

**Council Meeting: August 27, 2013****SUBJECT: Discussion and Possible Action to Modify the Compensation Plan for the City Manager****BACKGROUND**

City Manager Gary Luebbers announced his retirement on August 5, 2013, and provided the two month notice required by his employment contract, with a projected final date of October 5, 2013. The City Council has requested that this item be placed on the agenda to consider retaining the City Manager for a longer period of time, with adjustments to his employment agreement.

**EXISTING POLICY**

Policy 7.3.1 Legislative Management – Goals and Policies

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.

**ENVIRONMENTAL REVIEW**

N/A

**DISCUSSION**

The City Council desires to retain the services of the current City Manager (“Employee”) past his current expected departure date and during the recruitment process to select a new City Manager, and will discuss the following modifications to his employment contract:

- Employee will be reimbursed in an amount of approximately \$3,000 per month to accommodate temporary housing expenses.
- Employee will be reimbursed all reasonable expenses related to travel between Sunnyvale and Utah during the continuation of employment after October 5, 2013. Time traveled during regular work hours will be considered work time.
- Employee will receive a 2% salary increase, effective upon authorization by Council, in acknowledgment of the recent 2% increase in Employee’s CalPERS contribution.

Issued by the City Manager

- Employee will have the option at time of retirement to accept the current benefits for retirement health insurance or reimbursement for other health insurance premiums, e.g., Medicare, in an amount not-to-exceed the city benefit.
- A one-time, non-PERSable payment in the amount of \$35,000 in recognition of excellent service to the City and lack of movement to control point when qualified after 6 months of service.

### **FISCAL IMPACT**

The actual fiscal impact of this action is unknown and will be based on the period of extension. For estimation purposes, staff used four months beyond October 5, 2013. From October 5<sup>th</sup>, the cost for additional housing will be approximately \$12,000. Travel expenses will be reimbursed on an actual basis and are estimated to be approximately \$2,000. The cost for an additional 2% increase in the City Manager's control point over an estimated 6 month period from the pay period including August 27, 2013 through the pay period ending February 1, 2014 (four months past October 5) will total approximately \$3,300. As these are all one-time costs, the fiscal impact of these modifications to the employment contract with the City Manager can be absorbed in the FY 2013/14 operating budget of the Office of the City Manager.

### **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 directed by Council.
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.

Prepared by:

Teri Silva, Director of Human Resources

Reviewed by:

Joan A. Borger  
City Attorney