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Departments

06 Message from the President

08 Message from the Executive Director

09 Message from the Governor

19 Legal Corner
   Public Records Law 101: Avoid the 10 Most Common Pitfalls

22 State Agency Updates
   Arizona Department of Housing
   The Arizona Lottery

28 City/Town Feature
   Willcox: Creating Tourism and a Sense of Community Through History

30 Index of Advertisers

30 Advertiser.com

Features

10 Leading Local Governments in the 21st Century

14 Cities and Towns
   Making Difficult Budget Decisions in Tough Economic Times
Like many Arizona cities, Chandler recently completed its budget discussions for the coming fiscal year, one that is markedly different from years past. There is really little doubt about the economic climate throughout Arizona and the nation. The mortgage crisis and a slowing economy means we must take extra care in our fiscal responsibilities as the leaders of our respective communities.

Decisions made today will have an exponential impact on our abilities to provide services and programs tomorrow. Now more than ever, the city and town leaders of this state must hold true to sound financial policies to avoid any additional cuts to municipal jobs, programs or services. How we do that will vary from city to city and town to town.

However, we do know of a few things that are vital to our survival. A diversified job base, long-range planning vision, sustainable neighborhoods and the provision of critical services need our direction and guidance more than ever.

Certain factors not in our control, however, could lead us to some serious, enduring fiscal challenges — challenges that could prove devastating to some Arizona communities. At the forefront is the state-shared revenue system. As the president of the League, I have seen firsthand the many ways those revenues, shared among our state’s cities and towns, have kept us strong and vibrant. Studies show that 92 percent of income tax revenues in Arizona come from economic activities taking place in municipalities. Cities and towns are simply Arizona’s strongest economic engine. Our diligence in preserving these funds must remain in the forefront in the coming years.

Fortunately, our state is blessed with solid leadership at the municipal level. We will continue to serve our communities to the best of our abilities, and we will weather this economic downturn with the same resolve we would any crisis. I remain confident that we will continue to serve with the commitment and passion that initially led us into public service.

Sincerely,

Boyd W. Dunn
League President
Mayor, City of Chandler

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No one enjoys going through tough times. We would rather just have the good things in life and avoid the difficulties. But, it is during challenging and stressful times that strong, capable leadership is needed more than ever. Tough times prove a leader’s mettle. They force us to confront the necessity of balancing demands with available resources; they force us to concentrate on our most essential priorities.

City and town leaders in Arizona are entrusted with great responsibility from the public, and they are stepping up to the plate in these months of economic adversity. Local officials have seen tight budget issues hit suddenly and hard, and they have responded with dexterity and wisdom to confront the financial challenge.

Effective leadership is hard to define in language, but it is easy to see in action. City and town officials in Arizona have demonstrated why they have earned the trust and respect of their constituents. Cutting budgets and reducing programs is not why they were elected to office, but their performance under adversity is proving that voters made good decisions to put them in office. Their response has been swift and decisive.

In this issue of *Arizona City and Town*, we examine some of the specific economic and fiscal challenges facing municipal governments today and explore the qualities of local leadership and courage in difficult times.

As much as we may not enjoy the current situation, hard times do produce stronger, wiser and more experienced leaders. We can take comfort in the fact that when the economy does turn around — as it inevitably will — city and town leaders will have been tested and, as a result, be even more prepared to lead their communities into the new challenges and opportunities of the future.

Sincerely,

Ken Strobeck
Executive Director
Arizona continues to have a bright and promising future. At the same time, there is no doubt that, with the housing market slumping and energy prices soaring, the current economic situation is a challenge. We will recover, but for now, the dip puts a strain on state and local governments that must provide service even when revenues are down.

Yes, it is a challenge. It is also an opportunity for good leadership to shine through.

We must do more with less, but we must also preserve investments in the areas that matter most to Arizonans: education; economic development (particularly in the areas of science, research and discovery); safety and security; and the care of children, seniors and those among us who are most vulnerable. Our leaders must cultivate the ability to deal with the present and the future simultaneously, to find sensible solutions for current dilemmas without hamstringing growth.

And you can bet Arizona will continue to grow. We now have a population of more than 6 million; in 25 years or less, we will reach 10 million. With that influx, we have much work to do in key areas:

- **Transportation.** For the first time in history, Arizona is attempting a statewide approach to building transportation infrastructure. By using a comprehensive, coordinated approach that involves cities, towns, counties and the state, we can ease congestion, improve air quality and preserve the open space that makes Arizona so attractive.

