



Agenda Report

MEETING DATE: Tuesday, April 12, 2022

TO: City Council

FROM: DEPUTY CITY MANAGER MANNING
PERSONNEL COMMISSION

SUBJECT: RESOLUTION APPROVING AND AUTHORIZING SALARY
ADJUSTMENT FOR ASSISTANT FINANCE DIRECTOR FROM
\$51.48 - \$68.99 PER HOUR TO \$56.20 - \$75.32 PER HOUR

STATEMENT OF ISSUES:

The Assistant Finance Director salary lags in both internal and external comparisons, therefore it is requested the salary be adjusted for this job class.

RECOMMENDED ACTION:

It is recommended the City Council adopt a resolution approving and authorizing an increased salary range of \$56.20 to \$75.32 per hour (up to \$156,661 annually) for the Assistant Finance Director classification.

DISCUSSION:

The Assistant Finance Director (AFD) job description was last updated in September 2019. At that time, a longtime incumbent was leaving the City and the job description was updated for the new recruitment. At that time, the salary was not updated. The AFD is a single-position class at the management level and performs diverse and specialized finance and accounting work that is complex and involves significant accountability and decision-making responsibility. This class is responsible for supervising staff and managing areas such as budget, accounts receivables, payroll, accounts payable, general ledger, grant accounting, fixed asset accounting, enterprise fund accounting, purchasing and other accounting related activities for all City funds. This classification is distinguished from the Administrative Services Director in that the latter has overall responsibility for providing administrative direction and oversight in all financial and related functions and activities for the Finance Department. This classification is distinguished from other lower-level accounting classes by its supervisory and administrative responsibilities.

The AFD is critical to the daily operations and success of the City's finances. The AFD is the City's chief accountant and oversees the production of the City's Annual Finance Report and is the manager of the City's annual financial audit(s). They run the day to day operations of the finance department managing the AP unit accounting and bank reconciliation staff. The AFD is the primary resource for other department positions even those that do not report to her, including general billing, payroll, and the budget manager. The AFD serves in a treasurer type function managing cash flow, managing the contract with our health brokers,

and serving as a resource and go to for all departments with finance questions. The AFD is the expert in the technical workings of the City's finance department and works closely with IT to manage security and workflow to ensure internal controls.

The AFD position is at risk of falling behind the market of comparable positions both internally and externally. The AFD position did not get a market rate adjustment during the last comparability study. The AFD position is currently 6.6% below the average and 9.7% below the median salary for comparable positions. If you account for Salinas, which is a bit of an outlier in this pool, the difference becomes even greater. See Table 1.

Table 1: Summary of Comparison Jurisdictions

		Annual Salary	% Difference
Watsonville	Assistant Finance Director	143,498	
Morgan Hill	Budget Manager	158,004	-10.1%
Salinas	Assistant Finance Director	130,680	8.9%
Monterey	Assistant Finance Director	160,008	-11.5%
Santa Cruz	Assistant Finance Director	169,776	-18.3%
Gilroy	Finance Manager	147,888	-3.1%
Santa Cruz County	Accounting manager	158,412	-10.4%
Monterey County	Chief Deputy Auditor Controller*	156,907	-9.3%
Seaside	Assistant Finance Director	141,562	1.3%
	Mean	152,905	-6.6%
	Median	157,455	-9.7%
* may be outdated effective 7/4/2020			

Internally the AFD position also is falling behind after several departments' internal adjustments and compensation analysis. It is below other Assistant Director positions in other departments, for example it is 7.8% below the Assistant Community Development Director position, 13.5% below the Enterprise Architect position in IT, and 20.3% below the Assistant Director of Public Works position. Furthermore, it is even below the next level managerial positions in Public Works, 9.2% below each of the Utility Division Managers, including the Environmental Sustainability Manager, and 1.6% below the Principal Engineer. It is now the equivalent of the PW Admin Services Manager who oversees administration for only the PW department and equal to the newly created Building and Facilities Manager position. See Table 2. The requested increase would set the AFD salary equal to that of the Utility Division Managers.

Table 2: Internal Comparison

Position	Annual Salary	% Difference
Assistant Director of Public Works	172,644	-20.3%
Enterprise Architect	162,868	-13.5%
SW Division Manager	156,661	-9.2%
Water Division Manager	156,661	-9.2%
WW. Division Manager	156,661	-9.2%
Environmental Sustainability Manager	156,660	-9.2%
Assistant Comm. Dev. Director	154,669	-7.8%
Principal Engineer	145,823	-1.6%
PW Admin Services Manager	143,498	0.0%
Building and Facilities Manager	143,498	0.0%

The Finance Department has space within its senior positions to support the proposed increase. The proposed salary would be 12% above the next highest position, the Assistant Finance Manager who acts as the Budget Manager. While not a direct report position, the AFD provides high level of support, guidance and direction to the Assistant Finance Manager and warrants a differential greater than the 4% that exists now. The proposed salary would also be 17% below the Administrative Services Director, a very comfortable and reasonable difference.

The AFD is a quiet but critical position for the City. It is the first line of defense against fraud and counts every last penny on all of our financial reporting. The AFD is a resource and support to all City departments. By not paying the position at a level closer to market will risk not retaining or attracting the best talent in this market as recently there are many openings and turnover in financial positions in the area. The current salary does not reflect the importance of this position and is below comparisons both internally and externally. Therefore, it is requested to raise the salary by 9.2% to be equivalent to that of the Utility Division Managers.

The salary adjustment for Assistant Finance Director was approved by the Personnel Commission at its March 29, 2022 meeting.

STRATEGIC PLAN:

2-Fiscal Health – this request ensures the fiscal health of the City by ensuring we have highly skilled individuals overseeing the fiscal health of the City.

FINANCIAL IMPACT:

The requested change results in an annual cost of \$13,163 which can be absorbed by the Finance Department’s budget.

ALTERNATIVE ACTION:

The City Council may deny this request or choose another salary level to recommend.

ATTACHMENTS AND/OR REFERENCES (If any):

None.