

CITY MANAGER'S BUDGET UPDATE - NOVEMBER 2010

**THIS MESSAGE HAS BEEN SENT TO ALL CITY OF PHOENIX E-MAIL USERS.
DO NOT REPLY TO THIS MESSAGE.**

Dear fellow employees:

I wanted to take a few moments to provide you a quick update on a few items.

-- We have some positive news to report this week. For the first time in several years, the City will have a "normal" budget cycle. This means that we will not have to make any mid-year budget cuts as departments have had to do for the last several years. To date, City sales tax collections are \$1 million above the City's estimate. This is good news, but State sales tax collections continue to lag because of the recovering economy. Thank you for continuing to control spending. We are cautiously optimistic as we move forward with this year's budget and planning for the 2011-12 budget year. While we can't control revenues, we can control spending.

-- On Wednesday, the City Council approved the next step in a series of efficiencies and innovations for the City and reduced the number of full-time positions by 546. Even though the City has grown tremendously since 1970, this action reduces the total number of full-time positions to 15,090, making the employee count 9.4 per thousand residents, or the smallest per capita in 40 years. All of the eliminated positions are vacant, and management worked with all City departments to identify which positions could be eliminated. Criteria used for elimination included minimizing impacts to service delivery and continued focus on resident and employee safety. I understand the concerns about eliminating these vacancies and know this was a difficult decision.

-- I also have some exciting news about the Employee Suggestion Program (ESP). The City Council approved increasing the maximum cash award for tangible suggestions that are implemented and save the City money. Under the new ESP, the cash award potential increases from \$3,500 to a maximum total award of \$25,000. Please visit [Inside Phoenix](#) for more details (click on the link that says Enhanced Employee Suggestion Program). I am confident that greater operational efficiencies can be achieved with this enhanced ESP program and look forward to recognizing employees for their suggestions.

-- You also soon will start hearing about an effort to develop a strategic plan for the City. It has been many years since the City had its last strategic plan. We are creating a team to move forward with a plan for the future that will help us establish priorities for our budget. The areas of focus are: economic development and education; financial excellence; infrastructure; innovation and efficiency; neighborhoods/livability; the Phoenix team, focusing on HR best practices; public safety; social services delivery; sustainability; and technology. You'll be hearing more about this effort in the coming months as we work with employees and the City Council.

The Mayor, City Council and I would like to thank you for all that you do for the City.

Your commitment to the community is evident and is very much appreciated. We also would like to acknowledge the support and leadership provided by our employee unions and private sector representatives serving on the Innovation and Efficiency Task Force who are committed to continuing to help the City move forward in a positive, successful way.

-- *David Cavazos*