- **Education, universities and colleges.** Every young person in Arizona deserves to earn a decent living. Yet, we know a high school education no longer provides the training necessary to reach that goal. Investments in education, from preschool through college or other advanced training, are our best insurance against future economic downturns.

- **Arizona’s military facilities.** We owe much to those who have sacrificed to serve here in Arizona and overseas; they deserve our respect and care. We also need to preserve the missions of the military installations in Arizona that function as essential economic drivers for communities across the state.

Keeping these priorities in place during tight times isn’t easy, but then again, if it were easy, it wouldn’t be leadership.

Together we can continue to be careful stewards of our state, make smart decisions that control spending yet preserve investments in what matters. Together, we will ensure Arizona achieves the bright future we have envisioned.

Sincerely,

Janet Napolitano
Governor of Arizona

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We must do more with less, but we must also preserve investments in the areas that matter most.
Two fundamental trends are having an impact on local governments worldwide: administrative modernization and citizen engagement. Administrative modernization is captured in efficiency/effectiveness initiatives like performance budgeting, GPS/GIS innovations, best practices and the many contemporary applications of technology to administrative work. Engagement is captured in a range of both planned connections and those driven by citizen passions that are temporary and episodic. These are trends that easily can run on separate tracks, creating distance between administrative logic and the force of citizen-oriented governance. The key to contemporary effectiveness is finding ways to bridge the gaps created by the forces driving these trends.

Fundamentally, the metaphors that capture the differences between the trends are found in the logic behind “data, plans and reports” (modernization) on the one hand, and “passion, dreams and stories” (engagement and politics) on the other hand. Interestingly, by design, administrative modernization drives out “soft” data. Trash pick-up routes are established through software, not conventional wisdom; pavement “management” is oriented around hard data that rates the quality of each street, establishes repair costs/mile and then sets up a maintenance schedule.

Administrative modernization promises reliability, quality and efficiency. In contrast, the world of passion, dreams and stories is about emotion, tradition, identity and uniqueness and promises control and preservation of one’s way of life. Potentially, these trends seen in isolation represent different worlds.

EDITOR’S NOTE: This article is a precursor to the presentation Dr. Nalbandian will deliver at the Annual Conference Closing General Session in August. In both this article and in his presentation, Dr. Nalbandian will explore the interaction between council and staff relations, goals and values and how these dynamics shape the way we lead our cities and towns now and into the future.

This article draws heavily from a previously reviewed publication: “Contemporary Professionals and the Conflicting Forces of Administrative Modernization and Civic Engagement.” American Review of Public Administration (Dec. 2005).

BY JOHN NALBANDIAN, PH.D.
PROFESSOR, DEPARTMENT OF PUBLIC ADMINISTRATION, UNIVERSITY OF KANSAS,
AND GREG AND EMMA MELIKIAN DISTINGUISHED VISITING SCHOLAR OF URBAN
AFFAIRS, ARIZONA STATE UNIVERSITY, SCHOOL OF PUBLIC AFFAIRS
Looking at the trends and their inevitable force in our contemporary lives, we confront the central question of community building: How do we utilize the tools of modernization to create communities with individual character? These are communities that:

- Embrace a range of democratic values and build political capacity through dialogue and deliberation;
- Work to achieve economic and social viability;
- Assist citizens to retain control and build community identity;
- Value spontaneity and foster tradition; and
- Encourage generosity, embody and add to the greater good.

To begin to answer the question, we must look at the ways the trends are experienced in the work of governance. The chart below shows five dimensions that represent potentially opposing forces reflective of the trends. In the middle are what I call the “gaps.” We answer the central question posed above as we begin to “bridge” the gaps. This bridge-building represents the embrace of the two trends simultaneously in pursuit of the community with character.

<table>
<thead>
<tr>
<th>Administrative Modernization (Administrative Feasibility)</th>
<th>Gaps and Bridges</th>
<th>Citizen Engagement (Political Acceptability)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Professional staff</td>
<td>↔</td>
<td>Elected officials</td>
</tr>
<tr>
<td>Departmental focus</td>
<td>↔</td>
<td>CAO perspective</td>
</tr>
<tr>
<td>Governing institutions</td>
<td>↔</td>
<td>Community based politics (issue, energy)</td>
</tr>
<tr>
<td>Specialized staff</td>
<td>↔</td>
<td>Citizens</td>
</tr>
<tr>
<td>Policy</td>
<td>↔</td>
<td>Place</td>
</tr>
</tbody>
</table>
Within the gaps are the points of power in a community. The gaps represent potentially legitimate decision making space. If you say community rather than organization or government because all sorts of players can enter this territory — this also is what gives it potential legitimacy. This territory constitutes arenas of power because in order to govern effectively, one must join what is politically acceptable with what is administratively feasible. It used to be that these connections could generally be isolated to the dynamic between the council and the staff with appropriately announced public meetings at city hall. With third parties, contracting out, engagement of all types, philanthropic organizations, intergovernmental and international actors, the process of joining the two becomes even more dynamic and unpredictable than in the past.

