Each year, Financial Services prepares a Financial Trend Analysis. The analysis is

updated after the year end financial statements are completed. However, the last data input into the Analysis is from June 2007. June 2008 data has not been entered yet. This analysis comprises 27 key financial/economic indicators that help us measure over several years the financial/economic health of the Town.

Many of these financial/economic indicators are ratios that are commonly used to assess financial condition, giving us a basis for comparison to other towns or organizations. Indicators fall into several general categories including:

- Debt Structure
- Unfunded Liabilities
- Operating Position, and
- Per Capita Revenue & Expenditures

In addition, several Non-Financial Community Needs and Resources Indicators balance the above financial indicators.

Direct Net Long- Term Debt Per Capita

Direct Net Long-Term Debt Per Capita is an important element of the Trend Monitoring System. This is a ratio that identifies the amount of long-term general obligation and variable rate debt that the Town carries on its books (excluding enterprise funds such as the Water funds) expressed in dollars-per-resident.

Direct Net Long-Term Debt Per Capita had decreased from 1996 (\$205) to 2004 (\$52) and increased in 2005 (\$146) due to the issuance of Public Safety Bonds. As of June 2007 the per capita debt was \$93 per resident. All of the Public Safety bonds have not been issued. When the remaining bonds are issued, the per capita cost may rise depending on the population figure at

that time. Standard & Poor’s have rated the debt as AA+/stable.

The Debt Management Policy, to be presented to the Town Council in April 2008 for adoption, will allow us to maintain and

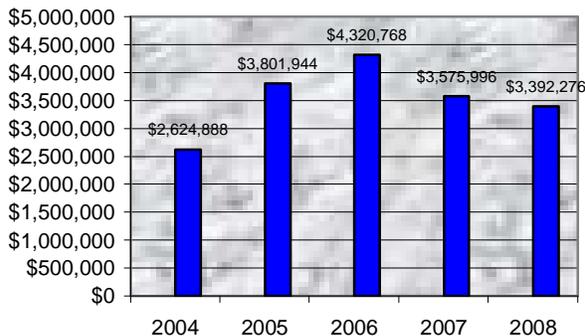
improve this rating by retiring or refunding the Town’s most expensive debt when market conditions make this option attractive. The policy will also suggest adopting a “pay-as-you-go” philosophy in financing capital equipment replacement.

Direct Net Debt Per Capita



Local Sales Tax

The largest revenue source for the Town is local sales tax. This sales tax is collected from purchases made by residents and visitors. As a recreational community, local sales tax numbers are higher in the summer months. We have recently increased the number of year round festivals and events which should help even out the local sales tax revenue through-out the year.



Overall Results

From the current Trend Analysis the Town has three indicators that are “red-flagged” based on the June 2007 data.. The red-flagged indicators are:

- Revenue Per Capita
- User Charge Coverage
- Expenditure By Function – Public Safety

These indicators are still within acceptable limits, but they will be monitored closely as they are moving in unfavorable direction. Once we input the June 2008 data if these trends seem unfavorable we will determine possible causes and look at policies that might need to be changed or implemented to change the direction for these trends. Any new or change to an existing policy will be presented to the Town Council for adoption.

The current economic downturn should affect most of the indicators unfavorably in the next edition of the Trend Analysis. This anomaly will make future trend analysis more difficult for several years in the future.

Conclusion

As of June 2007, the Financial Trends were stable or positive. We will update the Analysis with June 2008 data and monitor any trends showing an unfavorable direction and take steps to correct them as needed.

