TO:         HONORABLE CITY COUNCIL

FROM:       CITY MANAGER        DEPARTMENT: City Manager’s Office

DATE:       OCTOBER 10, 2006        CMR: 382:06

SUBJECT:    CONFIRMATION OF APPOINTMENT OF VALERIE FONG AS UTILITIES DIRECTOR AND APPROVAL OF EMPLOYMENT AGREEMENT

RECOMMENDATION
The City Manager recommends that the City Council confirm the appointment of Valerie Fong as the City of Palo Alto Utilities Director and approve her employment agreement (Attachment 1).

BACKGROUND
Municipal Code Section 2.08.020 requires that the City Council confirm the City Manager’s appointment of City department heads.

DISCUSSION
After an exhaustive, nationwide search, Valerie Fong has been selected to serve as Palo Alto’s Utilities Director.

Valerie is currently the General Manager of Alameda Power and Telecom (AP&T), where she has been since July 2002. In addition to directing the strategizing and planning for electric and telecommunications services, she oversees design, engineering, construction, maintenance and operations of Alameda’s facilities and businesses, negotiates and administers contracts, and oversees the design of electric and telecom rates. Prior to becoming General Manager at AP&T, Val had 12 years of experience with PG&E, including overseeing and capital and expense programs across the utility and overseeing all gas and electric commodity transactions for PG&E’s full-service customers.

Val will serve as an at-will employee, congruent with the City Manager’s direction that all new City departments heads shall be so designated.

RESOURCE IMPACT
The current control point for the Utilities Director position is $187,678; Ms. Fong shall be considered for a control point adjustment in 2006, should the Council approve one for management and professional staff. Ms. Fong will be entitled to a pro-rated Variable Management Compensation award in 2006, based on her achievement of performance objectives set with the City Manager. In addition to all regular benefits for a manager and department head, Ms. Fong will be provided with 80 hours of sick leave upon employment which will accrue at the rate of 96 hours per year. She will be credited with 120 hours of vacation leave immediately, which will accrue at the rate of 160 hours per year. Ms. Fong is entitled to all relocation assistance consistent with the Management and Professional Compensation Plan if she decides to exercise this option within 18 months of the effective date of the employment agreement. If she is asked to resign as Director of Utilities, Ms. Fong is entitled to 6 months of salary and the equivalent cash value of her non-salary benefits.

**POLICY IMPLICATIONS**
This recommendation is consistent with existing City policies.

**ATTACHMENT 1:** Employment Agreement between the City of Palo Alto and Valerie Fong

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PREPARED BY

Emily Harrison, Assistant City Manager

CITY MANAGER APPROVAL

Frank Benest, City Manager