COUNCIL AGENDA: 09/19/06
ITEM: 3.6

CITY OF SAN JOSE
CAPITAL OF SILICON VALLEY

Memorandum

TO: City Council

FROM: Ron Gonzales, Mayor

SUBJECT: **Executive Search Plan and Timeline for Recruitment of a New City Manager**

DATE: September 15, 2006

Approved

Date 9/15/06

RECOMMENDATION

1. Accept this executive search plan and timeline for the recruitment of a new city manager.
2. Direct the City Manager to oversee the implementation of the plan by the Human Resources Department beginning in October 2006.
3. Direct the Administration to recommend a funding source for the anticipated cost of this recruitment, and if necessary return to the City Council with a budget appropriation for the current fiscal year.

BACKGROUND

At its meeting on February 7, 2006, the City Council approved a series of steps to initiate the recruitment process for our next city manager this fall. In addition, Council directed that:

- At least two executive search firms be brought forward for Council consideration;
- The interim City Manager participate in the interview process; and
- Staff collect Council input for the candidate profile and seek a broadly diverse pool of qualified candidates.

This memo responds to these directives and recommends a more detailed executive search plan and timeline for the city manager recruitment. This memo was developed in coordination with the City Manager's Office, City Attorney's Office, and Human Resources Department.

DISCUSSION

The entire executive recruitment process is estimated to require twenty weeks to complete, with an additional four weeks potentially needed to allow the selected candidate to provide sufficient professional notice of resignation from a current employer. Given this time estimate and the swearing in of a new mayor and councilmembers in January 2007, we should begin our steps to recruit our next city manager in October 2006. This would allow public outreach to begin, a draft candidate profile to be prepared, and a completion plan to be presented to the mayor-elect as part of the transition in December. With preliminary recruitment efforts completed this year, it could be possible for candidate interviews to be held beginning in February 2007, and an appointment made in spring.

The attached executive search plan for the city manager details a timeline and milestones for the executive recruitment. A summary of each major phase of the work plan is set forth below, with Phases I and II beginning once the plan is approved, and Phases III, IV and V conducted under the guidance of the new mayor and Council next year:

Phase I – Consultant Selection: At least two executive search firms from the City's vendor list[1] will be presented to Council for selection in October. Human Resources and the selected consultant will serve as staff support for carrying out the remainder of the recruitment process.

Phase II – Stakeholder Input and Profile Development: Extensive stakeholder input will be solicited this fall from the City Council, community leaders and organizations, employee labor representatives, City employees, and the public at large.

The profile development process will include at least five public meetings throughout San José. Data gathered through this outreach will help guide the preparation of the draft profile for the "ideal candidate" for San José City Manager, listing the skills, character, and experience that our community desires in its next city manager. The draft profile would be considered by the Mayor-elect and subsequently sent to the City Council for its approval in January.

Phase III – Outreach and Marketing: Using the approved candidate profile, the search consultant will conduct extensive national outreach and marketing to identify suitable candidates for the position as soon as the profile is approved. This outreach should at least include advertising, targeted direct contacts, and professional networking, with a special emphasis on diverse professional recruitment outlets in order to maximize the pool of qualified candidates reflecting the character of our community.

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[1] On January 30, 2006, Human Resources, after consultation with Finance procurement and the City Attorney's office, issued an RFQ for the purpose of establishing a roster of highly skilled consultants to respond to requests for executive recruiting services in a timely manner on an as needed basis. This will result in the City being able to expedite a contract for specialized recruitment services from a list of pre-qualified vendors. The RFQ required consultants to detail their experience with various searches, including City Manager searches, over the last three years on a nationwide search basis.

Phase IV –Screening and Selection Process: The search consultant will perform an initial screening and interviews of candidates to identify those who appear to best meet the profile, and summaries of their qualifications will be prepared by the consultant and presented to the new Mayor. From this group a decision would be made regarding which finalists to invite for further interviews. After preliminary reference and background checks are performed, candidate interviews will be scheduled. It is anticipated that the interviews would involve panels that include community stakeholders, the interim City Manager, and other City staff.

Phase V - Facilitate Hire: Once a final candidate or candidates have been identified, site visits to the candidates' current communities might be conducted by the search consultant or City staff, final reference and background checks conducted, and a tentative offer negotiated. At this point, a final candidate or candidates would be presented by the new Mayor to the City Council for consideration.

COORDINATION

This memo was coordinated with the City Manager, City Attorney, and Human Resources Department.

COST IMPLICATIONS

It is anticipated that the recruitment will cost approximately $45,500.

Attachments:
Executive Search Timeline
Mayor's Memo to Council approved February 7, 2006

EXECUTIVE SEARCH FOR THE CITY MANAGER[1]

PHASE I – Consultant selection

WEEK #	1	2	3	4	5	6
Task 1 Recommend search consultant from preferred vendor list[2]	■					
Task 2 Council selects a search consultant		■				

PHASE II – Stakeholder input and draft candidate profile development

WEEK #	3	4	5	6	7	8
Task 1 Conduct Mayor and Council member interviews	■	■				
Task 2 Conduct open forum community meetings		■	■			
Task 3 Meet with select community organizations[3]		■	■	■	■	
Task 4 Meet with the Council Labor Alliance		■				
Task 5 Conduct open employee forum		■				
Task 6 Facilitate senior staff discussion		■				
Task 7 Draft candidate profile is developed					■	■

[1] Black shaded boxes in Phases I & II represent tasks that are recommended to proceed. Grey shaded boxes in Phases III, IV & V signify recommended next steps subject to the guidance of the new mayor and council.

