

Senate Engrossed

State of Arizona  
Senate  
Fiftieth Legislature  
First Regular Session  
2011

# SENATE BILL 1345

AN ACT

AMENDING TITLE 9, ARIZONA REVISED STATUTES, BY ADDING CHAPTER 9; RELATING TO  
HIRING AND COMPENSATION OF MUNICIPAL EMPLOYEES.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Title 9, Arizona Revised Statutes, is amended by adding  
3 chapter 9, to read:

4 CHAPTER 9

5 HIRING AND COMPENSATION OF CITY EMPLOYEES

6 ARTICLE 1. GENERAL PROVISIONS

7 9-1001. Definitions

8 IN THIS ARTICLE, UNLESS THE CONTEXT OTHERWISE REQUIRES:

9 1. "CITY" MEANS A CITY WITH A POPULATION OF MORE THAN FIVE HUNDRED  
10 THOUSAND PERSONS.

11 2. "MUNICIPAL EMPLOYEE" MEANS A PERSON WHO IS EMPLOYED BY THE CITY OR  
12 ITS DEPARTMENTS, A PERSON EMPLOYED BY A MUNICIPAL ENTERPRISE DEPARTMENT,  
13 INCLUDING A PERSON WHO IS EMPLOYED BY ANY POLITICAL SUBDIVISION OR  
14 QUASI-GOVERNMENTAL BODY THAT IS ORGANIZED BY THE CITY UNDER A LOCAL ORDINANCE  
15 OR CHARTER PROVISION AND OVER WHICH THE CITY COUNCIL, ONE OR MORE MEMBERS OF  
16 THE CITY COUNCIL OR THE CITY MANAGER, OR THEIR AUTHORIZED AGENTS, RETAIN  
17 CONTROLLING OR SUPERVISORY AUTHORITY.

18 9-1002. Limit on hiring and compensation of municipal employees

19 A. NOTWITHSTANDING ANY LAW TO THE CONTRARY, THE TOTAL NUMBER OF  
20 MUNICIPAL EMPLOYEES FOR A CITY SHALL NOT EXCEED THE NUMBER OF FILLED  
21 POSITIONS EXISTING AT THE BEGINNING OF FISCAL YEAR 2011-2012 FOR THAT CITY.  
22 AFTER FISCAL YEAR 2013-2014, THE NUMBER OF MUNICIPAL EMPLOYEES, EXCLUDING  
23 SWORN POLICE OFFICERS AND FIREFIGHTERS THAT ARE EXEMPT FROM PRIVATIZATION  
24 PURSUANT TO A CITY ORDINANCE OR CITY CHARTER, SHALL NOT EXCEED 0.4 PER CENT  
25 OF THE POPULATION OF THE CITY.

26 B. BEGINNING WITH THE FIRST FISCAL YEAR AFTER THE EFFECTIVE DATE OF  
27 THIS CHAPTER AND EACH FISCAL YEAR THEREAFTER, THE TOTAL AMOUNT OF ANNUAL  
28 COMPENSATION AND BENEFITS BUDGETED AND AUTHORIZED TO BE PAID BY THE CITY TO  
29 MUNICIPAL EMPLOYEES ON AVERAGE PER MUNICIPAL EMPLOYEE, EXCLUDING SWORN POLICE  
30 OFFICERS AND FIREFIGHTERS THAT ARE EXEMPT FROM PRIVATIZATION UNDER A CITY  
31 ORDINANCE OR CITY CHARTER, SHALL NOT EXCEED ONE HUNDRED TEN PER CENT OF THE  
32 TOTAL AMOUNT OF ANNUAL COMPENSATION AND BENEFITS PAID TO PRIVATE SECTOR  
33 EMPLOYEES OF BUSINESSES AND ORGANIZATIONS THAT OPERATE WITHIN THE CITY'S  
34 JURISDICTION ON AVERAGE PER EMPLOYEE. DATA REGARDING THE CITY'S METROPOLITAN  
35 STATISTICAL AREA MAINTAINED BY THE UNITED STATES BUREAU OF LABOR STATISTICS  
36 PRESUMPTIVELY ESTABLISHES A REASONABLE ESTIMATE FOR THE TOTAL AMOUNT OF  
37 ANNUAL COMPENSATION AND BENEFITS PAID TO PRIVATE SECTOR EMPLOYEES OF  
38 BUSINESSES AND ORGANIZATIONS THAT OPERATE WITHIN THE CITY'S JURISDICTION ON  
39 AVERAGE PER EMPLOYEE. IF NO LOCAL STATISTICAL TOOL EXISTS FOR AN AFFECTED  
40 CITY TO DETERMINE AVERAGE PRIVATE SECTOR COMPENSATION, THE CITY SHALL USE A  
41 STATISTICAL REPORT FROM THE UNITED STATES BUREAU OF LABOR STATISTICS FOR THE  
42 RELEVANT COUNTY.

