



**Council Meeting: February 12, 2013**

**SUBJECT: Discussion and Possible Action to Amend the Agreement for Services between the City of Sunnyvale and the City Manager Related to Compensation**

**BACKGROUND**

In accordance with the current Agreement for Services between the City of Sunnyvale and the City Manager ("Agreement"), the City Council provides annual reviews of the City Manager's performance and compensation. Council has requested that consideration of an increase to the City Manager's salary be placed on the agenda.

**EXISTING POLICY**

7.3 Legislative Management Sub-element: Goal 7.3D: Maintain a quality workforce, consistent with state and federal laws, City Charter, and adopted policies in order to assure that City services are provided in an effective, efficient, and high quality manner. Policy 7.3D:1: Maintain a recruitment and selection process that ensures a highly competent workforce. Action Statement 7.3D.1a: Maintain a competitive pay and benefit package for employees.

**DISCUSSION**

The control point for the City Manager's classification is \$258,868, as identified in the current Salary Table for Regular Full-Time and Part-Time Employees. The City Manager's salary, set at the time of his hire, is \$250,000. Section 5 – Salary – of the Agreement provides:

- A. Annually the City Council shall establish a control point salary for the City Manager which shall be competitive and shall have a reasonable spread above the next highest paid municipal official of the City of Sunnyvale. The starting annual salary is Two Hundred and Fifty Thousand Dollars, (\$250,000.00).
- B. The City Manager's compensation shall be evaluated on an annual basis. This evaluation will include consideration of both merit increases and "across-the-board" increases provided to department directors and non-represented management employees. It will also include consideration of the competitive market compensation for city managers in comparable Northern California cities at the time of the performance evaluation. The annual base salary may be increased by

written agreement of the parties or by inclusion of the agreed salary amount in any duly adopted ordinance or resolution of the City setting employee salaries. Nothing in this provision shall require the City to use a set formula, or require the City to provide either a merit or other salary increase at the annual evaluation. However, where the annual performance evaluation is good or excellent, the City shall normally adjust the compensation to provide reasonable and market-based compensation for comparable Northern California cities.

The Agreement provides for a review of compensation on an annual basis. Staff has not been directed to conduct a competitive market compensation survey with comparable Northern California cities since Mr. Lubbers' date of hire. Likewise, an adjustment in salary has not been provided to the City Manager since he began employment with the City on December 2, 2008. Typically, an employee receives an increase in their salary range/step after the initial six months of satisfactory performance, and thereafter on an annual basis up to the position control point/top step.

#### **FISCAL IMPACT**

If Council were to increase the City Manager's salary to the control point, the annual increase in salary would be \$8,868. Factoring in the associated increase to the cost of benefits, the total fiscal impact of this change is approximately \$12,000 annually. If an increase were made retroactive to the date of the annual evaluation (December 2, 2012), the cost of this change for the remainder of the current fiscal year is approximately \$7,000 and could be absorbed within the existing budget of the Office of the City Manager. The increased salary and benefits cost for this position beyond this fiscal year would be incorporated into the FY 2013/14 Recommended Budget.

#### **PUBLIC CONTACT**

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall, at the Sunnyvale Senior Center, Community Center and Department of Public Safety; and by making the agenda and report available at the Sunnyvale Public Library, the Office of the City Clerk and on the City's Web site.

#### **ALTERNATIVES**

1. That the City Council authorize the Mayor to execute an Amendment to the Agreement for Services between the City of Sunnyvale and the City Manager in a manner determined by Council and request staff to conduct a compensation survey with comparable Northern California cities.
2. Do not authorize an Amendment to the Agreement for Services between the City of Sunnyvale and the City Manager.

**RECOMMENDATIONS**

There is no staff recommendation.

Reviewed by:

Teri Silva, Director of Human Resources

Prepared by: Patricia Lord, Senior Management Analyst

Reviewed by:

Grace Leung, Director of Finance