



Agenda Report

19-102

Agenda Date: 1/29/2019

REPORT TO COUNCIL

SUBJECT

Action to Adjust Compensation Ranges for Electric Utility Management Positions to Align with the Strategic Plan Implementation

BACKGROUND

During the development of the City's 2018 Silicon Valley Power (SVP) Strategic Plan (Strategic Plan), considered and approved by Council at its December 4, 2018 meeting, a key initiative was to review the Department's organizational design to ensure it aligns with a high level of service delivery, resource optimization, and staff development. As part of that process, compensation ranges were also reviewed and compaction between some critical classifications was noted. To fully implement the Strategic Plan's goals, these areas of salary compaction should be addressed and alleviated with revised ranges.

City Council approves the City's compensation plan pursuant to the City's Personnel & Salary Resolution, Section 9.

DISCUSSION

As part of the Strategic Plan, Council approved adding two Assistant Director positions and an organizational restructure to achieve maximum performance, ensure excellent cross-divisional coordination, and sound succession planning. Council also received information related to salaries and compaction between the department's classified and unclassified staff, and authorized staff to study salary compaction, meet and confer with the appropriate bargaining unit and return to Council with an adjusted salary schedule for Unit 9.

Salaries and Compaction

Recruitment and retention is challenging in this industry, which is largely influenced by quasi- or private sector businesses that are able to compensate their employees much higher. It is not uncommon for staff to begin their work at SVP and be recruited into other agencies where compensation is higher. Market pressures from investor and publicly owned utilities and consumer choice aggregators have led to compensation adjustments for certain bargaining units, which have created compaction of salaries of classified positions and unclassified management positions. Adjusting salary ranges to provide for adequate separation of salaries is required for the successful recruitment and retention of qualified staff. For example, in some cases, the difference between SVP management salaries and the positions they supervise, excluding overtime, is as low as 1.2%. In these cases, there is no incentive to promote into the management position. Given the scarcity of talent, however, SVP is focusing growing talent from within. The classifications affected by the compaction are the Electric Program Manager, Principal Electric Utility Engineer, Electric Division Manager, Senior Electric Division Manager, Assistant Director of Electric Utility, and the Electric Utility Chief Operating Officer.

Recommended Salary Range Increases

The City has studied the compensation of SVP as part of the Strategic Plan and retirement of the CEUO to better understand the organizational needs to recruit and retain talent in one of the nation's toughest labor markets. Staff recommends that the classifications of Electric Program Manager, Principal Electric Utility Engineer, Electric Division Manager, Senior Electric Division Manager, Assistant Director of Electric Utility, and the Electric Utility Chief Operating Officer all increase, as described in Attachment 1. In general, these classifications will increase to ensure that there is at least a 5% spread over a lower classification, and in most cases, a 10% spread, which is a recommended and a more typical margin of separation between classifications.

On January 25, 2019, the City completed the meet and confer process regarding the proposed salary adjustments in Attachment 1 with the unclassified bargaining Unit 9 which represents these positions.

ENVIRONMENTAL REVIEW

The action being considered does not constitute a "project" within 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.

FISCAL IMPACT

There is no immediate impact to salary and related benefit costs from the recommended salary range adjustments unless an employee's current salary is below the bottom of the new range. Costs for future merit-based increases will be incorporated in the development of future budgets.

COORDINATION

This report has been coordinated with the Finance Department and City Attorney's Office.

PUBLIC CONTACT

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall Council Chambers. A complete agenda packet is available on the City's website and in the City Clerk's Office at least 72 hours prior to a Regular Meeting and 24 hours prior to a Special Meeting. A hard copy of any agenda report may be requested by contacting the City Clerk's Office at (408) 615-2220, email clerk@santaclaraca.gov <<mailto:clerk@santaclaraca.gov>> or at the public information desk at any City of Santa Clara public library.

RECOMMENDATION

Approve the revised Unclassified/Appointed/Elected Monthly Salary Schedule Resolution which incorporates salary range increases to the classifications of Electric Program Manager, Principal Electric Utility Engineer, Electric Division Manager, Senior Electric Division Manager, Assistant Director of Electric Utility, and the Electric Utility Chief Operating Officer, effective with the beginning of the first full pay period following approval of the new salary schedule.

Reviewed by: Teresia Zadroga-Haase, Director, Human Resources

Approved by: Deanna J. Santana, City Manager

ATTACHMENTS

1. SVP Salary Adjustment Summary Table 12-17-18

2. Resolution to Adopt the Revised Unclassified Monthly Salary Schedule
3. Revised Unclassified/Appointed/Elected Monthly Salary Schedule