[2] On January 30, 2006, Human Resources, after consultation with Finance procurement and the City Attorney's office, issued an RFQ for the purpose of establishing a roster of highly skilled consultants to respond to requests for executive recruiting services in a timely manner on an as needed basis. This will result in the City being able to expedite a contract for specialized recruitment services from a list of pre-qualified vendors. The RFQ required consultants to detail their experience with various searches, including city manager searches, over the last three years on a nationwide search basis.

[3] List of community outreach targets for developing ideal candidate profile may include, but would not necessarily be limited to: NAC, Team San Jose, SVLG, Chamber of Commerce, Downtown Association, La Raza Roundtable, NAACP and SJSU.

These concluding search phases would be subject to the guidance of the new mayor and council:

PHASE III – Outreach and marketing

WEEK #	8	9	10	11	12	13
Task 1 Candidate profile is approved by new mayor and council						
Task 2 Finalize outreach efforts						
Task 3 Place advertising						
Task 4 Targeted mailings						
Task 5 Professional networking						

PHASE IV – Administration of selection

WEEK #	12	13	14	15	16	17
Task 1 Initial screening of candidates by consultant						
Task 2 Interview candidates						
Task 3 Prepare summaries						
Task 4 Present finalist recommendation to City for interview consideration						
Task 5 Preliminary reference and background check of finalists						
Task 6 Final interview (s)[4]						

PHASE V – Facilitate hire

WEEK #	18	19	20			
Task 1 Site visits						
Task 2 Finalize reference and background checks of the finalist						
Task 3 Negotiate tentative offer						
Task 4 Present finalist to council for final consideration						

[4] Candidates invited to interview would meet with multiple panels comprised of community stakeholders, the current city manager and city staff.

Council Agenda: 2/7/06

Item: 2.14

CITY OF SAN JOSE
CAPITAL OF SILICON VALLEY

Memorandum

TO: City Council

FROM: Mayor Ron Gonzales
Vice Mayor Cindy Chavez

SUBJECT: Adoption of a Resolution Setting the Salaries and Benefits for City Council Appointees and the Interim City Manager

DATE: February 2, 2006

Approved Ron Gonzales Cindy Chavez **Date** 2/2/06

Recommendation

We recommend the City Council take the following actions:

1. Based on the 2005 annual Council appointee performance evaluations conducted by Council from mid-October to mid-January, we recommend the City Council approve the salary adjustments for individual Council appointees as outlined in this memo.

2. On January 31 the Council appointed Les White as Interim City Manager. We recommend the Council also approve the recommendation on Mr. White's compensation package that is also contained in this memo.

3. Finally, we recommend the Council approve the broad timetable and next steps to recruit the next city manager.

Background

The Council has reviewed and evaluated the performance of all six Council appointees. The objectives of the evaluation process have been to:

- provide better communication to the appointees regarding the Council's performance expectations;

- provide a better opportunity for appointees to inform the Council about their work and accomplishments over the past year;

- focus the appointees' efforts on key Council priorities and strengthen their accountability for achieving them; and

- develop a clearer relationship between performance and compensation for appointees.

In addition, the Council received updated salary survey information on each appointee position. The surveys were conducted by the Employee Services Department. The information was helpful in determining the appointee salary recommendations contained in this memo. The survey information is contained in Attachment A.

In addition, with the appointment of Les White as Interim City Manager, Council needs to approve a compensation package for him as well. Our recommendation on Mr. White's compensation package is also contained in this memo.

To ensure the timely appointment of the next permanent city manager, we also recommend that Council approve the proposed timetable and steps to recruit and appoint the next city manager.

Discussion

2005-2006 Salary Recommendations for Current Council Appointees

As in previous years, with the exception of Interim City Manager Les White (who was just appointed), the recommended salary adjustment is a direct reflection of how the Council rated the appointee's performance over the past year. The recommended salary adjustments are based on a performance evaluation ratings table established by the Mayor's Office and reviewed by the Council several years ago (see Attachment B). As in past years, when the City has been able to award pay adjustments, we are recommending that any recommended pay increase first be used to adjust the base salary of any appointee whose salary was found to be below the surveyed average to that market average. (In this case, we are recommending the "geographically adjusted survey average," which comes the closest to a "level playing field" average because it takes into account factors that cause regional differences in salaries for the same position.) Placing all or a portion of the salary in the base will ensure the base salary remains competitive compared to other similar jurisdictions. *Any appointee whose current salary is at or above the geographically adjusted survey average would not receive a base salary adjustment.* Any adjustments to those salaries that are currently at or above the survey average would be one-time merit pay to be distributed throughout the remainder in FY 05-06.

