



THE CITY OF SAN DIEGO
REPORT TO THE CITY COUNCIL

DATE ISSUED: March 2, 2016

REPORT NO: 16-019

ATTENTION: Charter Review Committee

SUBJECT: Creation of a Charter Section on Salary Setting for the Mayor, City Attorney and Councilmembers

REFERENCE: 2016 Salary Setting Commission Recommendations; 2016 Salary Setting Commission Recommended Charter Amendment; 2016 Salary Setting Commission Recommended Salary Chart; Information reviewed by the Salary Setting Commission for FY17 and FY 18; Comparison of Salaries; Grand Jury Report on Compensation of City of San Diego Elected Officials

REQUESTED ACTION: Request that the City Attorney work with the Office of the Council President to develop final language for the proposed new Charter section on Salary Setting for Elected Officials, along with recommendations for the repeal or revision of the following Charter sections related to salary setting for elected officials: Sections 11.1, 12.1, 24.1, 40 and 41.1, and return with the proposed Charter amendments to the Charter Review Committee on June 15, 2016.

STAFF RECOMMENDATION: Approve the requested action.

SUMMARY: Since 2008, the Salary Setting Commission has five times recommended that the Council place before San Diego voters a Charter amendment to end the practice of Councilmembers voting on their own pay. The Salary Setting Commission has found that requiring the Councilmembers to vote on their own pay creates an unresolvable conflict of interest. (See 2016 Salary Setting Commission Recommended Charter Amendment memo to Mayor and Council, dated February 12, 2016.)

In 2015, the Grand Jury investigated the pay of the Council and Mayor and recommended that the City amend its Charter to change the mechanism for setting salaries to tie them to an external benchmark. The Grand Jury recommended that salaries either be based on a percentage of the salaries of Superior Court Judges (which is the same method used to set the salaries for San Diego County Supervisors), or that the salaries be linked to the Consumer Price Index (CPI).

The Mayor and Council have not had a pay raise since 2003. Per the 2015 Grand Jury report, the Mayor of San Diego is the lowest paid mayor among the eight largest cities in California, including the three cities with the Strong Mayor form of government. San Diego City

Councilmembers are paid less than their counterparts in Los Angeles, San Francisco, Oakland and San Jose. Over the last ten years, the average wages for elected officials increased by about 20% in the eight other California cities. San Diego is the only city where neither the Mayor nor Councilmembers received an increase during this time.

The Salary Setting Commission has recommended that the Mayor be paid 25% more than Superior Court Judges, the City Attorney be paid 20% more than Superior Court Judges, and the Council be paid between 60 and 100% of Superior Court Judges.

Proposed Charter amendments:

1. Repeal all or portions of the following Charter sections that are related to salaries for elected officials:
 - a. Section 11.1: Legislative Power-Nondelegable
 - b. Section 12.1: Councilmember Salaries
 - c. Section 24.1: Mayor's salary
 - d. Section 40: City Attorney
 - e. Section 41.1: Salary Setting Commission

2. Create a new Charter article called "Elected Officials" that contains sections which address the following topics for all City of San Diego elected officials:
 - a. Election to Office
 - b. Removal From Office
 - c. Filling of Vacancies and Line of Succession/Succession Planning
 - d. Salary Setting

3. Create a "Salary Setting for Elected Officials" Charter section within the new "Elected Officials" Charter article that includes the following provisions:
 - a. Tie the salaries of the Mayor, City Attorney and Council to the external benchmark of the salary of Superior Court Judges.
 - b. Recommend that the full Council vote on which percentage of the salary of Superior Court Judges is the appropriate level for the Mayor, City Attorney and Council.
 - c. Set the implementation date for this Charter section as July 1, 2017 (so that the new salaries will go into effect at the start of the next fiscal year following the November 2016 election).

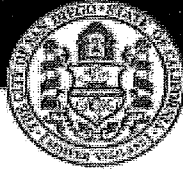
FISCAL CONSIDERATIONS: To be evaluated after selection of a salary level for each type of elected official.

PREVIOUS COUNCIL and/or COMMITTEE ACTION: On March 5, 2015, the Charter Review Committee considered revisions of the City Charter regarding compensation of City of San Diego elected officials. No action was taken.

COMMUNITY PARTICIPATION AND PUBLIC OUTREACH EFFORTS: The City of San Diego's Salary Setting Commission holds publicly noticed meetings and presents a report to Council every two years with its recommendations for the salaries of City of San Diego elected officials.

