City of Culver City, California

City Council Agenda Item Report

Meeting Date: 5/14/07	Item Number: A-8
AGENDA ITEM: 1)Adoption of a Resolution Revising the Classification and Salary Plan to Include the Position of Chief Financial Officer and Rescind Resolution No. 2006-R075; and 2) Approval of a Contract with Mathis & Associates to Secure Executive Recruitment Services for Chief Financial Officer	
Contact Person/Dept.: Serena Wright	Phone Number: 310-253-5640
Fiscal Impact: Yes [X] No []	General Fund: Yes [X] No []
Public Hearing: [] Action Item: [X]	Attachments: []
Public Notification: Master Notification List	
Department Approval: Serena Wright (05/10/07)	City Attorney Approval: Carol Schwab (by H. Iker) (05/10/07)
City Controller Approval: Marlee Chang (05/10/07)	City Manager Approval: Jerry B. Fulwood (05/10/07)

RECOMMENDATION

Staff recommends the City Council:

1. Adopt a resolution revising the Classification and Salary Plan to include the position of Chief Financial Officer; and,
2. Approve a contract with Mathis & Associates to secure executive recruitment services for Chief Financial Officer.

BACKGROUND

On March 26, 2007, the City Council approved the new classification specification for Chief Financial Officer. This position will oversee treasury, revenue, budget, accounting, payroll, and purchasing. It will also be responsible for coordinating both the City and Redevelopment Agency's financial operations.

It was determined at that time that this item would be brought back for the purpose of assigning a salary range and obtaining contract approval for executive recruitment services for the Chief Financial Officer position.

DISCUSSION

It has become increasingly difficult to place high level finance professionals. This is due in part to the reality that the public sector talent pool is shrinking as more baby boomers look to retire, as well as the fact that finance professionals tend to be more conservative and make fewer career moves. High caliber candidates will need an incentive to leave their current city.

The person appointed to this position will have the opportunity and the challenge of being Culver City's first Chief Financial Officer. They will be tasked with the responsibility of creating a finance department by unifying historically bifurcated financial functions. Combining these important City operations will allow for more efficient financial processes, improve communication, share resources and provide clear responsibility for the overall financial functions of the City.

When setting compensation, there are a number of factors to consider including, but not limited to, labor market value, organizational philosophy and intended competitive positioning, city population, budget, number of employees and city services that are offered. Although finance professionals must have the same basic skill set, there are nuances in Culver City that other cities may not experience such as being a full service city responsible for managing various complex funds, including the Redevelopment Agency, high activity level enterprise funds and debt financing which requires a different level of expertise and training. Culver City is also responsible for a larger investment portfolio compared to other cities with similar population.

Executive Recruitment Services

Staff evaluated proposals from three (3) executive recruitment search firms: Avery and Associates, Teri Black & Co. and Mathis & Associates.

The price range and scope of service for each of the firms were comparable. After consideration of the submitted proposals and informal discussions with each of the firms, it was determined that Mathis & Associates could provide the level of service and expertise sought. They have a reputation for conducting quick, quality executive searches. In addition, they provide a management assessment of candidates to determine organizational "fit." They have recently participated in the selection of Chief Financial Officers in the cities of Azusa, Beverly Hills and Indio.

FISCAL ANALYSIS

A salary survey of the City's 13 labor market cities yielded nine comparable positions with an average annual salary of $148,487.

For Council consideration, staff is presenting three (3) options in assigning the appropriate salary range for the Chief Financial Officer classification:

Option 1: Salary range 675, $149,550 - $182,541 annually. This salary would provide the necessary incentive to ensure that an experienced finance professional is retained. During preliminary discussions with executive recruiters it was shared that this is the approximate salary range that would be required in order to entice an established Finance Director to make the move to Culver City. In addition, the Civil Service Commission also felt that this would be an appropriate salary range in order to obtain the best qualified candidate. This salary range would also keep Culver City competitive with our neighboring city, Santa Monica.

Option 2: Salary range 655, $135,364 - $165,225 annually. This salary range is consistent with our internal compensation structure and also the data provided in our labor market study.

Option 3: Salary range 647, $130,075 - $158,768 annually. This salary range was discussed initially with the Civil Service Commission. There was concern on whether it would attract the high quality candidate sought by Culver City. Should Council approve this salary range, it may result in some recruitment and placement challenges.

Recommendation

Staff is recommending that Council consider option 2. This salary range is competitive in the marketplace and consistent with the salaries assigned to Executive Management. Coupled with Culver City's generous benefit package, this salary range should provide a qualified applicant pool.

Upon City Council approval, funds for this position will be included in the proposed budget for fiscal year 2007/2008.

The total cost for executive recruitment services with Mathis & Associates is an amount not to exceed $25,150. This includes $18,950 for recruiting costs/consulting fees and expenses not to exceed $6,200. Funding is available in City Manager's Office due to a Legal Service budget that is no longer needed; therefore, $25,150 can be transferred to the Personnel department budget to cover this expenditure for the recruitment expense.

ATTACHMENTS

1. Resolution and Exhibit D
2. Labor Market Survey
3. Proposal from Mathis & Associates

City of Culver City, California
City Council Agenda Item Report

MOTION

That the City Council:

1. Adopt a resolution revising the Classification and Salary Plan to include the position of Chief Financial Officer and Rescinding Resolution No 2006-R075; and,

2. Approve the contract with Mathis & Associates to secure executive recruitment services; and,

3. Authorize the City Attorney to prepare the proper documents and authorize the City Manager to execute the Agreement on behalf of the City.