In addition to any market rate salary adjustments, we are recommending one-year merit pay in the amounts outlined below. The purpose of merit pay is to recognize an appointee's job performance for the past fiscal year. All recommended salary adjustments are retroactive to the first pay period of FY 2005-2006. We recommend that merit pay count toward retirement benefits.

For FY 05-06, only the City Manager's salary was below the survey average. The salaries of all the other appointees were at or above the surveyed market average.

It has been a number of years since the list of agencies used in the appointee salary surveys have been reviewed. Council appointees were consulted in establishing the original list of surveyed agencies. We recommend that before the next performance evaluation cycle, the current appointees be asked to provide their comments on the current list of surveyed agencies and that

staff in Employee Services make revisions, as appropriate, before conducting the next round of surveys.

Specific Salary Recommendations

Harry Mavrognes: We recommend the Executive Director of the Redevelopment Agency receive a one-time merit award in the amount of *$17,503* (8.5% of current salary) for a total 2005-06 salary compensation of *$223,127.*

Richard Doyle: We recommend the City Attorney receive a one-time merit award in the amount of *$15,873* (8% of current salary) for a total 2005-06 salary compensation of *$214,352.*

Lee Price: We recommend the City Clerk receive one-time a merit award in the amount of *$11,356* (9% of current salary) for a total 2005-06 salary compensation of *$137,529.*

Gerald Silva: We recommend the City Auditor receive a one-time merit award in the amount of *$15,169* (9% of current salary) for a total 2005-06 salary compensation of *$183,711.*

Barbara Attard: We recommend the Independent Police Auditor receive a one-time merit award in the amount of *$10,150* (7% of current salary) for a total 2005-06 salary compensation of *$155,150.*

We congratulate each of the current appointees for another year of meritorious service to the City and its residents.

Compensation Adjustment to Former City Manager Del Borgsdorf

Former City Manager Del Borgsdorf's base salary was found to be 11% below the survey average. Thus all of his recommended salary adjustment would normally be applied to his base salary. However, because Mr. Borgsdorf has recently retired, we recommend that in addition to any other payment due him as a result of his departure from the City, that he also receive the prorated portion the $13,801 (6.5% of current salary) that would have been added to his FY 05-06 base salary. This award reflects the fact that as we set the FY 05-06 salary for this position and the City Manager leaves the City, *we are now seven months into the current fiscal year.*

Compensation Package for Interim City Manager Les White

For Interim City Manager Les White, we recommend the City Council direct the City Clerk to execute an employment contract containing the following terms and conditions:

1) a total compensation package not to exceed former City Manager Del Borgsdorf's total compensation package of $285,906.20.

2) an annual salary of $232,000.

3) a monthly car allowance of $200.

4) reimbursement for one-time moving expenses not to exceed $1,000.

5) no 401(a) plan.

6) standard employee health and dental benefits. At the end of his services as interim City Manager, Mr. White will re-retire with all the benefits of a vested City employee including his current lifetime dental benefits.

7) All additional standard City employee benefits and obligations.

Long-term City Manager Recruitment and Appointment

In addition to Mr. White's compensation package, we recommend Council approve the following steps in recruiting the next permanent city manager:

a) Start the preliminary activities for a national recruitment and selection process for the next city manager in fall 2006 so that the next Mayor and City Council can make an appointment by spring 2007. To accomplish this objective, we recommend that Council:

b) Direct the Mayor's office to retain an executive search firm, and as in previous Council appointees searches, bring a contract to Council for approval no later than August 2006;

c) Conduct extensive public outreach throughout San Jose regarding community criteria for the candidate profile during the fall of 2006.

d) Prepare a draft city manager profile for council review and approval.

e) Include members of the community in the 2007 candidate interview process to provide advice and comment to the Mayor (similar to the process used to select the current Independent Police Auditor and the current Executive Director of the Redevelopment Agency).

We believe the selection process to hire our next city manager should be led by the next Mayor, who will be elected by San Jose voters later this year. This is the most critically important personnel appointment that the City Council makes and it is essential that the new city manager by hired by the Mayor and Councilmembers who will be working most closely with this individual in the coming years.

Based on our recent experience with national recruitment and selection processes for Council appointees, we can expect the search could require at least six months and it could be nearly a year from the beginning of the effort before a new city manager reports to work in San Jose. We therefore recommend that the City Council take steps this fall that would make it possible for the next Mayor and Council to make this appointment sooner to have the new city manager on board no later than mid-2007.

These preliminary steps would begin this fall. They would include:

- retaining a search firm;
- beginning the public participation process to solicit community input regarding the desired qualities and criteria for the position; and
- developing a draft position profile based on this and other input that would guide the recruitment.

This approach would lead to candidate interviews in early spring 2007 (with public participation in the candidate interview process) with the Mayor's nomination and a Council decision by late spring that would enable the new manager to begin by mid-year 2007.

Attachments:

A. Appointee Position Salary Surveys
B. Performance Rating Pay Increase Table
C. Comparative Compensation packages of Former City Manager Del Borgsdorf and Interim City Manager Les White