KEY STAKEHOLDERS AND PROJECTED IMPACTS: Mayor, City Attorney, City Councilmembers.

ORIGINATING DEPARTMENT: Council District 1



THE CITY OF SAN DIEGO

February 12, 2016

Subject: 2016 Salary Setting Commission's Recommendations

RECEIVED
FEB 16 2016
OFFICE OF COUNCILMEMBER
SHERRI LIGHTNER

Honorable Mayor and City Councilmembers:

By this letter, the Salary Setting Commission hereby submits its salary recommendations for Fiscal Years 2017 and 2018. What follows is the Commission's official proposal for salaries to be incorporated into the Salary Ordinances for 2016-2017 and 2017-2018, 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 2015 and early February 2016. 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

Salary Setting Commission

1200 Third Avenue, Suite 300 · San Diego, CA 92101
Tel (619) 236-6400

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 Mayor and Council 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 Mayor and Council 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 Mayor and Council'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 \$137,189 for Mayor and \$105,310 for Councilmembers.
5. Based on the Salary Setting Commission's review of relevant data, it believes the salary recommendations made by the Commissions in 2008, 2010, 2012, and 2014 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 every recommendation, on all issues, made by the Commission in 2004, 2006, 2008, 2010, 2012, and 2014. This has included recommendations in 2008, 2010, 2012, and 2014 that voters be given the opportunity to enact a new method of setting salaries which would preclude Councilmembers from voting on their own pay. In 2015, the San Diego County Grand Jury made a similar recommendation which the City Council rejected.
7. The current methodology of handling the Mayor and Council 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 Mayor and Council'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.

Salary Setting Commission

8. On January 13, 2014, the Salary Setting Commission, by a vote of 6-0, also 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 also sought to change the Charter so that the Council would no longer be in the untenable position to vote on their own salaries. No action was taken by the Council Committee.
9. 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.
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 exists.
11. Consequently, the Salary Setting Commission supports a provision in the current salary ordinance which would prevent the Mayor and Councilmembers from benefiting or being penalized by any increase or decrease in pay in an ordinance they vote upon while they are in office.
12. Given all of the foregoing, the recommendation is that the salary for Mayor and Councilmembers 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 a 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 Mayor and Council's salaries.
13. A proposed Charter amendment will be submitted simultaneously herewith.

RECOMMENDATIONS

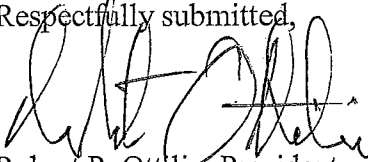
The Salary Setting Commission recommends that, so long as the City Council votes on its own salary, the Mayor and Councilmembers and Councilmembers in office, upon the adoption of a modification of the Salary Ordinance, should not benefit or be penalized by that modification while they are in office. Further, the Commission recommends that the salary for Fiscal Year 2017 and Fiscal Year 2018 should remain at \$100,464 for the Mayor and \$75,386 for Councilmembers.

The Commission recommends the following pay for the Mayor and Council in the Fiscal Year 2017 and Fiscal Year 2018:

<u>EFFECTIVE DATE</u>	<u>CITY COUNCIL</u>	<u>MAYOR</u>
Current	\$ 75,386	\$100,464
7-1-2016	\$ 75,386	\$100,464
7-1-2017	\$ 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. Otlie, President
Salary Setting Commission

RPO/ai

**INFORMATION REVIEWED
BY THE SALARY SETTING COMMISSION
FOR FISCAL YEAR 2017 AND FISCAL YEAR 2018
RECOMMENDATION**

INDEX

1. Historical Salary Information
2. Benefits Information
3. CPI Information
4. Survey Information

SALARY SETTING COMMISSION

Background

Prior to 1974, the salaries of the Mayor and Council were specified in the City Charter and could only be adjusted by a vote of the electorate. At that time, the salary for the Mayor was set at \$12,000 per year and City Council at \$5,000 per year.

In 1973, the San Diego Charter Revision Committee made a number of recommendations for charter changes. One of the suggested changes was the establishment of a "Salary Setting Commission" which would be charged with reviewing and recommending appropriate salaries for the Mayor and City Council. This recommendation appeared on the ballot as Proposition E in the General Election of November 6, 1973, and was approved by the voters. As a result, Sections 12.1, 24.1, and 41.1 were added to the City Charter establishing the Salary Setting Commission.

