



# Memorandum

*Chuck Reed*

TO: Rules and Open Government  
Committee

FROM: Mayor Chuck Reed

SUBJECT: City Manager Compensation

DATE: May 15, 2007

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APPROVED:

DATE:

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## Recommendation:

Agendize the following for the June 5, 2007 Council meeting:

Adopt a Resolution amending the City of San Jose Pay Plan, setting the salary and approving benefits for City Manager Ms. Debra Figone as outlined in the May 14, 2007 letter from Mayor Reed (attached).

Authorize the City Clerk to execute an employment agreement between the City of San Jose and Ms. Figone for services as City Manager.

## Background

The City Manager oversees and manages the day-to-day operations of the City and its 15 departments. In addition, the City Manager's Office directs the development and implementation of the City's Operating and Capital Budgets, which combined, total \$3.2 billion annually.

The City Manager selection comes after an innovative and open process in which community members and city employees were asked to share the characteristics that the new City Manager should possess. The process included extensive stakeholder input from the City Council, community leaders and organizations, employee labor representatives, City employees, and the public at large. This included:

- Five community meetings throughout San José;
- Three employee meetings;
- One-on-one meetings with the Mayor and Council;
- A meeting with the City Labor Alliance;
- Two meetings with community leaders;
- An online employee survey; and
- A community survey (published in English, Spanish and Vietnamese)

Using the data gathered through this outreach, the search consultant prepared a profile for the ideal candidate for San José City Manager, which included the skills, character and experience that the community and Council desires in its next city manager. The consultant conducted extensive outreach to identify a pool of ideal candidates.

The finalists for the position were interviewed by three panels representing San José's diverse neighborhoods, business, labor, nonprofits, faith organizations, and City employees. The Council voted in closed session on May 15, 2007 to approve the selection of Ms. Figone as City Manager.

May 14, 2007

Ms. Debra Figone

Dear Ms. Figone:

Please accept this letter as a written confirmation of our discussions regarding your appointment as City Manager and the elements of a compensation and benefit package, subject to confirmation by the Council. The major provisions of this contingent offer to you are summarized as follows:

- **Salary:** Your starting bi-weekly salary will be \$9,615.38, which is equivalent to an annual amount of \$250,000.
- **Executive Benefits:** You will receive the Executive Management (Unit 99) Benefit and Compensation Plan (see attached summary). This includes a \$350 monthly automobile allowance in accordance with current policy that may be reviewed by Council for an increase.
- **Deferred Compensation:** The City will fund a contribution equivalent to 9% of your base salary into an IRC 401 (a) defined contribution plan, an IRC 457 deferred Compensation plan or a combination of those plans subject to the requirements of IRC 401 (a) and IRC 457.
- **Severance:** The City will provide a severance pay equal to six months salary for involuntary termination of employment.
- **Separation Notice:** You agree to provide a 60 day notice to the City of a voluntary resignation of your position.
- **Travel and Professional Development:** The City will provide expenses for normal and customary travel for work-related and professional development activities as provided by budget and/or Council approval.
- **Office Equipment:** The City will provide normal and customary office equipment for mobile and/or home use, such as a laptop and fax machine.

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- **Sick Leave:** The City will reinstate your sick leave balance to the level accrued as of 12/22/01, equal to 872.9870 hours.
- **Vacation and Transitional Executive Leave:** You will accrue vacation at the 15+ years of service level (200 hours per year) level and executive leave in accordance with Executive Management (Unit 99) accrual rates. You will receive an additional 100 hours of executive leave upon employment. Please note that executive leave cannot be cashed out or carried over into calendar year 2008 under any circumstance.
- **Other Items:** The City will consider CCMF Standard City Manager Employment Agreement items such as hours of work, professional development and an annual appraisal with a professional facilitator.
- **Effective date of employment:** July 23, 2007.

I look forward to presenting you to Council for consideration and appointment. There are many challenges and opportunities ahead of us. With your experience, leadership skills and dedication to public service, I know that you will be an asset to our city. I look forward to working with you.

Sincerely,



Chuck Reed  
Mayor

Attachments

**CITY OF SAN JOSE  
EXECUTIVE MANAGEMENT (UNIT 99)  
BENEFIT & COMPENSATION SUMMARY  
JULY 1, 2006 – JUNE 30, 2007**

**SALARY**

A general wage increase of 3.75% will be effective July 2, 2006.

**BILINGUAL PAY**

An employee who is required to use a non-English language on a regular basis may be eligible to receive a bi-weekly payment of \$29 for oral only bilingual or \$40 per pay period for oral/written translation. Employee must be certified as bilingual by the Human Resources Department.

