

Tempe 2010-11 Budget Frequently Asked Questions

Updated Dec. 22, 2009

These frequently asked questions are provided as a resource for Tempe employees and community members who may be seeking more details about aspects of the city's budget balancing efforts for the 2010-11 fiscal year, which begins July 1, 2010 and ends June 30, 2011.

Deficit and target reductions

Q: Why is the city cutting \$30 million from its General Fund budget? I thought the deficit was projected to be \$22.4 million.

A: Tempe projects that its deficit for the 2010-11 fiscal year will be at least \$22.4 million. The city aims to identify \$30 million in possible cuts – \$7.6 million over the deficit amount – in order to allow for an economy that may worsen or be slow to improve, fiscal changes at the state level that may harm Tempe, and flexibility as the City Council decides which programs, positions and services should continue.

Q: How were the targets for each department determined?

A: By Dec. 31, 2009, managers of the city's 17 current departments will recommend to City Manager Charlie Meyer a total of \$30 million in cuts in order to balance the \$186 million General Fund budget. Each department's designated reduction amount is based on a number of factors, including the calculations of the city's Target Reduction Results Team, as well as a formula that called for \$2 in cuts in non-public safety departments for every \$1 in cuts made by the Police and Fire departments.

The budget reduction targets for all General Fund departments are as follows:

Mayor & Council	\$58,793
City Manager	79,393
Diversity	65,194
Internal Audit	60,684
City Clerk	114,462
Human Resources	463,554
City Attorney	435,254
Financial Services	622,340
Development Services	804,190
Public Works	1,952,907
Non-Departmental	974,940
Information Technology	1,710,142
Community Relations	413,598
City Court	535,342
Community Development	526,404
Community Services	1,878,660
Parks & Recreation	2,654,461
Fire	3,308,319
Police	13,341,363
Total	\$30,000,000

In earlier deliberations, the City Council did not favor “across the board” department budget reductions and department managers concurred. As a result, a Target Reduction Results Team was created specifically for the purpose of creating a different methodology for setting reduction targets.

The methodology created by the Target Reduction Results Team was based on six specific criteria the team arrived at after interviewing staff and narrowing options. The criteria included such factors as whether a department’s budget had increased in past years, how much it costs per capita to provide a service, and whether there is a supervisory span of control of at least five employees to one supervisor. A full description of the criteria is available at www.tempe.gov/budgetplan by clicking on “City Manager Budget Memo.”

The Target Reduction Results Team’s six criteria were then applied to the amount of the City budget deficit, which produced resultant targets for each department. In addition, an across the board target formula was modified to recognize recent City Council priorities by using a two-for-one ratio of non-public safety to public safety. In other words, for every \$1 reduction to Police and Fire, other departments would be reduced \$2.

The modified across the board target and the Results Team target numbers were then averaged to come up with departmental targets.

Q: Is the proposed consolidation of city departments already figured in to the \$30 million in cuts to be proposed by department managers by Dec. 31?

A: The City Council asked City Manager Charlie Meyer last month to bring back a final plan to reduce the number of city departments as part of the 2010-11 budget balancing effort. In part, the plan calls for eight major departments to merge into four, replicating a city structure that had been in place within the last decade. The departments that could merge are: Public Works/Water; Development Services/Community Development; Parks and Recreation/Community Services; and Financial Services/Information Technology. The estimated savings from the consolidation are being determined, but they would be counted towards those departments’ reductions due Dec. 31.

Q: What will happen to all of the recommendations put forward by the City Manager-appointed Results Teams? How will those factor into the reduction process?

A: Reports and recommendations from city Results Teams were due to City Manager Charlie Meyer on Dec. 18. Those reports are being posted to the www.tempe.gov/budgetplan Web page for public review. Department managers are being asked to seriously consider those recommendations as they put forward the specific things that would need to be cut in order to meet their department targets. We expect that department managers will take some recommendations and decline to take others, with good reasoning and much thought behind each decision.

Service impacts of reductions

Q: Will there be any impacts to services that the city provides?