There are three ways that what is politically acceptable and administratively feasible can be joined. First, there is an effective meeting of the minds somewhere within the gap area. This is the ideal. Second, the administrative arm of government can reach into the political realm and dominate decisions. This is where the governing body becomes overly reliant on professional staff. Third, the political arm of government can reach into the administrative arena and dominate as with inappropriate patronage appointments.

While the first method is desired, the second and the third are of most interest to me because of the negative consequences associated with them. The extension of administrative reach can join politics and administration, but in the process it will reduce the political capacity of a jurisdiction. The political capacity of a jurisdiction is its ability to make difficult decisions without irreparable damage to the community. The more a jurisdiction takes on an administrative culture, the less likely it is to build the political capacity it may need. Alternatively, the extension of political reach into the administrative arena puts an emphasis on “message and loyalty,” and in the process, administrative integrity is damaged even though the arenas of politics and administration have been joined.

Effective bridge-building is the key, with the operative word “effective.” The consequences of operating effectively within the gaps are that city managers and department heads must become more politically astute than ever. Department heads who used to pride themselves on “running their departments” must not only do that, but also they must understand engagement and political acceptability without sacrificing administrative integrity. In this prescription, one can see the evolution in the expectations we have of city management professionals. My research shows that “facilitation” skills are at a premium and that contemporary professionals must be able to work simultaneously in non-hierarchical settings — such as those the gaps represent — as well as hierarchy. There is no either/or here.

The issue for elected officials is more challenging. In times of fiscal constraints, elected officials tend to become more analytical: “What does it cost?” becomes the key question. I see elected officials in my own city backing themselves into a corner because they are expected to help LEAD the community boldly while they themselves have withdrawn into the shell of comfort that comes from using fiscal measures as the primary criteria for decision-making.

Fundamentally, what is lost by leaders in times of fiscal constraint is an understanding that governing is essentially about values. It always is. Those who forget that efficiency is only one of four basic political values soon find themselves bogged down in the details of initiatives, and more importantly, they postpone for future councils the “values” work that is the primary function of the governing body.

In order to reach values issues, I encourage councils to ask themselves two questions as they approach their work. First, what is it that governing bodies can do that no other group in the city can do? In other words, what value does a governing body bring to a community that no other group in the community can provide? The answer to that question should guide the governing body’s work. Second, if other councils looked to your council as a model, what is it that you would be doing that they admire?

The answers to these questions invariably take us to the classic definition of politics: the authoritative allocation of values. The definition suggests that we view policymaking in terms of values such as representation, efficiency, social equity and individual rights. The values choices a governing body makes — choices no other group in a community can make — are conveyed authoritatively — that is, in law.

A values perspective not only gives insight into what policymaking is about, but it also helps us understand how to facilitate bridge-building. What we as citizens have in common is our understanding of the four values. I can give a governing body a case study they have never seen before, and they will understand what is going on because they intuitively recognize the conflicting values and the perspective that a values orientation gives to one struggling in political/policy debate. The values perspective is what allows us to build bridges IF we can encourage the necessary deliberation that will bridge gaps, join what is politically acceptable and administratively feasible, and in the process build political and administrative capacity, and in the end create unique, vital communities.

In the absence of the values work and building bridges that engage these values in the contexts reflected in the previous chart, we fall willing victims to the homogenization of our communities that comes with modernization. At this point, because of the promises of reliability, quality and efficiency associated with modernization, if we allow our fiscal concerns to crowd out other values choices, we will become more and more like each other. We will lose identity, tradition and purpose. I am a cautious optimist, and I doubt that the passion of engagement will permit that to happen systematically. But in order to build, maintain, and preserve communities of character, we have to commit ourselves to engagement as well as modernization — because engagement brings the passion, dreams and stories that are essential to the politics that ask us to aspire to a greater good.