Environmental Scan

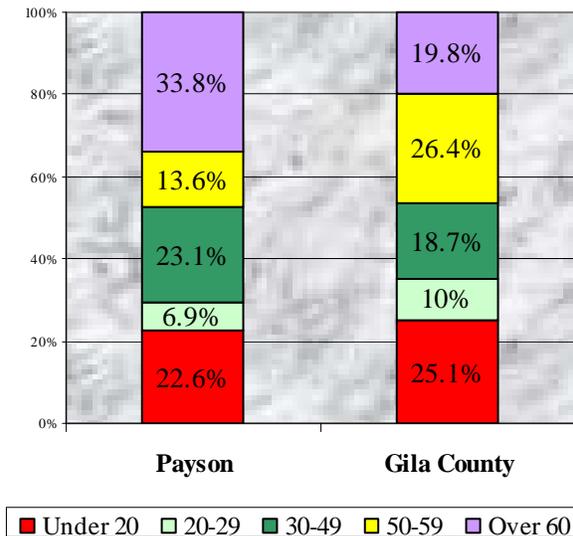
Demographic Trends

A resident survey was conducted in the fall of 2008 to help determine some of the following information from residents rather than getting the information from public sites that use calculated estimates to arrive at their final numbers. However, less than 1% of the population completed the survey. The information below comes from the public sites.

Population

The Town of Payson is located in Gila County. Current population estimates for Payson range from 16,742 to 19,771. The 2000 U.S. Census shows the population for Gila County was 51,944. Trend analysis data was created using the lower number. We will have a firmer number once the U.S. Census is completed.

The median age is 48 years. The most populated age group for males and females is 60-69 years. 66% of the population falls between 0 and 60 years, with 17% over 69 years old.



Educational Attainment

84% of Payson residents have graduated from high school and 17% hold a bachelor's degree or higher. In comparison, according to the 2000 U.S. Census, 78% of the people in the county had graduated from high school and 14% held a bachelor's degree or higher.

Income

Median income for Payson is estimated to be \$32,699; for Gila County it is estimated at \$34,761. In Payson, 19% of the household income falls between \$15,000 - \$24,999. 18% is below \$15,000 and 63% is above \$24,999. Of all families in Payson, 11% had incomes below the poverty level.

Housing

Due to lack of response from the Residential Survey, information for this section comes from a recently conducted Housing Needs Assessment and Strategy Plan that will be presented to the Town Council in April or May 2009. The data presented below is from 2000.

The occupancy rate in Payson in 2000 was 82% occupied and 18% vacant. The majority of vacant housing units (68%) were seasonal units. Of the non-seasonal vacancies, 11% were for rent, 13% were for sale and 5% were classified as "other".

According to this Study (information obtained from the 2000 U.S. Census), the occupied units consisted of 77% owned by residents and 23% that were rented.

Conclusion

The population of Payson continues to grow. The median age and the majority of the group fall into the ‘employed’ category. Job opportunities are somewhat lacking and affordable housing is also issue for Payson. The Town will continue to face these issues as the economic downturn continues. In the future, the Town will need to be

looking for ways to help relieve these challenges for our citizens.

(Sources: 2000 U.S. Census, ZipSkinny.com, and the Payson Housing Needs Assessment and Strategy Plan)



Economic Analysis

The economic downturn began to hit the Town during the 2008-2009 fiscal year. In 2007 the federal funds rate was 5.26% in 2007. As of March 2009 the federal rate was 0.22%. The federal funds rate is the interest rate banks charge each other for overnight loans and is the first stage in the setting of interest rates across the board, short term and long term. In a stable economy, the Federal Reserve increases rates to slow down the expansion of the economy, avoiding the untenable situation where too much money is chasing too few goods, resulting in undesirable price increases that can harm economic expansion. However, around August 2007, the economy fell. Since then the Federal Reserve has continually lowered the federal funds rate in an effort to stimulate the economy back towards stability.

A November 2008 Brookings Institute report states that economic problems began ‘...in an asset price bubble that interacted with new kinds of financial innovations that masked risk; with companies that failed to follow their own risk management procedures; and with regulators and supervisors that failed to restrain excessive risk taking’. The result has been the severe problems within the mortgage industry, banks and investment companies failing, people losing money in various ventures and saving money rather than spending. These factors have led to job losses and talk of a new economic ‘depression’ era.

