



Town of Payson
303 N. Beeline Highway
Payson, Arizona 85541-4306

Town Hall (928)474-5242
Fax (928)474-4610

STAFF REPORT TO COUNCIL

DATE: September 27, 2023

TO: Mayor and Council

FROM: Mr. BJ Bollier, Committee Chair and Mr. Forrest Waggoner, Vice–Chair, CIPCAC Committee

SUBJECT: Capital Improvement Projects Citizen Advisory Committee Recommendation

BACKGROUND:

On May 13, 2023, the Town Council appointed a 14-member volunteer citizen committee through an application process involving interested citizens to provide recommendations related to proposed capital projects.

The citizen committee's role was to review a list of projects that the Town had deemed beneficial and worthwhile to the community but didn't currently have the ability to fund construction or operation through the current General Fund and Capital budget resources.

The Council requested the committee to review the projects and provide them with their priority order and potential funding sources.

The committee's first meeting was on June 15th, during which the committee nominated Mr. BJ Bollier as their Chair and Mr. Forrest Waggoner as their Vice-Chair. The committee met a total of 12 times with Town staff members to review proposed capital improvement projects, review past survey information on residents' capital project priorities, discuss financing options with the Town's finance leaders and outside financial bond consultants. The committee also toured the Town's public safety facilities.

The committee made a presentation at a public meeting on August 10th at the Payson Library, and over 100 residents attended. The committee members also solicited input and provided information to organizations and groups by taking their presentation on the road. This included the Chamber of

Commerce luncheon, Payson Tea Party, The Senior Center Luncheon, Democratic Party Luncheon, as well as the Rotary Club, Senior Site Council, and Veterans Board.

The projects the committee reviewed and evaluated included:

- Police Station
- Fire Stations 11 and 12
- Green Valley Parkway Extension
- American Gulch Drainage
- Main Street Beautification
- Aquatic Center (indoor pool)
- Recreation Center
- Event Center Upgrades
- Transportation Plan including street and road improvements.
- Drainage Improvements
- Rumsey Park Drainage and potential additions and Improvements
- Trails Improvements and Trailheads

DISCUSSION:

After weekly meeting discussions and presentations on all the above projects, the committee recommended narrowing the list to 10 potential projects and future funding requirements. The narrowed-down list of projects included:

1. New Police Station
2. New Combined Fire Stations
3. Streets and Roads Improvements
4. Green Valley Parkway Extension
5. Trails and Trail Heads Improvements
6. Police and Fire Stations Deferred Maintenance
7. Indoor Aquatic Center and combined Recreation Center
8. Event Center Upgrades and Improvements
9. Rumsey Park Drainage Improvement and Park Additions and Upgrades
10. American Gulch/Main Street Drainage and Site Improvements

After much discussion regarding the Town's budget, grants available, State and federal funding, donations, legacies, foundations etc., the financing options the committee narrowed their review to were:

1. To Increase the TPT for Sales Tax, to pay for debt service with the issuance of Excise Tax Backed Bonds
2. To Propose General Obligation Bonds

While encouraging the Town's staff to continuously review funding opportunities to supplement any of their recommendations.

The committee reviewed the TPT sales tax and total tax rates of other cities. Both those of similar size and populations and those of cities (29) that had a higher overall sales tax rate than Payson's at 9.48%. They reviewed percentages of visitors coming to and through our Town and the potential buying and spending opportunities of non-residents that positively affect our local businesses and supplement our tax collections. They reviewed the Town's property tax rate and the proportionate amount of the total Primary property rate that goes to each agency (Gila County 46%, PUSD 40%, Community Colleges 10%, and Town of Payson 4%).

RECCOMENDATION:

The CIPCAC members stressed a sense of urgency to act and that they want to see the priority projects expedited. The current status of our facilities and Town's assets is such because of past inability to fund deferred maintenance, and the Town's current funding and budget do not allow us to take on these priority projects. After reviewing all the projects and following good discussion, the committee recommends the following:

The projects' priority in order are:

1. For TPT Sales Tax Funding and bonding Options
 - i. Police and Fire Deferred Maintenance projects (\$3 million)
 - ii. Combined Aquatic and Recreation Center (\$26-\$29 million)
 1. If Land acquisition is necessary (\$10 million)
 - iii. Rumsey Park Drainage and Improvements (\$ 5 - \$7.5 million)
 - iv. Event Center Upgrades and Improvements (\$6 million)
 - v. American Gulch Drainage and Main Street Improvements (\$5 million)
 - A. The committee recommends a 1% increase in the TPT sales tax to fund all the above stated projects (with bonding capacity for \$50 - \$60 million) and necessary Operating and Maintenance Expenses of these projects.
2. For General Obligation Bonds:
 - i. New Police Station (\$ 15 – 17 million)
 - ii. Streets and Roads Improvements (\$5 million annually) (\$15 – 20 million)
 - iii. New Combined Fire Station (\$15 – 16 million)
 - iv. Green Valley Parkway Extension (\$ 12 – 14 million)
 - v. Trails and Trail Heads (\$.5 – 1 million)
 - A. The committee recommended that at least projects i and ii receive consideration for a future GO Bond Proposal (\$ 30 – 40 million).
3. The committee recommended that the current .88% TPT sales tax not be sunset in 2027, indicating that should be extended for at least the length of these projects.

4. The committee recommended that the Council continue to push out the message started and to educate the public on Payson's tax rates. The committee felt the education piece was important.

5. The committee encouraged the Council to review the maximum property tax levy increase allowable annually and to hold a truth in taxation hearing if necessary to achieve the maximum rate increase, to fund ongoing maintenance and upkeep of existing Town assets.

Additionally, as new facilities are implemented and fees and user charges are created to offset operating expenses, the Town should charge higher fees for nonresident usage of these facilities.

With that, Mayor and Council, we hope we accomplished what we were asked to do. And with this recommendation, The Capital Improvements Projects Citizen Advisory Committee is ended.

From Resolution 3319: The Committee will end when it makes its final recommendations to the Town Council, unless the term is extended by the Town Council for a specific purpose.