**MANAGEMENT PERFORMANCE PROGRAM (MPP)**

The Management Performance Program is an employee evaluation system that provides performance based wage increases.

Each employee who is not already at top step may be eligible to receive a performance based increase for the rating period. Each employee is eligible to receive up to forty (40) hours additional executive leave in recognition of outstanding performance as part of the annual performance evaluation. Note: Certain classifications are subject to the Senior Executive Performance Program (SEPP). Please refer to City Policy Manual (CPM) Section 3.3.2 for additional information.

**PROFESSIONAL DEVELOPMENT PROGRAM (PDP)**

Each eligible employee may be reimbursed for up to \$1000 per fiscal year (July 1 – June 30) for the purchase of textbooks, college accredited courses, non-college accredited courses, continuing education units, adult education classes, workshops, seminars, travel expenses, memberships in professional associations, professional licenses and professional certificates which are either related to and is beneficial for the work of the employee's current City position or occupation, must satisfy a continuing education requirement of the employee's current City position or occupation or must prepare the employee for advancement/promotion to positions of greater responsibility in the City that is within the employee's current trade or business. Please refer to the Executive Management and Professional Employees (Unit 99) Professional Development Policy for additional information and requirements.

*Temporary employees are not eligible for this benefit.*

**PROFESSIONAL MEMBERSHIPS**

Each employee is eligible for reimbursement for membership fees or dues paid for the maintenance of a license required to perform employee's job and for dues paid for membership in one (1) additional job-related professional association.

*Temporary employees are not eligible for this benefit.*

## RETIREMENT

Full-time eligible employees are members of the Federated City Employees' Retirement System. Effective July 2, 2006, the City will contribute 21.98% of base salary to the employee's retirement fund, and the employee contributes 7.58% of base salary.

The Federated Retirement System provides eligible employees with a monthly allowance as well as medical and dental benefits dependent upon years of service. To be eligible to receive a monthly allowance, the employee must have a minimum of five (5) years of service in the Retirement System and be at least fifty-five (55) years of age. The Federated Retirement System provides eligible employees with medical benefits after fifteen (15) years of service and dental benefits after five (5) years of service; however, employees should refer to the Federated Handbook for specific rules and benefits. The monthly retirement allowance is based on the following formula:

Years of Service X 2.5% X Final Compensation = Monthly Retirement Allowance.

The maximum retirement benefit a retiree may receive is 75% of their final compensation.

*Note: Final Compensation is the highest average monthly salary during 12 consecutive months.*

*Part-time and temporary employees are not eligible for membership in the City's retirement system, but participate in the "PTC" plan in lieu of Social Security wherein the City and the employee each contribute 3.75% of gross income to a defined contribution retirement account.*

## DEFERRED COMPENSATION PLAN

To supplement retirement income, employees may put aside a percentage of gross taxable income up to a maximum set by Section 457 of the IRS code and have that money placed in investments on a tax-deferred basis.

Please contact Human Resources, Deferred Compensation Division for the current maximum amount that may be deferred.

Assets under this plan are available only upon retirement, separation from City service, or death. Additional contribution options are available to employees age fifty (50) and older and those within three (3) years of retirement.

## HEALTH INSURANCE\*

Each employee may select from one of four available plans. The City pays 90% of the cost of the lowest priced plan for the employee or the employee and dependent coverage, and the employee pays 10% of the premium for the lowest priced plan up to a maximum of \$50 per month.

Effective the first pay period of payroll calendar year 2007, the City pays 90% of the cost of the lowest priced plan for the employee or the employee and dependent coverage and the employee pays 10% of the premium for the lowest priced plan up to a maximum of \$100 per month.

If the employee selects a plan other than the lowest priced plan, the employee pays the difference between the total cost of the selected plan and the City's contribution towards the lowest priced plan.

## **DENTAL INSURANCE\***

The City will provide dental insurance for eligible employees and their dependents in accordance with one of the two available plans. Both of these plans are described in detail in the City of San Jose Employee Benefits Handbook and in pamphlets available in the Human Resources Department.

For full-time employees, the City will pay 100% of the lowest priced plan for the employee or the employee and dependent coverage. For any other plan, the City will pay 95% for the employee or the employee and dependent coverage.

## **HEALTH AND DENTAL IN LIEU**

The purpose of the payment-in-lieu of health and/or dental insurance program is to allow employees who have alternative health and/or dental insurance coverage to drop the City's insurance and receive a payment in lieu.

An employee may choose, during open enrollment or within thirty days of a qualifying event, to drop health and/or dental coverage and receive a payment in-lieu equal to one-half of the City's contribution toward health and/or dental coverage. To qualify, the employee must prove acceptable alternate group coverage and work 35+ hours/week.