John Nalbandian teaches in the Public Administration Department at the University of Kansas. In addition, he is the Greg and Emma Melikian Visiting Scholar of Urban Affairs at Arizona State University. John’s academic specialization is local government, and in addition to his scholarly work, he served for eight years as a city council member in Lawrence, Kan., including terms as mayor. Nalbandian has received awards from professional societies as elected official of the year and administrator of the year. In recognition of his life time contributions to public administration, he has been inducted into the National Academy of Public Administration.
<table>
<thead>
<tr>
<th>W.C. Scoutten, Inc.</th>
<th>Municipal Engineers and Planners</th>
<th>Serving Arizona Communities Since 1994</th>
</tr>
</thead>
<tbody>
<tr>
<td>Community Facilities Districts</td>
<td>Growing Smarter General Plans</td>
<td></td>
</tr>
<tr>
<td>Municipal Engineering</td>
<td>Strategic Planning</td>
<td></td>
</tr>
<tr>
<td>Plan Review</td>
<td>Development and Zoning Codes</td>
<td></td>
</tr>
<tr>
<td>Capital Improvement Plans</td>
<td>Subdivision Codes</td>
<td></td>
</tr>
<tr>
<td>Road and Streets Maintenance Programs</td>
<td>Design Guidelines</td>
<td></td>
</tr>
<tr>
<td>Construction Administration</td>
<td>Public Participation Programs</td>
<td></td>
</tr>
<tr>
<td>Construction Inspections</td>
<td>Public Meeting Facilitation</td>
<td></td>
</tr>
<tr>
<td>Utility Coordination</td>
<td>Engineering Standards</td>
<td></td>
</tr>
</tbody>
</table>

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As the Economy Falters, Arizona Cities and Towns Make Responsible Budget Cuts
The headlines are hard to miss. Each week, a steady stream of newspaper articles, Internet postings and television reports paint a bleak picture of a distressed national economy buckling under the weight of a sluggish housing market, rising energy costs and increased consumer uncertainty. While every level of government is affected by the ailing economy, local governments in Arizona are among the hardest hit due to their heavy reliance on economically sensitive revenue streams, such as sales taxes.

Indeed, the worsening economic climate has already taken its toll on Arizona cities and towns. Tax revenue is declining while costs are rising, and municipalities are left to grapple with the immediate and impactful consequences.

**Estimated Revenue Shortfall for Cities and Towns**

In early April 2008, in an effort to discover the extent to which the economic downturn has affected Arizona cities and towns, as well as to find out what practices cities and towns are implementing to deal with the downturn, the League of Arizona Cities and Towns distributed a questionnaire to the 90 incorporated cities and towns in Arizona.

The questionnaire was comprised of six general questions regarding the city or town’s current economic situation. Responses were received from municipalities in each county and include communities of both large and small populations. Figure 1 provides a brief outline of the estimated revenue shortfall for cities and towns that responded to the survey.

**Cities and Towns Have Made Reductions**

Overall, a significantly large number of cities and towns surveyed have already made some kind of reduction to their budget. Interestingly, those cities that indicated they have not yet made any reductions did emphasize that they are continually monitoring the economy and are willing to make adjustments if necessary. In some cases, managers anticipated the economic decline and lowered their forecasts so that actual cuts might not be necessary. Some have indicated that they are waiting to see what state-shared revenues look like for next year, while others have already decided to reduce the following year’s budget by 5 percent to anticipate a shortfall.

The survey responses show that a growing contingent of Arizona municipalities are carefully navigating the rough economic waters with a variety of cost-saving techniques, including personnel reductions, across-the-board departmental cuts, targeted cuts and delaying or canceling capital projects.

**Personnel Reductions**

A number of different options emerge under the umbrella of personnel reductions. Layoffs, hiring and overtime freezes, cutting temporary or contract staff and eliminating or holding vacant positions have all been utilized. Other viable options that have been used and were noted in the survey include redeploying staff to critical positions, administrative approval and justification prior to filling positions, personnel reductions based solely on attrition and reducing positions in building inspection areas due to the housing downturn.

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**Estimated revenue shortfall for cities and towns** (Figure 1)

<table>
<thead>
<tr>
<th>Cities/Towns</th>
<th>Percentage Range</th>
<th>Average Percentage</th>
<th>Dollar Value</th>
</tr>
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<tbody>
<tr>
<td>35 Cities/Towns</td>
<td>0-21%</td>
<td>8.8%</td>
<td>-</td>
</tr>
<tr>
<td>9 Cities/Towns</td>
<td>-</td>
<td>-</td>
<td>$108,771,000</td>
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Forty-two cities/towns responded to this question. Thirty-five responded with the percentage for their revenue shortfall, while nine responded with dollar values.

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**BY MARISA HOSKINS**

Communication and Education Assistant, League of Arizona Cities and Towns

www.azleague.org
Across-the-Board Cuts Among All Departments

While some cities and towns have required that their departments tighten and reduce budget expenditures, the consensus among survey respondents is that across-the-board cuts have not currently taken into account any change or disruption in state shared revenue. Respondents emphasized the importance of state-shared revenue and noted that any reduction would potentially result in the elimination of more city positions and services.