A: It is inevitable that Tempe residents and other community members will see a degree of reduction in some services as a result of budget cuts this deep. Our challenge is that we must make these changes in order to preserve Tempe's economic health and we must continue to provide the overall excellent level of service that our community expects and deserves. Every attempt will be made to minimize the negative impacts of cuts to any of our community members, including residents, businesses, visitors, students and others.

Q: What are the implications to Police and Fire service from these cuts? Will public safety be compromised?

A: One cannot speculate about the full implications of cuts to public safety budgets until specific reductions are proposed to or accepted by the City Council. Across the city, it is evident that there will be some reductions in the services and programs that our community has come to expect. It would be impossible to cut at least \$22.4 million from the city's General Fund and not feel some impacts. The challenge is that we must act in order to sustain the financial health of the city and ensure its continued ability to provide core services and desired amenities.

Everyone understands the priority of public safety in our community. While proposing and implementing some reduced level of service is difficult, it is possible to maintain the community's safety while streamlining the provision of these services.

What is absolutely unchanged is that, following any budget reductions, the men and women of the Tempe Police and Fire departments – and all city employees – will continue to serve our community with the highest degree of integrity and care.

Timeline

Q: What will the City Council process be from here?

A: City Manager Charlie Meyer will use the department manager-recommended cuts, which have not yet been identified, to compile a citywide plan for 2010-11 by late January. In early February, Tempe City Council members will give preliminary consideration to Meyer's plan. The cuts could include options such as workforce reductions, program eliminations and reduced service levels.

More public and employee forums will occur in February to provide information about the specific plan that will be considered by the City Council. Community members and employees will again be welcome to attend the forums and share their thoughts.

Final Council approval of the budget will be in May 2010.

Revenue options

Q: What about the option of raising Tempe's sales tax rate?

A: In their initial assessment of their priorities on Oct. 8, 2009, City Councilmembers ranked 21 budget parameters from most to least desirable. Their rankings are available at www.tempe.gov/budgetplan. In this initial discussion about priorities, the idea of asking voters via a ballot measure whether they want an increased sales tax rate did not rank high on the Council's list. That could change at any time during the budget process, however. A one-tenth of a cent increase in the city sales tax would equate to about \$6 million in revenue.

Q: What is happening with the city's hotel bed tax rate?

A: The City Council at its Nov. 19 Issue Review Session agreed to place on the March 2010 primary election ballot a question to increase the bed tax by 2 percent, increasing the existing bed tax rate from 2 percent to 4 percent. With the support of the Tempe Convention and Visitors Bureau, the agreement stipulates that these funds be used specifically for destination marketing to attract visitors to Tempe.

Employee issues

Q: Will there be layoffs in Tempe and, if so, will there be severance packages?

A: No decisions have been made about the need for layoffs. Department managers are working on plans to meet their target reduction numbers by Dec. 31. More will be known in February about whether any type of workforce reductions are presented to the City Council and whether the Council will accept those recommendations. What is known at this time is that it will be nearly impossible to address a \$22.4 million deficit without having to resort to some type of workforce reduction. That could include eliminations of vacant positions, layoffs, or both.

Q: Will the city offer another Voluntary Separation Program or an Employee Placement Program as it did for the 2009-10 fiscal year?

A: The Voluntary Separation and Employee Placement programs were good programs that had the desired effect of reducing the 2009-10 General Fund budget. However, their implementation relied on the use of fund balance in order to pay out the separation incentives and accumulated sick and vacation to employees. Fund balance also enabled us to allow people in positions slated for elimination to remain with the city through June 30, 2010, while they looked for new positions within the city. Today, we no longer have the amount of fund balance that would allow us the same flexibility. The concepts are not yet off the table but we would proceed cautiously in examining those options.

Participation in the process

Q: How can I as a resident/business owner/community member get involved in assisting or offering my opinion?

A: Tempe welcomes the input of its many valued stakeholders, from employees and residents to business owners and students. An electronic form for questions, suggestions and comments is available at www.tempe.gov/budgetplan. Public and employee forums will be held in February in order to present the specific plan for 2010-11 and to collect feedback.