

RESPONSE TO COUNCIL QUESTIONS RE: 9/12/17 CITY COUNCIL AGENDA

Agenda Item #: 2

Title: Split Zoning: Introduce an Ordinance to Add Section 19.16.025 (Split-Zoned Parcels) of Chapter 19.16 (Precise Zoning Plans - Zoning Districts-Zoning Maps) to the Sunnyvale Municipal Code, and Find that the Action is Exempt from CEQA Pursuant to CEQA Guidelines Section 15061(b)(3)

Council Question: Correction, in the staff report, Commissioner Harrison wasn't absent, it was Commissioner Rheume.

Staff Response: The staff report incorrectly states that Commissioner Harrison was absent, it was Commissioner Rheume that was absent. The minutes are correct.

Council Question: We have had split zoned projects in the past. Has it only been done by separating the parcels or has it been done previously and we are just adding the tool to the Sunnyvale code.

Staff Response: Split zoning of properties has occurred in the past – including split zoning of single-story combining district and split zoning of base zoning such as R-3 and R-4. The City Attorney advised that this enabling legislation is desirable as it clarifies that split zoning is an option.

Agenda Item #: 6

Title: Amend the Salary Resolution to Revise Merit Increase Provisions, Add a Severance Provision and Amend the Salary Schedule to Adopt New Salary Ranges for Unclassified Department Directors (Pay Plan Category F)

Council Question: I am surprised that a Severance Package Option is now being considered. I understand that it is common for City Manager, but it seems odd to do it for Directors. How many cities add this as part of the package for Directors? This isn't even an option in a lot of private companies (except at the executive level).

Staff Response: As part of its research, staff identified four local cities that provide severance per policy for at-will employees for up to six months. The City of Palo Alto provides up to 12 weeks of severance pay for all at-will managers and professional personnel; the City of Salinas provides up to six months of severance pay for Directors; the City of San Mateo provides up to six months of severance pay for department heads (Directors); and the City of Santa Clara provides up to 640 hours of severance pay for miscellaneous unclassified managers. All of these cities include provisions that preclude severance pay when an employee is terminated for cause. It is not known how many other cities provide severance because many other cities provide severance administratively without formal action of the Council such as some large Bay Area cities. Department Directors are considered the Executive Leadership Team of the City and are unrepresented and at-will employees. It is recommended to include a severance provision as this is considered an important benefit when conducting a recruitment process for at-will employees.

Council Question: In going through the data, it seems like there is a lot of differentiation on salaries for the different Directors from city to city (and I'm guessing a lot of different in the duties to make reasonable comparisons). Why is the range even above that of

Deputy Chief (3% minimum)? Wouldn't it be easier to just mark the lowest range of Director salary to the Deputy Chief salary?

Staff Response: The 3% salary differential between the lowest paid Director and Deputy Chief was established for the City by the Hay Group in 2006, which responds to the difference in duties and responsibilities between Directors as department heads and Deputy Chiefs, who are represented by a bargaining group and have civil service protections. For a copy of the presentation and report, please follow the [link](#) to the September 1 Council Meeting.

Council Question: From a budgetary standpoint, I am trying to get a better understanding of the Budgetary Impacts. Can you give more information on the effects of the 20-year budget? When would the new salary range go into effect? Wouldn't it make more sense to delay on this until after the mid-year budget update when we have a better understanding of the current and 20-year budget implications?

Staff Response: The ongoing budgetary impact for all funds is approximately \$300,000 per year totaling about \$7 million over 20 years after factoring in annual cost of living adjustments to the ranges and the compounding impacts from pension costs. The impact of the increase will be felt across all funds that carry operations in the City. While most Director salaries reside in the General Fund, the cost for several Directors are in either the Utility or Development Enterprise Funds. In addition, many of those Directors budgeted in the General Fund (e.g. Assistant City Manager, Finance Director, Human Resources Director) provide executive services to the various Enterprise or other funds. The 20-year impact in the General Fund is approximately \$5.2 million of which \$2.6 million, or 49%, is recovered from other funds for administrative services. Overall, this increase would be built into the budget and the overhead allocation, and can be absorbed across all funds.

It is not recommended to delay these salary adjustments further, as this has been an outstanding issue for nearly one year. As was presented at the September 1, 2017 Council Meeting, the Directors have fallen behind represented employees' salary adjustment. The City will be conducting a recruitment process for two Directors and one Assistant City Manager. To delay the salary adjustments could have a negative impact on the recruitment process and ultimately the City operations. We have recently conducted two recruitments for the ESD Director with less than favorable results. Further, it is important to note that with all bargaining unit adjustments in compensation the City has not waited until mid-year budget adjustments and this salary correction has been under review for the past year in recognition that the Directors have been under market due to the low salary adjustments in comparison with represented employees.