Targeted Cuts

Survey respondents varied greatly in how they have implemented targeted cuts. Cities and towns have attempted to avoid making any reductions to public safety, with the majority of cuts occurring in the non-critical travel expense category.

Delays or Cancellations of Capital Projects

While 73 percent of respondents have indicated that there have been delays or cancellations of capital projects, all of those surveyed stated that they are actively evaluating the importance of their capital projects and identifying those that may be postponed, delayed or deferred. In addition, all have indicated that if revenues do not improve, capital projects will face possible cancellation.

Tough Times, Tough Decisions

The League survey results illustrate that Arizona cities and towns are leading their communities through the economic downturn with a thoughtful, measured approach to budget cuts and reductions, in order to continue to effectively provide the essential services that residents rely on.

And while economic challenges remain for the unforeseeable future, many cities and towns view the difficult choices that they must make as opportunities to position themselves for future success.

“These downturns in the economy, as well as other budget-related issues, provide us with the impetus to revisit the way we do business and to focus more on the core services we deliver to our customers as municipalities,” says Mesa City Manager Chris Brady. “It may mean a ‘back to basics’ approach to how we move forward in providing those services.”

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Like most states, and the federal government\(^1\), Arizona has a public records law (Title 39) mandating that all public records be open to inspection and copying. The general policy is that all records required to be kept under A.R.S. § 39-121.01(B) are presumed open to the public for inspection as public records. Sounds simple enough, right? Not necessarily. Arizona’s public records law is very broad, and application of the law is far from black and white. Consequently, uncertainty and inconsistency among public bodies is common throughout Arizona. However, with training and the right attitude, government employees can confidently respond to public record requests and avoid 10 of the most common pitfalls\(^2\).

**Pitfall #10: Failure to have, update or follow retention schedules**

Public bodies have a duty to submit a retention schedule for each type of record to the director of Arizona State Library, Archives and Public Records for approval. The retention schedule determines how long records may be maintained and when records must be destroyed.

**Pitfall #9: Not knowing what constitutes a public record or “other matter”**

A public record is everything created or received by a government agency or employee that relates to public business (even if on personal computers!). “Record” means all books, papers, maps, photographs or other documentary materials, regardless of physical form or characteristics made or received by any governmental


\(^2\) These are general rules and do not encompass all statutory exceptions.
agency in pursuance of law or in transaction of public business. This includes electronic records. Other matters include items related to public matters that are not required by law to be submitted to government but are created or received by the government agency.

**Pitfall #8: Not disclosing promptly**

Access is deemed denied if a public body fails to promptly respond. While “promptly” is not defined by statute and depends on what is reasonable under the circumstances, last year the Arizona Court of Appeals applied Webster’s definition: “quick to act or to do what is required” or “done, spoken, etc., at once or without delay.”


It is important to remember that mere inconvenience does not warrant delay. Recently, the court of appeals found that Maricopa County Sheriff’s Office wrongfully denied the New Times access to public records under A.R.S. § 39-121.01(D)(1) with respect to eight of the nine records, because it failed to promptly furnish the records requested. Phoenix New Times, L.L.C. v. Joseph M. Arpaio, 177 P.3d 275 (Ariz. App. Div. 1, 2008).

**Pitfall #7: Not knowing when to withhold records**

There are three reasons to withhold records: 1) the record is made confidential by statute; 2) the record involves the privacy interests of persons and that interest outweighs the public’s right to know; or 3) disclosure would be detrimental to the best interests of the state. The latter two are balancing tests that grant the custodian discretion to refuse inspection of public records. These tests must be applied on a case-by-case basis and inevitably result in inconsistencies.

**Pitfall #6: E-mail**

E-mail is a public record if it relates at all to public business. This includes e-mail sent from or received by accounts other than government e-mail accounts. Similarly, purely personal e-mail that has no relationship to official duties does not necessarily qualify as a public record just because it was on a government computer and e-mail system. Griffis v. Paul County, 215 Ariz. 1, 156 P.3d 418 (2007).

**Pitfall #5: Redaction**

If a public record contains protected information, public bodies must redact (black out) the protected information and release the remaining portions of the record. Public bodies may not charge a fee for redaction.

**Pitfall #4: Promises of confidentiality and rubber stamps**

The law controls the character of the document. Marking a document privileged, confidential, top secret, etc., or making promises of confidentiality (including clauses in settlement agreements) does not determine whether the record is subject to disclosure.

