



# City of San Leandro

Meeting Date: November 19, 2012

## Staff Report

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**File Number:** 12-554

**Agenda Section:** ACTION ITEMS

**Agenda Number:** 10.C.

**TO:** City Council

**FROM:** Chris Zapata  
City Manager

**BY:** Chris Zapata  
City Manager

**FINANCE REVIEW:** Not Applicable

**TITLE:** Staff Report for Resolution Authorizing the City Manager to Execute Five-Year Agreements for the Police Chief and Assistant City Manager

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### SUMMARY AND RECOMMENDATIONS

This staff report provides information and a recommendation to authorize the City Manager to execute five-year employment agreements with Police Chief Sandra Spagnoli and Assistant City Manager Lianne Marshall.

### BACKGROUND

The City of San Leandro has undergone significant transition since 2009 at a City Council level, as well as organizational and management level. This memo specifically addresses management transition and provides information on current efforts to fill executive vacancies. It also provides rationale to keep high performing executives such as Chief Spagnoli and Assistant City Manager Marshall. The terms provide for each to continue public service in San Leandro through 2017. Both employees have approximately 2 years of tenure in the organization.

Organizational stability is a key factor in meeting Council goals and delivering public services. Since 2009 San Leandro has been led by 4 City Managers. In that same period there has been leadership changes at the Police Chief and Assistant City Manager positions. Retirements and departures have created vacancies in the Library Department, Finance Department and Human Resources Department. These positions have been filled with acting appointments until recently. A permanent Finance Director was hired 6 months ago and a Human Resources Manager was hired approximately 3 months ago. The Library Director position is currently filled by an acting assignment. Last month the longtime Community Development Director and Deputy City Manager separated from San Leandro. In addition, the contract Fire Chief retired three months ago and the position is currently being filled in an acting capacity.

Constant turnover has created an internal challenge and workload issue that we are continually addressing as an organization today. Institutional knowledge is lost when longtime or high level executives depart. The recruitment and replacement time to fill positions is a resource drain. Further, this situation is compounded by the demise of the redevelopment authority and related resources as well as the loss of 20% of the employee workforce. With all that there are some positives that arise from departures.

Executive vacancies provide an opportunity to promote from within or recruit new talent to the organization. That is a positive; however, with the current executive changes, stability has become an operational challenge. A City Manager's key responsibility is to retain and recruit a quality executive team and to deal with the uncertainty created by a changing job market. Retention of the Police Chief and Assistant City Manager for an extended period is a positive for the organization, but more importantly it is critical to the community.

The City Attorney and City Manager have worked with the San Leandro Management Organization as well as the Human Resources Manager to reach an agreement that the Police Chief and Assistant City Manager negotiate individual contracts. The City Charter provides that these positions are at-will to the City Manager. These reporting relationships and recommendations are consistent in that regard.

## **DISCUSSION**

The Police Chief is important to the community, the organization and certainly the City Manager. The Assistant City Manager is equally important to the organization and the City Manager. Stability and keeping talented executives is important to the City Council, community and organization. The proposed language provides for commitments by both individuals to work through 2017 in San Leandro.

Council goals of keeping the community safe and fiscal sustainability were key points in the development of the proposal. As such the agreements call for each to pay the full employee share of retirement costs by the end of the agreements. In the case of the Police Chief, that would be a 9% payment and in the case of the Assistant City Manager an 8% contribution. This is consistent with the City Council paying their full retirement costs and the City Manager paying his full employee retirement costs.

In return for the full retirement contribution and 5 year commitment by Chief Spagnoli and Assistant City Manager Marshall, a net salary increase is realized in the 3rd, 4th and 5th years of the contract. The total net increase is 3.5% for both positions. To deal with market realities a \$10,000 base salary increase is recommended for both effective January 1, 2013 which will not increase budgeted costs. This is offset by the City Manager agreeing to a \$20,000 pay reduction effective January 1, 2013 and annually through the remainder of his contract which expires in two years.

There are also important provisions to note that provide non Public Employee Retirement System increases such as uniform pay for Chief Spagnoli, and capped monthly medical and dental benefit pay. The average monthly payment for employee medical and dental benefits is approximately \$1200 per month, this proposal requests an amount of \$1400 per month then capped at \$1500 per month in the final years of the proposed agreement. With rising health care costs it is important for the City Council to begin developing employee programs that are

not subject to unplanned annual increases that have no end in sight or increases that San Leandro does not directly control. This formula provides the ability for long range planning by the organization and employee. In the case of these agreements, there is an allowance for a cash in-lieu payment to the employee which is also not subject to Public Employment Retirement System calculations.

Attached are summaries of accomplishments achieved during their past year. With the constant turnover of executive positions in the region and state, both Chief Spagnoli and Assistant City Manager Marshall would be extremely viable candidates for other organizations given their respective talents and experience. Currently a Police Chief vacancy exists in San Jose as well as an upcoming vacancy in the City of Fremont. Another factor is the time, expense and uncertainty of potential recruitments. Executive level recruitments typically span a six month period and in some cases longer.

### **RECOMMENDATION**

Authorize the City Manager to executive 5 year employment agreements with Police Chief Sandra Spagnoli and Assistant City Manager Lianne Marshall within the attached terms and conditions.

### **ATTACHMENTS**

- Assistant City Manager Accomplishments FY 2011-2012
- Police Chief Priorities - Established 2010

**PREPARED BY:** Chris Zapata, City Manager

IN THE CITY COUNCIL OF THE CITY OF SAN LEANDRO

**RESOLUTION NO. 2012-122**

**RESOLUTION AUTHORIZING THE CITY MANAGER TO EXECUTE FIVE-YEAR AGREEMENTS FOR THE POLICE CHIEF AND ASSISTANT CITY MANAGER**

WHEREAS, agreements between the City of San Leandro and the Police Chief Sandra Spagnoli and Assistant City Manager Lianne Marshall have been presented to this City Council; and

WHEREAS, the City Council is familiar with the contents thereof; and

WHEREAS, the City Manager has recommended approval of said agreements.

NOW, THEREFORE, the City Council of the City of San Leandro does RESOLVE as follows:

1. That said agreements substantially in the form presented are hereby approved and execution by the City Manager are hereby authorized; and
2. That the City Manager is authorized to make non-substantial revisions to said agreements, subject to the approval of the City Attorney; and
3. That original executed agreements shall be attached to and made a part of this resolution.

Introduced by Councilmember Dlugosh and passed and adopted this 19th day of November, 2012, by the following called vote:

Members of the Council:

AYES: Councilmembers Dlugosh, Gregory, Reed, Souza; Mayor Cassidy (5)

NOES: Councilmembers Cutter, Prola (2)

ABSENT: None (0)

ATTEST: Marian Handa  
Marian Handa, City Clerk