# OFFICE OF THE INDEPENDENT BUDGET ANALYST REPORT

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**Item Number:** 1-B

**Item:** The Mayor and Council Salary Setting Process

## OVERVIEW

Salaries for the Mayor and Council are currently set by vote of the City Council. The City Charter requires that on or before February 15 of every even year, the Salary Setting Commission present recommended salaries for the Mayor and Council for the following two years. The Council may then adopt the salaries recommended by the Commission, or some lesser amount. Since the City Council is required to approve their own salary increases, and now under the current form of government those of the Mayor, the process is likely to be impacted by the political climate. This report highlights a few ways in which the salary setting process could be removed from political arena.

## FISCAL/POLICY DISCUSSION

When considering how Mayor and Council salaries are set, two factors need to be taken into consideration: how salaries periodically increase over time, and how base salaries are set. Under the current process, these two factors are addressed simultaneously, with the Salary Setting Commission simply presenting salary recommendations that the City Council can approve, modify to some lower amount, or vote down entirely. However, any changes to the salary setting process should take these two factors into account.

In order to periodically increase Mayor and Council salaries over time, some objective standard needs to be identified. A survey of comparable Mayor-Council cities across the country indicates objectivity is attained by either tying Council salaries to the salaries of Superior Court judges, or increasing Mayor and Council salaries according to changes in the consumer price index (CPI). These two methods will be discussed in turn.

Council salaries in the city of Los Angeles are tied to the salaries of Superior Court judges in Los Angeles County. The Los Angeles City Charter states:

*Members of the City Council shall be paid a salary equal to that prescribed by law for judges of the Municipal Court of the Los Angeles Judicial District or its successor in the event that court is dissolved or reconstituted.* (The Los Angeles Municipal Court system was consolidated with the Superior Court system in 2000 to from a "unified" Superior Court.)

The salaries of other elected officials in Los Angeles are based on the Council salary: the Mayor's salary is 30% higher, the City Attorney's salary is 20% higher and the Controller's salary is 10% higher than that of the City Council.

While tying San Diego's City Council salary to that of San Diego Superior Court judges would certainly provide for an unbiased and objective means of increasing Council salaries over time, it is important to know upon what basis salaries would be increasing. The California Constitution states that the salaries paid to Superior Court judges increases annually by the average percentage salary increase for California State employees in the current fiscal year. Council salaries, then, would increase at the same rate that the average state employee's salary increases. This option would also entail setting a specific markup for the Mayor's salary, such as the 30% premium paid in Los Angeles.

The second method for increasing Council salaries over time is to link them to adjustments in the CPI. This method is probably the most objective, since increases in the CPI are not tied to a political decision of any kind, whether local or at the state level, but rather, the cost of living. Cities such as Oakland, San Francisco and Seattle use the CPI as the basis for increasing Mayor and Council salaries.

The second factor that should be considered is the base salary. Even if the periodic salary increases for the Mayor and Council are removed from political decision-making, the base salaries would still need to be determined. For instance, even if it were to be decided that the current Mayor and Council salaries should be the base salaries, this determination would have to be approved by the Council. Once this determination has been made, periodic increases could then be routine and objective if tied to one of the specific measures discussed above.

Another variation of this option would be to amend the City Charter so that the Salary Setting Commission reviews the base salary every five years, while year-to-year salary increases are tied to one of the objective standards previously discussed. A Salary Commission review of the base salaries every five years would ensure that salaries remain in line with industry standards.

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