**Pitfall #3: Fees**

Inspection of records is free. The public records law does not allow public bodies to charge a fee for making records available or for search time. However, with few exceptions, public bodies may impose a reasonable copying fee if the requestor requests a copy. Public bodies may also require the requestor to pay in advance for copying and postage charges of public records mailed.

**Pitfall #2: Not understanding what constitutes a commercial purpose**

In Primary Consultants, L.L.C. v. Maricopa County Recorder, 210 Ariz. 393, 111 P.3d 435 (Ariz. App. Div. 1, 2005), the Arizona Court of Appeals broke down the statutory definition of commercial purpose into three sections:

1. Use of a public record for the purpose of sale or resale;
2. Obtaining names and addresses from public records for the purpose of solicitation; or
3. Sale of names and addresses to another for the purpose of solicitation or any purpose for which the purchaser can reasonably anticipate the receipt of monetary gain from the direct or indirect use of a public record.

**Pitfall #1: Records dump**

Public bodies may not dispose of or destroy records after receiving a public records request regardless whether the retention period has expired.

In a nutshell, government employees have a legal and ethical obligation to comply with the public records law. It is simply part of doing business. Any person who is denied access may file a special action in superior court. In 2006, the law was amended to allow the court to award attorney fees to a requestor of public records if the requestor substantially prevails in a court action. In addition, civil or criminal penalties may be imposed. Reduce these risks by becoming familiar with the law and its requirements.
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In some ways, it is the perfect storm; a period of tremendous housing value appreciation followed by a monumental collapse of the housing market across Arizona and most of the nation. The result: a struggle for both those who cannot afford a home and those who thought they could, as well as a challenge for state government to determine its appropriate role in meeting the needs of those affected by the current economic environment.

In this time of economic turmoil, the lens through which we government officials see and serve Arizona is one that reveals growing levels of need in the face of shrinking resources. For a still-growing number of residents, Arizona is a place where salaries and wages simply do not keep pace with the cost of housing. The very workers who make our communities safe or teach our children cannot afford to live in the same places that benefit from their time, talents and dedication. Instead, they are forced to drive increasingly long commutes until affordable housing can be found. Time spent commuting constitutes a “time tax” that removes time from families and loved ones that often cannot be recovered, erodes quality of life and leaves workers tired and stressed on both ends of a commute.

Additionally, Arizonans whose lives have been blessed by longevity, or young professionals armed with college degrees and seeking their own first homes, find affordable housing equally elusive. For all too many seniors, golden years are tarnished as retirement incomes and Social Security do not keep pace with the cost of housing. The young professionals, often saddled with the debt of educational loans, find their dreams to own a first home must be deferred.

As prices climb each week at gas pumps and grocery stores, family finances are forced to shift as well. Increased fuel costs to travel between home and the workplace mean less discretionary income, or in truly dire circumstances, a choice between gas and other life needs such as health care, child care or even cheaper but less nutritious food.

For other Arizonans, the American dream of owning a home has become a nightmare because of foreclosures. This spring, for three consecutive months, Arizona reached the dubious distinction of being the fourth-highest state in the nation for foreclosures. The rising spate of foreclosures not only affects individual families, but also results in the deterioration of neighborhoods and communities.

Ironically, at a time when government is asked and expected to do more, the financial capacity to do so has been diminished. The natural inclination is to hunker down and do what you must to survive the buffeting winds of the times. But Gov. Napolitano...

CONTINUED ON PAGE 24
Several months ago, when the Arizona Lottery’s Pick jackpot reached $12 million, did you buy a ticket? For just a minute, did you think about what you could do with all that money — a new car, a house, a college education for your children? If so, we’re willing to bet your fantasy did not include a new traffic signal at a busy intersection or improved lighting at a local park. Those fantasies may not be very exciting, but they become reality every day for communities that use Local Transportation Assistance Fund (LTAF) or County Assistance Fund (CAF) dollars to make lives better for their citizens.

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State Agency Updates – Arizona Department of Housing

Arizona City & Town • Summer 2008

has challenged those of us in leadership positions in the state to keep our eye on the future, to recognize Arizona is well-positioned for a rapid recovery and remember our job is to thoughtfully manage through the current difficulties and plan for a better future.

Salaries and wages simply don't keep pace with the cost of housing.

At the Department of Housing, we have taken on that challenge through four basic actions:

1. Evaluating our current efforts and determining what we need to do differently to ensure our limited resources are meeting the most critical needs. The state's budget situation will most likely force adaptations. It is therefore imperative that our actions and initiatives reflect the most pressing housing needs of communities across the state. It may mean new resources for certain activities and elimination of other activities until Arizona emerges from its current fiscal difficulties.

