



THE CITY OF SAN DIEGO

February 7, 2012

Subject: 2012 Salary Setting Commission's Recommendation

Honorable Mayor and City Councilmembers:

By this letter, the Salary Setting Commission hereby submits its salary recommendations for Fiscal Years 2013 and 2014. What follows is the Commission's official proposal for salaries to be incorporated into the Salary Ordinances for 2012-2013 and 2013-2014, pursuant to the requirements of Sections 12.1, 24.1, and 41.1 of the City Charter.

THE COMMISSION'S PROCESS

The Commission met on six occasions between early November 2011 and early February 2012. We reviewed comprehensive data compiled by the City of San Diego's Personnel Department staff. With the assistance of staff, the Commission wrote to boards and commissions, community planning groups, members of the media, chambers of commerce, employee labor organizations and members of the public, informing them the salary evaluation process was once again underway, and inviting participation and comment. The meetings were held at the Civic Center Plaza Building in Downtown San Diego. For those who could not attend in person, written correspondence was also encouraged. On December 7, 2011, we also wrote to every member of the City Council and the Mayor inviting their attendance and/or input in our process.

We received little input from the community and elected officials. Only two members of the community provided input. The Mayor and eight Councilmembers chose not to respond to our solicitation of their input.

The Commission first studied the facts, figures, comparisons and trends in some depth, and then explored a very broad range of approaches and rationales. The source materials considered by the Commission relating to compensation and benefits in the private, non-profit and government sectors will be submitted and become a part of your record. The goal was to develop appropriate salary recommendations for the Mayor and Councilmember positions. This included, but was not limited to:

- Adequacy of current salary, in view of San Diego's cost of living
- The importance of establishing salaries high enough to attract qualified candidates
- The existing benefits package accompanying the positions
- Comparable data, including the Consumer Price Index and rates of inflation
- Comparable data, including Mayor and Councilmember salaries in various/comparable California, Western, and other cities
- Comparable data, including salaries for non-profit and private sector firms
- The current salaries of other City management personnel, including but not limited to the Police Chief, the Fire Chief, and the Mayor's own Chief Operating Officer, among others

Salary Setting Commission

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- The current salaries of classified City personnel
- Historical salary data for the Mayor and Councilmembers, including the number of Salary Setting Commission recommendations which have been rejected
- The heavy responsibilities and extreme importance of the positions
- The now permanent status of the Strong Mayor form of government, which occurred since the last deliberations of this Commission

During the review process, each Commissioner evaluated the data independently. The information was then discussed together, as a group. At the February 1, 2012 meeting, the Commission held votes with respect to paragraphs 1 through 7 of their Findings, and with respect to paragraphs 1 and 2 of their Recommendations.

The Commission sought legal assistance from the San Diego City Attorney's Office on three issues:

1. Whether the City Council has a conflict of interest in voting on their own salary given that it has a substantial monetary impact on them.
2. Whether the City Council has a conflict of interest in voting on the salary recommendations given that there is a substantial political impact on them.
3. Whether it would be lawful to enact an ordinance or City Charter amendment providing that any modification in salary for the positions of Mayor or Councilmember could not benefit or penalize a Councilmember or Mayor in office at the time of enacting the salary modification.

The opinions provided by the City Attorney will be included with this report.

FINDINGS

1. As mandated by the San Diego City Charter, the positions of San Diego Mayor and San Diego City Councilmember are full-time positions. Any other outside profession, trade, or occupation that would interfere with the performance of those full-time jobs is specifically prohibited.
2. We find that San Diego Mayor and City Council salary levels are far below the level of compensation for equivalent positions in the private sector and far below the level that is needed to attract well-qualified and experienced candidates. In addition, current salary levels place the Mayor and City Council far below a large percentage of City workers, most of whom have far fewer obligations and responsibilities. For calendar year 2010, 3528 City employees had earnings subject to Medicare that exceeded \$75,386, the salary for Councilmembers. At current salary levels, all well qualified candidates must either have independent sources of income, or be willing to live on an income far below what their skills and experience would likely command in the marketplace. The citizens of San Diego are not well served by perpetuating such a constrained pool of candidates for the legislative and executive leadership roles in city government.

3. We find that the salaries for San Diego Mayor and City Councilmember require an adjustment because of recruitment problems, changes in duties and responsibilities, and the other factors described herein.
4. The Council and Mayor have not had a salary increase since July 1, 2003. Over that time, the cost of living in San Diego has increased 26.1%. Further, in 2003, the Council and Mayor received a car allowance without having to account for mileage, with this compensation treated, by law, as earned income. The car allowance was \$9,600 per year. At the present time, only one of eight Councilmembers accepts the car allowance. The Mayor does not accept the car allowance. The failure to increase salaries since 2003 has effectively resulted in a substantial decrease in the compensation to the Council and Mayor, during a time when compensation to every other City employee increased.
5. Adjusting Council salaries to factor in only the 26.1% increase in the cost of living would require an immediate salary increase to \$95,062 (26.1% increase) to make the current Councilmembers' salary equivalent to their salary in 2003. For Councilmembers who do not receive the car allowance, which was previously provided as taxable income, it would require an immediate salary increase to \$104,662 (39% increase) to make their salary equivalent to their salary in 2003.
6. Adjusting the Mayor's salary to factor in only the 26.1% increase in the cost of living would require an immediate salary increase to \$126,685 (26.1% increase) to make the current Mayor's salary equivalent to the 2003 salary. If the Mayor chooses to not receive the car allowance, which was previously provided as taxable income, it would require an immediate salary increase to \$136,285 (36% increase) to make the Mayor's salary equivalent to the 2003 salary.
7. The Salary Setting Commission's review of relevant data suggests that the City Councilmember salary for FY 2013 should be \$175,000 per year. Equity would suggest that this amount should be authorized. In 2010, the Salary Setting Commission also determined \$175,000 was an appropriate salary for Councilmembers.
8. The Salary Setting Commission's review of relevant data suggests that the Mayor's salary for FY 2013 should be set at \$235,000 per year. Equity would suggest that this amount should be authorized. In 2010, the Salary Setting Commission also determined \$235,000 was an appropriate salary for the Mayor.

RECOMMENDATIONS

1. For FY 2013, the Salary Setting Commission recommends an adjustment to the salary of Councilmembers to \$175,000 and an adjustment to the salary of Mayor to \$235,000. Any part of this FY 2013 recommendation not adopted shall be added to the recommendation for FY 2014.

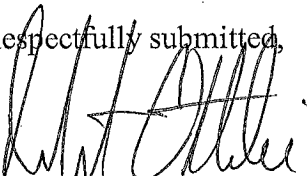
2. For FY 2014, to the extent all of the recommendations for FY 2013 are not adopted, then the Salary Setting Commission recommends an adjustment to the salary of Councilmembers to \$175,000 and an adjustment to the salary of Mayor to \$235,000.

SUMMARY

| <u>EFFECTIVE DATE</u> | <u>CITY COUNCIL</u> | <u>MAYOR</u> |
|-----------------------|---------------------|--------------|
| Current | \$ 75,386 | \$100,464 |
| 7-1-2012 | \$175,000 | \$235,000 |
| 7-1-2013 | \$175,000 | \$235,000 |

On behalf of the Commission, I wish to be heard on these recommendations and would be happy to respond to any questions the Council may have at that time. Accompanying these salary recommendations will be separate recommendations related thereto.

Respectfully submitted,



Robert P. Otilie, President
Salary Setting Commission

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