## **FLEXIBLE SPENDING ACCOUNTS - MEDICAL/DEPENDENT CARE**

The City participates in Dependent Care Assistance and Medical Reimbursement Programs. Under these programs, employees may put aside up to \$5000 in pre-tax income to pay for eligible dependent care and may set aside up to \$2500 in pre-tax income for eligible medical care.

## **LIFE INSURANCE**

The City shall pay the full premium for employee coverage equal to two (2) times the employee's annual salary. Additional employee coverage equal to two (2) times the employee's annual salary, up to \$500,000 of total coverage, is available at employee cost. Dependent coverage of \$10,000 for spouse and/or dependent children is also available at employee cost.

*Part-time and temporary employees are not eligible for this benefit.*

## **OPTIONAL BENEFITS**

Optional benefits are available for employee, spouse/domestic partner\*\* and children at employee expense. These optional benefits include but are not limited to:

- Vision Insurance

- Personal Accident Insurance
- Long Term Care Insurance
- Commute Assistance Program

Please contact Human Resources for more information.

## **LONG-TERM DISABILITY**

Employees have the option to purchase long-term disability insurance which will subsidize their income in the event of a non-work related injury or illness. The City does not participate in the State Disability Insurance plan. Therefore, if an employee suffers a non-work related injury or illness and is unable to work, the employee would not receive any City compensation.

The City offers employees a choice of two long-term disability plans, one with a 30-day waiting period and another with a 60-day waiting period. Employees must use accrued leave balances to receive compensation during the waiting period when using the long-term disability benefit.

*Temporary employees are not eligible to purchase long-term disability insurance.*

## **EMPLOYEE ASSISTANCE PROGRAM**

The City recognizes that professional counseling is an important benefit to assist employees in resolving personal and family issues which may otherwise affect the employee's job performance and well being. Through the Employee Assistance Program (EAP), licensed counselors are available to help employees resolve issues and identify strategies for coping with difficult situations.

The City will provide up to five (5) counseling sessions per incident per fiscal year at no cost to the employee.

*Part-time and temporary employees are not eligible for this benefit.*

## **SUBSTANCE ABUSE PROGRAM**

It is the policy of the City to maintain a safe, healthful and productive work environment for all employees. The City will act to eliminate any substance abuse which increases the potential for accidents, absenteeism, substandard performance, poor employee morale or tends to undermine public confidence in the City's workforce.

The Substance Abuse Policy prohibits employees from reporting to work under the influence of alcohol or drugs, exhibiting symptoms of alcohol or drug use, using, possessing, selling or providing drugs or alcohol while on duty, and employees shall not have the ability to work or be on paid stand-by when impaired as a result of the use of alcohol or drugs. Additionally, employees are required to notify their supervisor when any medication or drug they are taking could create an unsafe and dangerous situation. Employees may be requested to submit to a drug and/or alcohol analysis when there is reasonable suspicion that an employee is intoxicated or under the influence of drugs or alcohol.

The City offers self-referral and rehabilitation/treatment options for employees that may be experiencing a problem with alcohol and/or drug use. The City pays 70% of a first occurrence rehabilitation program and the employee pays 30% as approved by the Employee Assistance Program (EAP).

Please refer to City Policy Manual (CPM) Section 1.4.2 for the complete policy.

*The Substance Abuse Policy applies to all employees; however, part-time and temporary employees are not eligible for the Employee Assistance Program benefit.*

## HOLIDAYS\*

Full-time employees receive fourteen (14) paid holidays which include:

New Years Day	Columbus Day
Martin Luther King Day	Veterans Day
Presidents' Day	Thanksgiving Day
Cesar Chavez Day	Day After Thanksgiving
Memorial Day	Christmas Eve Day
Independence Day	Christmas Day
Labor Day	New Years Eve Day

## VACATION

Vacation accrues at the following rates for each paid hour (either worked or paid absence):

Years of Service	Hourly Rate	Annual Hourly Accrual (Full Time)
1 – 5	.05875	120 hours
6 – 14	.07750	160 hours
15+	.09625	200 hours

The current vacation carryover limit is 240 hours.

Effective the first pay period of payroll calendar year 2007, employees will continue to accrue vacation at the current rate in accordance with their years of service. Effective the first pay period of payroll calendar year 2007, employees may only accrue vacation up to a maximum of two (2) times their annual accrual rate. Once an employee reaches their maximum accrued vacation limit, the employee will not accrue vacation until their vacation balance falls between the maximum limit.

