



October 22, 2013

Mayor Greg Stanton and City Council
City of Phoenix
200 W. Washington St., 11th floor
Phoenix, AZ 85003

Dear Mayor Stanton and City Council:

The Greater Phoenix Chamber of Commerce (GPCC) supports the City of Phoenix and the efforts of the Pension Fairness and Spiking Elimination Ad Hoc Subcommittee.

We are thankful to Vice Mayor Gates and the Subcommittee members whose diligent work has resulted in a set of recommendations for your consideration. These recommendations are practical first steps to ending an unsustainable practice allowed for many years within the system.

Currently, practices known as pension spiking exacerbate pension obligations beyond what council members, taxpayers, and residents realize. After a series of eight meetings, including four meetings with public testimony, the subcommittee voted to exclude certain items when calculating pensions: allowances, retirement contribution reimbursements, Public Safety Enhanced Regular Compensation, and accrued sick and vacation leave. These recommended changes are a step in the right direction toward a more understandable, fair, and transparent pension system.

While some maintain the subcommittee's recommendations do not go far enough, we support these recommendations and understand the obligations the City has to existing employee groups. Practical reforms to the pension system should seek to balance the avoidance of significant legal hurdles with the long-term benefits associated with any needed policy change.

We continue to support the City's continued consideration of available compensation tools to attract, retain, and motivate talented employees. It is also important that employee compensation costs are transparent to the public. Additionally, we encourage the City to consider other options for its employees, such as transitioning to a paid time off system.

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As leaders of the Greater Phoenix business community, it is important to our members, and to this organization, that the City be supported while it continues to make progressive changes in its existing pension system. We continue to support all efforts that lead to a more transparent and understandable system.

I encourage the support of the Pension Fairness and Spiking Elimination Ad Hoc Subcommittee recommendations for full adoption by the Phoenix City Council.

Respectfully,

A handwritten signature in black ink that reads "Todd Sanders". The signature is written in a cursive, flowing style.

Todd Sanders

President & CEO

Greater Phoenix Chamber of Commerce