



# City of Sunnyvale

## Agenda Item-No Attachments (PDF)

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### **REPORT TO COUNCIL**

#### **SUBJECT**

Consider Amending the Agreement for Services between the City of Sunnyvale and the City Manager

#### **BACKGROUND**

The City Council met in closed session on June 9, 2015 to discuss the City Manager's annual performance evaluation. The City Council directed staff to place a public hearing item on a regular City Council meeting agenda to discuss benefits and compensation of the City Manager. Based on that request, this Report to Council has been prepared to facilitate the public discussion.

#### **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**

N/A

#### **DISCUSSION**

The City Manager's Employment Agreement provides that Council may consider a salary adjustment in conjunction with the annual performance evaluation. The current control point for the City Manager's classification is \$264,045, as identified in the current Salary Table for Regular Full-Time and Part-Time Classifications. The City Manager's current annual salary is \$264,045.

The City Manager's Employment Agreement provides for CalPERS Tier 2 (2% @ 60) and began with a 2% employee CalPERS contribution. The Employment Agreement includes a provision that she follow Department Directors when employee CalPERS contribution rates increase. As such, the City Manager's CalPERS retirement employee contribution rate increased by 1% on August 31, 2014, and is scheduled to increase by an additional 1% in fiscal years 2015/16 and 2016/17.

For unrepresented management employees and the City Attorney, the City Council has approved the budgeted 2% salary increase. The City Council has also approved a 1% one-time lump sum to unrepresented management employees.

The City Manager's Employment Agreement Section 7 also provides mortgage assistance subject to the terms in Council Resolution No. 125-89, as amended by Council Resolution No. 160-96. The Executive Mortgage Assistance Program provides a housing loan to executive employees for purchasing a primary residence within the Sunnyvale City limits. The program is designed in a fashion that there would be no cost to the City, as the loan packages are structured to approximate the City's investment yield. The City Manager's eligibility for participation in this program is

conditioned on her application to participate in the program within one year of commencing employment with the City on June 2, 2014. The Mayor's Subcommittee met on June 30, 2015 and directed staff to place a modification to the City Manager's Employee Agreement to extend the eligibility period for the program from one year to three years.

### **FISCAL IMPACT**

The FY 2015/16 Budget assumes a 2% salary increase in FY 2015/16 for all represented and unrepresented miscellaneous employees, as well as an additional 1% increase in the employee contribution to CalPERS. As such an increase of up to 2% in salary can be absorbed in the FY 2015/16 Budget. Each additional 1% change in salary would increase or decrease the annual cost to the City by approximately \$3,500 after taking into account the impact on salary related benefits such as leaves and retirement. The payment of a 1% lump sum can be absorbed within the current operating budget for 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 website.

### **ALTERNATIVES**

1. Authorize the Mayor to execute an Amendment to the Agreement for Services between the City of Sunnyvale and the City Manager to adjust the salary schedule effective the first full pay period in June 2015 and extend the eligibility period of the Executive Mortgage Assistance Program effective from the contract amendment date based on the outcome of the discussion of the City Council.
2. Do not authorize an Amendment to the Agreement for Services between the City of Sunnyvale and the City Manager.

### **STAFF RECOMMENDATION**

Staff makes no recommendation.

Prepared by: Teri Silva, Director, Human Resources