43 C. THIS SECTION DOES NOT APPLY IF COMPLIANCE WOULD VIOLATE ANY  
44 APPLICABLE FEDERAL LAW OR REGULATION.

1           9-1003. Reporting of employee compensation

2           A. ON THE FIRST DAY OF EACH CITY FISCAL YEAR, THE CITY SHALL PUBLISH A  
3 REPORT DISCLOSING THE FOLLOWING:

4           1. THE BUDGETED TOTAL AMOUNT OF ANNUAL COMPENSATION AND BENEFITS PAID  
5 BY THE CITY TO MUNICIPAL EMPLOYEES ON AVERAGE PER EMPLOYEE.

6           2. THE BUDGETED TOTAL AMOUNT OF ANNUAL COMPENSATION AND BENEFITS PAID  
7 BY THE CITY TO MUNICIPAL EMPLOYEES ON AVERAGE PER EMPLOYEE FOR SWORN POLICE  
8 OFFICERS AND FIREFIGHTERS THAT ARE EXEMPT FROM PRIVATIZATION PURSUANT TO A  
9 CITY ORDINANCE OR CITY CHARTER.

10          B. THE AMOUNT OF COMPENSATION ESTIMATED IN CONNECTION WITH THE AMOUNTS  
11 PRESCRIBED IN SUBSECTION A SHALL INCLUDE, IN ADDITION TO OTHER CATEGORIES OF  
12 COMPENSATION, THE GREATER OF BUDGETED OVERTIME OR ACTUAL OVERTIME PAID DURING  
13 THE PRECEDING FISCAL YEAR.

14          C. THE AMOUNT OF RETIREMENT BENEFITS ESTIMATED IN CONNECTION WITH THE  
15 AMOUNTS PRESCRIBED IN SUBSECTION A SHALL BE BASED ON THE PRESENT VALUE OF  
16 ANTICIPATED RETIREMENT BENEFITS TO BE PAID ASSUMING EXISTING VESTING  
17 SCHEDULES AND THE AVERAGE MUNICIPAL EMPLOYEE ATTRITION RATE OVER THE  
18 PRECEDING FIVE YEARS.

19          D. THE ESTIMATED TOTAL AMOUNT OF ANNUAL COMPENSATION AND BENEFITS PAID  
20 TO PRIVATE SECTOR EMPLOYEES FOR BUSINESSES AND ORGANIZATIONS THAT OPERATE  
21 WITHIN THE CITY'S JURISDICTION ON AVERAGE PER EMPLOYEE SHALL BE BASED ON THE  
22 MOST RECENT STATISTICS AVAILABLE FROM THE UNITED STATES BUREAU OF LABOR  
23 STATISTICS OR AN EQUIVALENT RELIABLE STATISTICAL AGENCY DATA REGARDING THE  
24 CITY'S METROPOLITAN STATISTICAL AREA THAT IS MAINTAINED BY THE UNITED STATES  
25 BUREAU OF LABOR STATISTICS PRESUMPTIVELY ESTABLISHES A REASONABLE ESTIMATE  
26 FOR THE AMOUNT REQUIRED BY THIS SUBSECTION.

27          E. THE CITY SHALL ALSO PROVIDE THE BASES AND SOURCES OF DATA FOR ANY  
28 RELATED CALCULATIONS REQUIRED BY THIS SECTION.

29           9-1004. Taxpayer standing

30          NOTWITHSTANDING ANY LAW TO THE CONTRARY, TAXPAYERS RESIDING IN THE CITY  
31 MAY BRING A SPECIAL ACTION IN ANY COURT OF COMPETENT JURISDICTION TO ENFORCE  
32 THE MUNICIPAL EMPLOYMENT LIMIT AND MUNICIPAL EMPLOYEE COMPENSATION LIMIT  
33 PRESCRIBED BY THIS CHAPTER. THE CITY, BY CLEAR AND CONVINCING EVIDENCE,  
34 BEARS THE BURDEN OF PROOF IN ANY SUCH PROCEEDING TO DEMONSTRATE COMPLIANCE  
35 WITH THE REQUIREMENTS OF THIS CHAPTER. DATA ON EMPLOYMENT NUMBERS,  
36 COMPENSATION AND BENEFITS THAT IS OBTAINED FROM THE UNITED STATES CENSUS  
37 BUREAU AND THE UNITED STATES BUREAU OF LABOR STATISTICS, OR AN EQUIVALENT  
38 RELIABLE STATISTICAL AGENCY SHALL BE DEEMED ADMISSIBLE IN ANY PROCEEDING.

39          Sec. 2. Existing contracts

40          This act does not apply to existing vested contractual or  
41 intergovernmental agreements for the furnishing of municipal services that  
42 have been entered into before the effective date of this act. When the  
43 vested contractual or intergovernmental agreements expire, the agreements may  
44 only be continued if they are continued or renegotiated pursuant to this act.