Payson’s Economy

The Town has seen the closure of some businesses, loss of employment for some residents and decreased local spending. Sales tax revenue, the major funding source for the Town has decreased, both locally and well as state-wide. The Town, like the residents, has had to make major cuts in expenditures to maintain a balanced budget in light of the reduced revenues.

In October 2008, the Town instituted a revised fiscal year sending plan due to a 24% decrease in expected revenues for the remainder of the fiscal year. This spending plan halted all capital spending and implemented major cuts in all other areas.

Payson Outlook

The Town’s local sales tax revenues seem to have not decreased as much as could be expected due to the many public events that are held in town. Payson is located 90 miles from the Phoenix area and is the gateway to northern Arizona. Because of the mild four-season climate we have, we have been able to attract people from the Phoenix area for a less expensive ‘get-away’ than they may have usual taken, due to the uncertainty of the economy.

As we begin to work on the fiscal year 2009-2010 budget, we are aware another 12-15% reduction in state shared revenues coming to the Town. The economy continues to be stagnant. The budget for the upcoming fiscal year will reflect these dire forecasts.

The Town has applied for several grants through President Obama’s Economic Stimulus program. If awarded, these funds will be used for several major capital projects that will create many jobs and provide lasting benefit to the residents of the Town.

Land Development Trends

Construction related revenues have always been a major source of income for the Town. In fiscal year 2008-2009, construction all but stopped. We expect that trend to continue. In the current fiscal year, XX single-family residential permits were issued and XX multi-family permit were issued. Commercial permits totaled XX. In the upcoming fiscal year, we estimate XX single-

family, XX multi-family and XX commercial permits to be issued.

Affordable housing units are still needed, but the challenging economy has made it difficult for builders to build and for buyers to buy.

Technology

Technological trends continue to increase; the velocity of business; the volume of enterprise data; and the business risk related to malicious internet threats. Consequently, the effective deployment of technology-based solutions that minimize negative unintended consequences is becoming more challenging.

Dramatic growth in the use of voice, data and spatial assets outside the office and outside of business hours are key drivers in increasing the velocity of business. Smart phones, devices that provide voice and data services with real time access to e-mail, voice mail, calendars, internet/intranet content, and business applications, serve as a primary example. Wi-fi hot spots are another example, especially since free public availability is becoming the norm rather than the exception.

The glut of data and information being stored by the Town is the result of using converged voice, data, and image technologies, along with the exponential growth of internet content. Not surprisingly, the management and effective use of data and information represents another growing enterprise-wide challenge. The Town's goals of expanding programming on TV 4, implementing inter-operability capabilities between various public safety organizations and enhancing the technology abilities of the Library are dependent on financial resources.

Legislative Issues

Unfunded mandates, which may appear in the form of requiring additional services or additional

benefits to employees, without a corresponding funding source; and state legislation that reduce the Town's revenue sources with no provision for replacement funding are two issues that face all local governments. Payson is no exception.

Specific issues of concern are as follows:

- Due to severe state budget problems, the state has tried to cut the state shared revenue that is given to local governments. In the current fiscal year, the state also demanded that state shared revenues given (and spent) in previous years be returned. The Arizona League of Cities and Towns (League) was successful in a lawsuit to prevent them from getting the money all ready spent returned. As they begin to work on the state budget for the next fiscal year, they have discussed cutting state shared revenue. So far, the League has been successful in stopping the discussions. However, we will not know how successful they have really been until the state creates and passes a budget that does not include that provision.
- There is currently a bill in the state House seeking to return impact fees to their 2006 rates or implement a moratorium on all impact fees for five years. Either of these options will reduce revenue to the Town.

These issues reflect the challenges from other levels of government and regulatory agencies that require constant attention by Town staff and clear direction to Staff through the strategic and business plans.