THE CITY OF SAN DIEGO

February 7, 2014

Subject: 2014 Salary Setting Commission's Recommendations

Honorable Mayor and City Councilmembers:

By this letter, the Salary Setting Commission hereby submits its salary recommendations for Fiscal Years 2015 and 2016. What follows is the Commission's official proposal for salaries to be incorporated into the Salary Ordinances for 2014-2015 and 2015-2016, pursuant to the requirements of Sections 12.1, 24.1, and 41.1 of the City Charter.

THE COMMISSION'S PROCESS

The Salary Setting Commission met on five occasions between early December 2013 and early February 2014. 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.

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
- 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.

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, public and non-profit sectors and far below the level that is needed to attract well-qualified and experienced candidates.

3. 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 27%. Further, in 2003, the Council and Mayor received a car allowance, with this compensation treated, by law, as earned income. The car allowance is $9,600 per year although the majority of Councilmembers no longer accept it.

4. Adjusting the Council and Mayor's salaries to account for this 27% increase in the cost of living and the loss of the car allowance, for those who do not accept it, would require an immediate salary increase to $105,310 for Councilmembers and $137,189 for the Mayor.

5. Based on the Salary Setting Commission's review of relevant data, it believes the salary recommendations made by the Commissions in 2008, 2010, and 2012, particularly given the loss of purchasing value of the current salaries, were an accurate reflection of the adjustments needed for these salaries at this time.

6. However, for over a decade, the Council has rejected well-thought-out and meaningful proposals from the Salary Setting Commission. The Council has, in fact, rejected <u>every</u> recommendation, on <u>all</u> issues, made by the Commission in 2004, 2006, 2008, 2010, and 2012. This has included recommendations in 2008, 2010, and 2012 that voters be given the opportunity to enact a new method of setting salaries which would prelude Councilmembers from voting on their own pay.

7. The current methodology of handling the Council and Mayor salaries at the City of San Diego was passed by the voters in the mid-1970s after the Council failed to change the pay for Councilmembers for 17 straight years. By Charter amendment, the voters placed the primary responsibility for setting the Council and Mayor's salaries with an independent commission. This prior history suggests we are falling back into a pattern that preceded the Charter change in the 1970s. Change is once again needed, in the view of the Salary Setting Commission.

8. On January 13, 2014, the Salary Setting Commission, by a vote of 6-0, endorsed a citizen proposal to the Economic Development and Intergovernmental Relations Committee that asked the San Diego City Council to place on the ballot a Charter amendment to eliminate Charter sections 12.1, 24.1 and 41.1. This citizens' proposal sought to change the Charter so that the Council would no longer be in the untenable position to vote on their own salaries.

9. The Commission's endorsement of this Charter proposal was consistent with the endorsement of such a proposal by the Salary Setting Commissions that convened in 2008, 2010, and 2012. Unfortunately, no action has ever been taken on those recommendations.

10. Given the foregoing, the Salary Setting Commission believes that any recommended pay increase at this time would simply be politicized by the City Council and would take the focus away from the real dysfunction here, which is the fact that Councilmembers vote on their own pay, a gross conflict of interest.

11. Consequently, the Salary Setting Commission unanimously supports a "City of Bell" provision in the current salary ordinance which would prevent Councilmembers or the Mayor from benefiting or being penalized by any increase or decrease they vote upon while they are in office. This name is taken from the City of Bell, where the conflict of interest of Councilmembers voting on their own pay resulted in detriment to the Bell community. The Commission believes that Council's process of voting on its own pay has also been to the detriment of the citizens of San Diego.

12. Given the foregoing, the recommendation is that the salary for Councilmembers and Mayor not change and that the Council focus on the conflict that exists when it votes on its own pay. The City Council is encouraged to adopt the "City of Bell" provision and eliminate the ability of Councilmembers to benefit from a vote on their own pay. Going forward, it should also step aside and allow voters to select a new method of setting the Council and Mayor's salaries.

RECOMMENDATIONS

The Salary Setting Commission recommends that, so long as the City Council votes on its own salary, the Councilmembers and Mayor in office, upon the adoption of a modification of the Salary Ordinance, should not benefit or be penalized by that modification while they are in office and that the salary for Fiscal Year 2015 and Fiscal Year 2016 should remain at $75,386 for Councilmembers and $100,464 for the Mayor. The provision that the Councilmembers and Mayor should not benefit or be penalized by any increase or decrease they vote upon while they are in office is referred to as the "City of Bell" provision.

The Commission recommends the following pay for the Council and Mayor in the Fiscal Year 2015 and Fiscal Year 2016:

EFFECTIVE DATE	CITY COUNCIL	MAYOR
Current	$ 75,386	$100,464
7-1-2014	$ 75,386	$100,464
7-1-2015	$ 75,386	$100,464

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.

Respectfully submitted,

Robert P. Ottilie, President
Salary Setting Commission

RPO/dk