



# Memorandum

**TO:** Rules and Open Government  
Committee

**FROM:** Mayor Chuck Reed

**SUBJECT:** City Manager Compensation

**DATE:** November 5, 2013

**APPROVED:**

*Chuck Reed*

**DATE:**

*11/5/13*

## RECOMMENDATION

Agendize the following for the November 19, 2013 Council meeting:

Adopt a Resolution amending the City of San José Pay Plan, setting the salary and approving benefits for City Manager Mr. Ed Shikada, effective December 21, 2013, as outlined in the letter from Mayor Reed (attached).

Authorize the City Clerk to execute an employment agreement between the City of San José and Mr. Shikada for services as City Manager, as outlined in the attached letter.

## 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 \$2.9 billion annually.

Debra Figone's last day of employment with the City will be December 20, 2013, and Ed Shikada is extremely well prepared to start immediately. Ed has been an essential part of our senior management team for years and has demonstrated his abilities during the most challenging times in the City of San José's history. We are fortunate that Ed is willing to step up and lead our City as we recover from very difficult fiscal circumstances and begin to restore services to our residents and pay to our employees.

My recommendation for an annual salary of \$250,000 with no city paid deferred compensation is slightly less than the authorized compensation level and slightly more than the actual compensation level received by Debra Figone for salary and deferred compensation.

November 4, 2013

Mr. Ed Shikada  
[REDACTED]

Dear Ed:

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 monthly automobile allowance in accordance with current policy.
- **Deferred Compensation:** No City contribution.
- **Severance:** The City will provide a severance pay equal to six months of salary for involuntary termination of employment.
- **Separation Notice:** You agree to provide a 30 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 tablet.
- **Sick Leave:** Normal accrual per Unit 99 rates.

Mr. Ed Shikada  
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- **Vacation and Transitional Executive Leave:** You will accrue vacation at 200 hours per year, with a maximum of 400 hours. Executive leave will be in accordance with Executive Management (Unit 99) accrual rates. You will receive an additional 100 hours of executive leave January 1, 2014 employment. Executive leave cannot be cashed out or carried over into calendar year 2015.
- **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:** December 21, 2013.
- **Term:** This agreement will expire on July 31, 2015, unless extended by mutual agreement. Agreement to extend will be deemed mutual on a month-by-month basis beginning February 1, 2015, until the City Council takes action to start a search for a City Manager or you notify the Council of your voluntary separation.

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