



## Agenda Report

20-148

Agenda Date: 1/28/2020

### REPORT TO COUNCIL

#### SUBJECT

Action on Approval of First Amendment to the City Manager Employment Agreement, and a Resolution to Amend the City Manager Employment Agreement and Approve and Adopt the Updated Salary Plan that includes the Classification of City Manager [Council Pillar: Enhance Community Engagement and Transparency]

#### BACKGROUND

The City Manager, Deanna J. Santana has been employed by the City of Santa Clara since October 2, 2017. The City entered into an employment agreement with Ms. Santana on August 22, 2017 and that agreement provides that the City Council shall periodically meet with the employee for the express purpose of determining any appropriate salary adjustment. The City Council held a Closed Session meeting for the purpose of evaluating the City Manager's performance and two subsequent meetings to discuss potential compensation action.

Government Code section 20636(b)(1) and California Code of Regulations section 570.5 require that public salary schedules include specific information and be approved by the governing body whenever they are updated or revised.

#### DISCUSSION

As allowed for by the City Manager's employment contract, the City Council has requested amendments to the City Manager's contract. The City Manager's current annual base salary is \$403,320.00. In addition, the City Manager receives various benefits, including a monthly housing allowance in the amount of three thousand seven hundred fifty dollars (\$3,750.00), or \$45,000 annually, to be used by the City Manager for housing no more than 20 miles from Santa Clara City Hall through the duration of the Employee's employment. It is recommended that the City Manager's employment agreement be amended to eliminate section 3.5 Monthly Housing effective September 30, 2019, and no further housing allowance shall be provided.

In addition, using those same funds assigned to the housing allowance, it is recommended that the City Manager's compensation be amended to include an 11.2% merit increase, retroactive to October 6, 2019. The City Manager did not receive a merit increase for 2017/18. The revised annual base salary for the City Manager shall be approximately \$448,491.84.

#### Updated Salary Plan

Section 9 of the Personnel and Salary Resolution requires City Council approval of compensation plans for both classified and unclassified positions. California Code Regulations section 570.5 requires the adoption of updated publicly available salary schedules by the governing body. The attached Resolution attaches and approves the updated salary plan for the classification of City

Manager.

#### Further Adjustment

Section 3.2 of the City Manager's employment contract states she will be "subject to the cost of living adjustments for City Miscellaneous Unclassified Management Employees in Unit 9." Accordingly, once the City's negotiations with Unit 9 are completed, the City Manager will be entitled to the adjustments provided for that unit. However, if those adjustments exceed the amount set forth in Government Code section 3511.2, they will not be automatic and will require the further express approval of the Council.

#### **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**

The City Manager's current annual base salary is \$403,320 (total compensation \$749,015; \$599,212 General Fund and \$149,803 Stadium Allocation). With the elimination of the annual housing allowance of \$45,000, this amount shall be used to fund an 11.2% merit adjustment, which will increase the annual base salary to \$448,491 (total compensation \$767,605; \$614,084 General Fund and \$153,521 Stadium Allocation). The additional net increase in annual total compensation cost for this adjustment is approximately \$18,590 (\$14,872 General Fund and \$3,718 Stadium allocation), which is attributed primarily to increased retirement costs.

Department savings are anticipated to be available to absorb the additional cost impact in FY 2019/20 and FY 2020/21. Adjustments to factor in the higher FY 2021/22 costs will be included with the FY 2021/22 and FY 2022/23 Biennial Operating Budget.

#### **COORDINATION**

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

#### **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) <<mailto:clerk@santaclaraca.gov>> or at the public information desk at any City of Santa Clara public library.

#### **RECOMMENDATION**

Adopt a Resolution approving the First Amendment to the City Manager's Employment Agreement by and between the City of Santa Clara and Deanna J. Santana to eliminate a provision to pay a housing allowance and adjusting the City Manager's base salary to \$448,491 effective October 6, 2019; authorizing the Mayor to execute the Amendment; and updating the salary plans for the classification of City Manager.

Reviewed by: Aracely Azevedo, Director of Human Resources

Approved by: Lisa M. Gillmor, Mayor

**ATTACHMENTS**

1. First Amendment to Employment Agreement
2. Resolution of the City of Santa Clara to Amend the City Manager Employment Agreement and Approve and Adopt the Updated Salary Plan that includes the Classification of City Manager
3. Unclassified\_Elected Salary Plan (effective 2019-10-06) approved 2020-01-28
4. Unclassified\_Elected Salary Plan (effective 2019-10-22) approved 2020-01-28
5. Unclassified\_Elected Salary Plan (effective 2019-11-17) approved 2020-01-28
6. Unclassified\_Elected Salary Plan (effective 2019-12-15) approved 2020-01-28