



File #: 19-0940, Version: 1

REPORT TO COUNCIL

SUBJECT

Adopt a Resolution Amending the City's Salary Resolution and the Schedule of Pay to Increase the Salary Ranges for Pay Plan Category F (Unclassified Department Directors)

BACKGROUND

Unclassified department directors (pay plan category F) are at-will employees, appointed by the City Manager. They are not organized and do not negotiate for any changes to their wages, hours, and/or other terms and conditions of employment. Instead, the City Manager makes recommendations to the City Council regarding such changes on behalf of this employee group.

In September 2017, a new compensation program was approved by the Council (RTC No. 17-0872), that adjusted salary ranges for department director classifications to address gender equality pay, attract talent, retain highly qualified employees, and to resolve salary compaction with bargaining unit represented positions. With salary increases other bargaining units received over the last two of years, the salary ranges of department directors have become out of alignment with the compensation program and philosophy that was adopted by Council in 2017.

This report recommends adjustments to the salary ranges for unclassified department director classifications (pay plan category F) to maintain a consistent differential with bargaining unit represented positions. Adjusting the ranges does not result in a direct compensation increase, but enables increased compensation to be considered by the City Manager based on performance.

EXISTING POLICY

Council Policy 7.3.1 Legislative Management - Goals and Policies, Goal 7.3D: Maintain a quality work force, 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.

ENVIRONMENTAL REVIEW

The action being considered does not constitute a "project" with the meaning of the California Environmental Quality Act ("CEQA") pursuant to CEQA Guidelines section 15378(b)(4) in that is a fiscal activity that does not involve any commitment to any specific project which may result in a potential significant impact on the environment.

DISCUSSION

On September 12, 2017 (RTC No. 17-0872), the City Council approved a compensation philosophy for department directors that adjusted salary ranges and offered more salary growth opportunity based on performance. It also established a pre-determined differential between classifications to prevent compaction issues in the future as identified below:

- The minimum of the salary range of the Director of Public Safety shall be 12% above the maximum of the salary range of the Deputy Chief with education premium. The maximum shall be 20% above the minimum.
- The minimum of the salary range of the Assistant City Manager shall be 3% above the minimum of the salary range of the Director of Public Safety. The maximum shall be 20% above the minimum.
- The Chief Information Officer, the Directors of Public Works, Environmental Services, Community Development, Finance, Human Resources, and Library and Community Services shall be consolidated to a single salary range. The minimum of the salary range shall be 3% above the maximum of the salary range of the Deputy Chief with education premium. The maximum shall be 20% above the minimum.
- The Director of Employment Development shall continue to have a separate salary range due to the salary cap of the Workforce Investment Act guidelines. The minimum of the salary range shall remain at the current rate of \$161,605. The maximum shall be 20% above the minimum to allow for future adjustment in accordance to the WIA guidelines.

The Deputy Chief classification is represented by the Public Safety Managers Association (PSMA). PSMA members received salary increases of 3.38% in July 2018 and 2.01% in July 2019. The salary ranges of department directors have not been adjusted since September 2017. With the increases PSMA members received in 2018 and 2019, the salary ranges for department directors are out of alignment from the compensation program approved in September 2017. For example, the current minimum of the salary range of the Director of Public Safety is only 6.2% above the maximum of the salary range of the Deputy Chief with education premium. Under the 2017 compensation philosophy, the differential should be 12%.

In addition, a new classification, Deputy City Manager, was added in June 2018 in the unclassified department director category (pay plan category F), with a 15% salary range. However, at the time it was added, staff did not address how or whether this classification should be included in the compensation program in September 2017 to establish a pre-determined differential, and the current 15% salary range is not consistent with the Salary Resolution Article 7.110, which provides *“For Category F, the salary range from the minimum to the maximum is 20%.”*

Recommended Changes

In order to maintain the differential between the unclassified department directors (pay plan category F) and bargaining unit positions, the amendments recommended by this report for unclassified department directors (pay plan category F) are as follows:

- Adjust salary ranges for unclassified department directors (pay plan category F) to maintain consistent differential with bargaining unit positions as stated in the compensation program approved in September 2017 (also stated above).
- The minimum of the salary range the Deputy City Manager should be 10% below the minimum of the salary range of directors. The maximum shall be 20% above the minimum.
 - Directors include: Chief Information Officer, the Directors of Public Works, Environmental Services, Community Development, Finance, Human Resources, and Library and Community Services.

Salary range changes would not change an incumbent's salary unless the incumbent's salary falls below the new range minimum.

FISCAL IMPACT

The FY 2019/20 Budget includes assumptions in total compensation, but did not fully account for the impact of the recommended action. The impact for FY 2019/20 is estimated to be approximately \$38,000. The one-year impact can be absorbed within the City's operating budget. The total twenty-year impact is approximately \$1.0 million and will be included in the FY 2020/21 Recommended Budget.

About 80% of this cost is borne by the General Fund with the remainder captured in the city's various other funds where operations are budgeted, primarily in the City's enterprise funds. The fiscal impact on all funds can be absorbed in the current year and incorporated into the FY 2020/21 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 website.

ALTERNATIVES

1. Adopt a Resolution Amending Resolution No. 190-05, the City's Salary Resolution, by Amending the Salary Schedule to Increase the Salary Ranges for Unclassified Department Director Positions (Pay Plan Category F)
2. Do Not Adopt a Resolution Amending Resolution No. 190-05, the City's Salary Resolution, by Amending the Salary Schedule to Increase the Salary Ranges for Unclassified Department Director Positions (Pay Plan Category F) Director)

STAFF RECOMMENDATION

Alternative 1: Adopt a Resolution Amending Resolution No. 190-05, the City's Salary Resolution, by Amending the Salary Schedule to Increase the Salary Ranges for Unclassified Department Director Positions (Pay Plan Category F)

Approved by: Kent Steffens, City Manager

ATTACHMENTS

1. Resolution Amending Resolution No 190-05, the City's Salary Resolution, by Amending the Salary Schedule to Increase the Salary Ranges for Unclassified Department Director Positions (Pay Plan Category F)
2. RTC No. 17-0872 (without attachments)