Employees who currently have accrued vacation balances that are in excess of the limits below will maintain their current balance, however they will not accrue vacation until their balance falls below the maximum limit.

Years of Service	Maximum Accrued Vacation
1 – 5	240 hours
6 – 14	320 hours
15+	400 hours



## VACATION SELLBACK

Effective the payroll calendar year 2006, employees may elect to sell back vacation up to four (4) times per year, not more than once per quarter, for a maximum sell back of one hundred twenty (120) hours of accrued vacation per year.

## EXECUTIVE LEAVE\*

Executive leave is a benefit provided in recognition of the hours worked which may be necessary but are not directly compensated. Executive leave is awarded as hours/days off, up to a maximum of forty (40) hours/ five (5) days during a payroll calendar year. Executive Leave is not an accrued benefit and unused leave does not carry over from year to year.

The Management Performance Program (MPP) provides that the Department Director or designee may approve up to forty (40) additional hours of executive leave for employees who receive a performance appraisal of commendable or outstanding.

When an employee is hired into a position eligible for executive leave, the leave may be prorated during the first year dependent upon the hire date. Please refer to CPM section 4.2.4 for complete policy guidelines.

## SICK LEAVE

Paid sick leave accrues at a rate of .04616 for each paid hour (either worked or paid absence). For a full-time employee, this equals approximately one (1) day per month.

Accrued sick leave may be used for the care related to the illness or injury of employee's child, mother, father, spouse, or domestic partner\*\*.

Up to a total of forty-eight (48) hours of accrued sick leave per calendar year may be utilized if the employee is required to be absent for the care related to the illness or injury of the employee's grandchild, brother, sister, father-in-law, mother-in-law, step-father, step-mother, or step-child.

## SICK LEAVE PAYOUT

Members of the Federated Retirement System who retire with at least fifteen (15) years of service are eligible to receive, upon retirement, payout for a portion of their unused earned sick leave at the rate of:

Accrued Sick Leave Hours	Sick Leave Payout
0 – 399 Hours	50% of final hourly rate
400 – 799 Hours	60% of final hourly rate
800 – 1,200 Hours	75% of final hourly rate

If employee's balance is greater than 1,200 hours, employee is also eligible for a payout of 75% of the value of sick leave in excess of 1,200 hours that is earned but unused during the two (2) years prior to retirement.

*Part-time and temporary employees are not eligible for this benefit.*

## **MILITARY LEAVE**

Persons employed by the City continuously for one year prior to engaging in active military duty for training may take paid military leave for up to thirty (30) calendar days per fiscal year. Please refer to CPM Section 4.2.2 for additional information.

## **DISABILITY LEAVE**

If required to be absent from work due to a work related illness or injury, employees may receive a supplement which, when added to the Workers' Compensation Temporary Disability, equals 85% of the employees' base salary, up to a maximum of nine (9) months (274 days or 1560 hours if used intermittently).

*Part-time and temporary employees are not eligible for this benefit.*

## **LEAVES OF ABSENCE**

Unpaid leaves of absence may be granted for up to twelve (12) months, with possible extension of up to six (6) months. (Employees on unpaid leave may continue their insurance benefits by paying full premiums.) Please refer to CPM Section 4.2.1 for program details.

## **BEREAVEMENT LEAVE**

Each full-time or benefited part-time employee shall be granted bereavement leave with full pay for up to forty (40) hours to attend to the customary obligations arising from the death of any of the following relatives of such employee or employee's spouse or employee's domestic partner.\*\*

All leave must be used within fourteen (14) calendar days following the death of an eligible person. Under extreme circumstances, the fourteen (14) day requirement may be waived by the Director of Employee Relations. The decision of the Director of Employee Relations shall be final with no process for further appeal.

- Parent/Step parent
- Spouse/Domestic partner\*\*
- Child/Step child
- Brother/Sister
- Step Brother/Step Sister
- Half Brother/Half Sister
- Grandparent/Step-grandparent
- Grandchild
- Great grandparent
- Son/daughter in-law
- Brother/sister in-law

## TIME DONATION PROGRAMS

The City has Time Donation Programs, which allow employees to donate accrued vacation to fellow employees under special circumstances. An employee must meet the criteria established under the Time Donation Policy to receive time donations.

Please refer to CPM Section 4.2.10 for additional information.

*\* Reimbursement/contribution is prorated for part-time employees based on hours scheduled:*

- 30 – 39 hours = 75%
- 25 – 29 hours = 62.5%
- 20 – 24 hours = 50%
- Less than 20 hours = none

*\*\*A domestic partner, as referenced in sections above, must be the domestic partner registered with the Human Resources Department.*