Tempe Budget Employee Forum
Oct. 23, 2012, at 7 a.m.
Field Services Assembly Hall

The following is a recap of questions asked and answers given during the third of four employee forums held in October 2012 regarding the city's long-range budget forecast for 2013-14 and beyond. Attendees saw the same presentation that the City Council was provided on Sept. 24, 2012. Answers were provided by City Manager Charlie Meyer and Finance and Information Technology Director Ken Jones, unless otherwise noted.

Q1: Will there be a time when employees will be treated differently based on funding sources?
A: We are one large organization. Pay and benefits are consistently provided, so we are not likely to pay positions differently because of the fund they're in.

Q2: Regarding full time and part-time employees, sometimes might we be better off if we explore contract employees?
A: (John Osgood, Public Works) Public Works is looking at keeping a stable workforce and looking at supplementing with contract positions. We will work with employees and the employee groups to identify what we can do to get work done and where we can use contract employees to relieve workloads of regular employees.

(Charlie Meyer) We would need to find the core work the city needs to do and do it well, finding contract or temporary help for the rest. An example is the parking enforcement contract with the Downtown Tempe Community (DTC). DTC saved money and was able to replace old meters with ones that have credit card technology, along with detection technology to see when people are over their time limits. That has been a smart business model.

Q3: There are people in departments who are getting close to retirement. Is the city going to cut back on their retirement or are we going to offer a retirement incentive to replace those employees with others in lower ranges? Can employees who are close to retiring count on their pensions?
A: The Arizona State Retirement System (ASRS) is pretty stable. The amount contributed by the city and by the employee is set out in statute and it is stable. Costs are pretty stable as well. When it comes to medical coverage, active employees have it a little harder because there tend to be cost increases every year; increased deductibles and other costs do affect employees. Increased medical costs will likely take up some of what would be pay increases for employees. Retirement incentives are good to do when looking at layoffs of positions for current employees in order to save the jobs of others. These are not a good idea if you're not about to eliminate positions. If people feel that there will be an incentive if they hang out three or four more years, it forces them to stay longer than they would have.

Q4: What about contribution rates for public safety retirement?
A: This is a real issue for us. We have MOUs that have stipulations about what the city contributes. We also have statutory contribution rates. It is possible that growth in Police pay could be slowed to compensate for this. There is no ideal solution. This is the toughest issue we have and we are not sure yet what the answer is. ASRS made adjustments over the years; PSRS didn't do those things. Now there is a cost to the city to cover that. Each city has a different contribution rate with PSRS, but ASRS is stable and consistent across the state.

Q5: What is the city's plan to increase revenue and how do we compare to other cities?
A: We are not looking at extending the additional sales tax beyond June 30, 2014, because that would be breaking a promise made to voters when they approved the tax in 2010. One way to increase revenue is through economic development. For example, we are working on something now that would bring in $500,000 annually in new property tax revenue. Another example is a possible project near Priest and Rio Salado Parkway, for which we would relocate the city's Priest Yard. That huge project could generate 8,000 to 10,000 jobs in that corridor. The Tempe Gateway project is now full and we have the Hub on Fifth Street. The people these projects add will spend money in the community. So economic development does make a difference in generating revenue.

(Don Bessler) The SLiPP program now has 3,000 customers that will generate $250,000 a year. We need to look at more ways to generate revenue.

Comment from Renie Broderick: Regarding the impact of one-time bonuses versus a permanent pay increase, this is a way to give to employees if we do better than we projected with our revenues. That would be negotiated with union groups as an option.