2. Repositioning our resources to meet emerging challenges. For example, at the request of Governor Napolitano, the Department of Housing is partnering with the Department of Financial Institutions to work collaboratively with private sector partners to craft a balanced resolution to the foreclosure crisis. We have expanded funding to local governments and non-profits for emergency eviction and foreclosure prevention assistance. We have retooled our Web site to provide resources to consumers desiring credible information and assistance on foreclosures. Additionally, through a federal initiative, a $1.33 million competitive grant is wholly dedicated in 2008 to expanding foreclosure counseling services throughout the state.

3. Building new relationships. As a new department director, I have spent considerable time meeting with local officials to determine what are the most pressing housing

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and community development needs in their communities and to inform them of the Department’s efforts and challenges. Similarly, I have spent time with legislators, informing them of the housing challenges we have identified with our community partners and informing them of the tools the Department has to address some of the challenges.

4 Preparing for the future. As has been mentioned, Gov. Napolitano consistently reminds us that we need to be ready to build the Arizona we all want when the current economic challenges are overcome. For the Department, that means taking a hard look at what the housing challenges of the future will be. We are looking at partnerships with state universities to prepare for the challenges of growth that will demand thoughtfully planning the intersections among housing, jobs and transportation. We are assessing the needs of special populations that will continue to face hard times accessing affordable housing. The challenges of homelessness and the housing needs of persons with disabilities will need to be addressed. We know that by 2020, one out of every four Arizonans will be over 60 years of age. And, we cannot ignore the affordability challenges of rural Arizona communities. Now is the time to develop strategies to address these needs.

Unquestionably, 2008 is a year of challenge for all of Arizona. Yet the measure of our lives is not so much what happens to us, but rather how we well respond. Despite the challenges that face our communities and our leaders, Arizona offers a quality of life that our residents not only cherish, but also rely upon our collective best efforts to preserve. Real leadership in these times means not surrendering to what has been dealt to us but managing through to a better time. 

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**State Agency Updates — The Arizona Lottery**

For Powerball proceeds fund the LTAF II programs, which focus on mass transit.

These programs are excellent examples of the direct impact the Arizona Lottery has on your community. However, in challenging economic times, our indirect impact through other beneficiaries of lottery proceeds is equally important. Funding for mass transit allows a community to offer its citizens a practical way to combat high gas prices. Those same dollars also provide dial-a-ride services for the elderly and disabled — and their destination may be a facility offering a healthy meal. When Heritage Fund dollars are invested in preserving natural resources and parks, cities give families a safe, low-cost source of entertainment and exercise.

Healthy Arizona programs, which received more than $20 million in lottery funding last year, offer both pre- and post-
The Arizona Lottery has a direct impact on your community.

natal services for at-risk families. In 2007, 95 percent of the children served by this program had an identified medical doctor, and only 10 percent of the families used an emergency room visit without a doctor’s approval. Additionally, 99.7 percent of the families had no substantiated CPS reports.

Did you know that public health insurance (AHCCCS and HIS) paid for 82 percent of teen births in Arizona during 2005? The lottery-funded Comprehensive Sexuality Education Program is committed to reducing teen pregnancy rates with seven statewide programs. The Arizona Health Education Centers program makes low-cost medical care available in under-served rural communities and encourages medical professionals to stay in those communities after their internships end.

All these programs directly benefit communities throughout the state by offering critical services at little or no cost to the community. As Art Macias, executive director of the Arizona Lottery, notes, “We know the lottery helps municipalities through the immediate budget shortfall; we’ve seen the impact of LTAF and CAF dollars over the last 26 years. What we now realize is that the investment in programs to improve a community’s quality of life also has a significant long-term impact. Giving our citizens the resources they need to be successful, and creating an environment where they want to live and work, is one of the keys to improving our economy.”

The Arizona Lottery’s mission is to “maximize revenue for the state in a responsible manner.” However, our passion is making Arizona a better place to live. We believe every municipality in Arizona shares this vision — and with almost $140 million distributed to Lottery beneficiaries last fiscal year, we’re off to a good start! ●

www.azleague.org
Willcox, Arizona
Creating Tourism and a Sense of Community

In a charming downtown area filled with buildings that stand as a reminder of the Old West, snippets from a lively history emerge. Geronimo fed his sweet tooth by obtaining sugar from the mercantile. The Southern Pacific Rail Depot saw scores of soldiers pass through on their way to Fort Grant in the early 1880s. Wyatt Earp’s youngest brother, Warren Earp, was shot and killed in the Headquarters Saloon.

