TO: HONORABLE CITY COUNCIL

FROM: CITY MANAGER

DEPARTMENT: HUMAN RESOURCES

DATE: APRIL 12, 2004

CMR: 207:04

SUBJECT: APPROVAL OF PAYMENT OF CERTAIN MORTGAGE EXPENSES
FOR LIBRARY DIRECTOR

RECOMMENDATION

Staff recommends that the City Council approve the attached employment agreement between the City of Palo Alto and Paula Simpson, Library Director.

BACKGROUND

Currently most department directors are covered by the City’s Merit System Rules and Regulations and have been hired without employment agreements. The Administrative Services Director is the exception to this practice due to the housing loan the City authorized in May 2002. A condition for the loan was that Mr. Yeats become an “at will” employee. Ms. Simpson, the newly hired Library Director was also hired via an employment agreement as an “at will” employee, and therefore exempt from portions of the Merit Rules. The City Manager may terminate the employment of Ms. Simpson without cause.

DISCUSSION

The City recruited Paula Simpson from Monterey, California where she served as Library Director for 14 years. Housing assistance for her relocation to Palo Alto is available as part of the City’s Management Compensation Program. The Compensation Plan requires the City Council authorize certain relocation expenses, including “points” on her home mortgage. The cost of housing in Santa Clara County is significantly higher than in Monterey County. While the City Manager did not offer Ms. Simpson the option of a City loan to enable her to purchase her home, she did need assistance in lowering her monthly payments so she could afford to pay her mortgage given the salary she will earn as the Library Director. The City Manager is recommending paying the two “points” on her loan, reducing the interest rate by 0.9%. The two points make a critical difference in Ms. Simpson being able to afford the mortgage on a home in Palo Alto.
**RESOURCE IMPACT**

The cost of the recommendation is $16,250. This is a one-time expense and is included in the 2003-04 Human Resources adjusted budget.

**POLICY IMPLICATIONS**

This request does not represent any change to existing City policy.

**ENVIRONMENTAL REVIEW**

This is not a project under the California Environmental Quality Act (CEQA).

DEPARTMENT HEAD: ____________________________________________

LESLIE LOOMIS
Director of Human Resources

CITY MANAGER APPROVAL: _______________________________________

EMILY HARRISON
Assistant City Manager