



City of Sunnyvale

Agenda Item-No Attachments (PDF)

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REPORT TO COUNCIL

SUBJECT

Direction Regarding Amending the Employment Agreement between the City of Sunnyvale and City Manager Kent Steffens to Increase the City Manager Salary in an Amount to be Determined by the City Council

BACKGROUND

The City Council met in closed session on November 25, 2019, December 3, 2019, and January 7, 2020 to discuss the City Manager's annual performance evaluation. The City Manager's compensation must be determined in a public meeting.

As of January 1, 2020, the City Manager was entitled to a 3% annual salary increase pursuant to Section 3.3 of his employment agreement. However, the City Council also has discretion to modify that amount.

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)(5) in that it is a governmental organizational or administrative activity that will not result in direct or indirect changes in the environment.

DISCUSSION

The City Manager's Employment Agreement provides that the City Manager shall be entitled to retirement and other benefits as applicable to department directors. Section 3.3 of the Agreement provides the following related to salary increases:

Employee shall receive an annual salary increase of three percent (3%), beginning with the pay period including January 1, 2019, until reaching the maximum salary range as approved and that may be amended by the City Council from time to time. Notwithstanding the preceding, the City Council may, by a majority vote, approve modifications to the Employee's annual salary increases.

For context, other City management employees completing a year of employment are eligible for an increase in salary, typically 5%, not to exceed the control point, with a satisfactory performance evaluation, pursuant to the Salary Resolution Article 7.130.

The salary control point for the City Manager's classification is \$302,041 - \$362,449. The City Manager was hired on January 1, 2018 at 85% of the control point with an annual salary of \$302,041. The City Manager received a 4.5% salary increase effective January 1, 2019, and currently receives an annual salary of \$315,633.

Based on the City Manager's satisfactory performance and consistent with the employment agreement providing for an annual salary increase of 3%, the City Manager is entitled to the 3% salary increase effective December 29, 2019. However, the Council may approve a modification to his annual salary increases. The regional San Francisco-Oakland-Hayward CPI-U rose 3.0% over the last twelve months.

If the City Council chooses to increase the City Manager's salary beyond the scheduled 3% increase already provided in the employment agreement, it should provide direction to staff on the desired amount of increase. Staff would then work with the City Attorney to prepare a second amendment to the attached Employment Agreement (See Attachment 1 and Attachment 2) consistent with the City Council's direction. An increase within the currently published control point would require no further action. If the Council desires to increase the City Manager's compensation beyond the existing control point range (approximately equal to a 15% or greater increase), staff would need to return to the City Council for approval of an amendment to the salary schedule to increase the control point for the City Manager position, due to CalPERS requirements that employee compensation must be consistent with rates in a publicly available published salary schedule.

The City Council Compensation Sub-Committee considered the salary survey presented in Attachment 3 and recommended increasing the City Manager's salary by a total of 5.5% (an additional 2.5% above the 3% to which he is already entitled), effective December 29, 2019.

FISCAL IMPACT

The FY 2019/20 Budget for the Office of the City Manager did not fully account for the impact of the Subcommittee's recommended action. The additional impact of increasing the City Manager's salary by 5.5% for FY 2019/20 is estimated to be approximately \$22,000. The one-year impact can be absorbed within the Office of the City Manager's operating budget. The total twenty-year impact, assuming everything remains the same, is approximately \$805,000 and will be included in the FY 2020/21 Recommended Budget. The City Manager's compensation is funded by all operating funds, with the majority coming from the General Fund.

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. Provide direction regarding increasing the City Manager's salary in an amount to be determined by the City Council and authorize the Mayor to approve an amendment to the City Manager's Employment Agreement, in a form approved by the City Attorney, to increase the annual salary reflecting the increase directed by the City Council and consistent with the

salary control point, effective December 29, 2019.

STAFF RECOMMENDATION

Staff makes no recommendation. This report is developed to facilitate conversation for the public hearing and action by the City Council.

Prepared by: Tina Murphy, Director of Human Resources

Reviewed by: Teri Silva, Assistant City Manager

ATTACHMENTS

1. Employment Agreement between City of Sunnyvale and Kent Steffens, City Manager
2. First Amendment to Agreement for Services between the City of Sunnyvale and Kent Steffens, City Manager for the City of Sunnyvale
3. Compensation Survey