As a capital of cowboy country and the original Apacheria, the City of Willcox is creating a sense of place as a tourist destination by cultivating these and many other unique aspects of its past.

Located in southeastern Arizona on Interstate Highway 10, Willcox sees more than 23,000 travelers pass through per day. With the construction of the new 340 interchange on I-10, many of these travelers are now stopping in Willcox. The hospitality industry is bustling with people who are drawn to a city that is revitalizing itself with its Old West significance and cowboy culture.

The national headquarters of the National Day of the Cowboy (NDC) is now located in Willcox. The NDC is a nationally known organization recognized by the U.S. Congress. Bethany Braley, executive director of the NDC, states that “Willcox has been very effective in helping me to
continue to build the momentum necessary to one day see the National Day of the Cowboy passed in perpetuity.”

Willcox is also the hometown of Rex Allen, a famous Western movie star and singer. His museum is located on Railroad Avenue. In addition, the Marty Robbins Museum has recently relocated from Glendale to the same area in Willcox. The city’s historical group also maintains two other museums in the downtown area.

During the spring, Willcox hosted four rodeo-like events in less than three weeks, and these events will continue into the rest of the year.

In addition to the events and attractions that the city offers, Willcox has made a real effort to become more attractive visually to residents and visitors alike. A new water well and a new justice center are nearly complete, and streets have been overlaid during the past year.

City officials are very optimistic about the future in Willcox. “We think we learned from many of the other municipalities in Arizona. We also believe in smart growth and the wise use of our resources” says City Manager Michael Leighton. “We continue to encourage people and businesses to locate here. Our goal is to offer the highest quality of life we can. So, come and visit, then stay a lifetime.”

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Southwest Ambulance ..............3

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Squire, Sanders & Dempsey ........21

ATTORNEYS & SOLICITORS
Gust Rosenfeld, PLC .................4

BANKS
US Bank ................................9

CART RETRIEVAL
Arizona Cart Retrieval .............25

CIVIL ENGINEERS
Harris & Associates .................17
Shephard-Wesnitzer, Inc. ..........27
Wood Patel & Associates ..........26

COMMUNICATION SERVICES
CityImage Communications .......29
Cox Business Services ..............7

CONSTRUCTION
The Weitz Company ...............16

CONSULTANTS
Public Sector Personnel
Consultants ...........................17
W.C. Scoutten, Inc. .................13

CONSULTING
Sage Pathways Consulting ........17

CONSULTING ENGINEERS
Burns & McDonnell .................24
Wood Patel & Associates ..........26

CONSULTING ENGINEERS,
ARCHITECTS & PLANNERS
Harris & Associates ...............17
PBS&J ...................................21

CORPORATE TRUSTS
US Bank ................................9

DEVELOPMENT FEES
Tischler-Bise .........................21

ENERGY SUPPLY
APS ....................................outside back cover
SRP ......................................inside back cover

ENGINEERING SERVICES
Achen-Gardner Engineering, LLC ....6
Golder Associates, Inc. ...............29

ENGINEERS, ARCHITECTS &
PLANNERS
W.C. Scoutten, Inc. .................13
Willdan ...............................30

FINANCIAL ADVISORY SERVICES
JPMorgan Chase Bank .............27

HEALTH INSURANCE
CIGNA HealthCare of Arizona .....18

INSURANCE - PROPERTY CASUALTY
CSE Insurance Group ...............13

INVESTMENT ADVICE &
MANAGEMENT
Public Financial Management, Inc. 20

INVESTMENT BANKING
Stone & Youngberg .................26

PLANNERS
W.C. Scoutten, Inc. ................13

PLANNING CONSULTANTS
Tischler-Bise .........................21

RECYCLING & DISPOSAL SERVICES
Waste Management .................24

SOFTWARE
GBA Master Series, Inc. ..........18

SOLID WASTE COLLECTION
Waste Management .................24

SPORTS & P.E. EQUIPMENT
S & S Worldwide .....................17

WASTE CART & CONTAINER
CLEANING SYSTEMS
Blast N Clean ......................inside front cover

WASTE MAGEMENT CONSULTANTS
Waste Management .................24

WATER MANAGEMENT
CAP- Central Arizona Project ....8

Advertiser.com
Achen-Gardner Engineering, LLC ..www.achen.com ...................6
Burns & McDonnell ..................www.burnsmcd.com ..............24
CAP - Central Arizona Project ....www.cap-az.com .................8
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PBS&J ..................................21
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Consultants .........................www.compensationconsulting.com 17
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