The Salary Setting Commission consists of seven members who are appointed by the Civil Service Commission. Each Commissioner is appointed for a four-year term and may serve a maximum of two full terms. As stated in Charter Section 41.1, the Civil Service Commission shall make appointments so that the membership reflects the entire community, taking into consideration sex, race and geographic area.

The Charter requires the Salary Setting Commission to make its recommendations to the Council, on or before February 15, of each even number year. To accomplish this, the Salary Setting Commission typically begins meeting in October or November of the preceding year. Since the Commission is governed by the Brown Act all meetings are open to the public. The first two meetings are typically used to elect new officers, determine the process to be used, establish a calendar of meetings, and to provide direction to staff concerning the collection of survey data and other research the Commission may deem appropriate for consideration.

The next two or three meetings are generally for the purpose of obtaining public testimony and reviewing data provided by staff. Finally, there are one or two deliberation meetings during which the Commission reviews and discusses the data collected and formulates its recommendations. These discussion meetings typically do not include any further public testimony.

In making its recommendations, the Commission has historically relied on a variety of information. This includes salary survey data, testimony and correspondence from the public, budget information, duties of the Mayor and Council, fringe benefit information, prior salary increases, cost of living data, and other data deemed appropriate by the Commission. The Commission's recommendations may be adopted, reduced or rejected by the City Council. The Council cannot, however, approve a salary greater than that recommended by the Commission.

The attached document shows the history of the Salary Setting Commission's recommendations to date. Most recently, the City Council voted not to increase salaries for Fiscal Years 2013, 2014, 2015, and 2016.

MAYOR AND COUNCIL ANNUAL SALARIES
Historical Recommendations Made by the Salary Setting Commission

EFFECTIVE DATE	Recommended MAYOR Salary	Recommended COUNCIL Salary	RESULT
7/1/99	\$75,268	\$56,479	Passed
7/1/00	\$80,913	\$60,715	Passed
7/1/01	\$86,982	\$65,269	Passed
7/1/02	\$95,680	\$71,796	Passed
7/1/03	\$100,464	\$75,386	Passed¹
7/1/04	\$103,980	\$78,025	Declined. Defer to FY06
7/1/05	\$107,619	\$80,756	Declined
7/1/06	Recommendation made for no increase	Recommendation made for no increase	Accepted recommendation for no increase
7/1/07	\$125,580	\$94,233	Declined
7/1/08	\$130,000	\$100,000	Declined
7/1/09	\$150,000	\$125,000	Declined
7/1/10	Recommendation made for no increase	Recommendation made for no increase	Accepted recommendation for no increase
7/1/11	\$115,534	\$86,694	Declined
7/1/12	\$235,000	\$175,000	Declined
7/1/13	\$235,000	\$175,000	Declined
7/1/14	\$235,000	\$175,000	Declined
7/1/15	Recommendation made for no increase	Recommendation made for no increase	Accepted recommendation for no increase

¹ The last time Council accepted and passed the Salary Setting Commission's recommendation was in FY04.

City of Diego
Personnel Department
SALARY INCREASES: MAYOR AND CITY COUNCIL

EFFECTIVE DATE (JULY 1)	MAYOR				COUNCIL			
	SSC PROPOSED SALARY	PROPOSED % INCREASE	ACTUAL SALARY	ACTUAL % INCREASE	SSC PROPOSED SALARY	PROPOSED % INCREASE	ACTUAL SALARY	ACTUAL % INCREASE
1973	N/A		12,000		N/A		5,000	
1974	20,000		20,000	66.7	12,000	140.0	12,000	140.0
1975			20,000				12,000	
1976	25,000	25.0	25,000	25.0	17,000	41.7	17,000	41.7
1977			25,000				17,000	
1978	30,000	20.0	25,000	0.0	26,000	52.9	17,000	0.0
1979			25,000				17,000	
1980	31,250	25.0	31,250	26.5	21,500	26.5	21,500	26.5
1981			31,250				21,500	
1982	36,625	17.2	36,625	17.2	25,750	19.8	25,750	19.8
1983	42,000	14.7	42,000	14.7	30,000	16.5	30,000	16.5
1984	46,000	9.5	46,000	9.5	32,500	8.3	32,500	8.3
1985	50,000	8.7	50,000	8.7	35,000	7.7	35,000	7.7
1986	55,000	10.0	55,000	10.0	40,000	14.3	40,000	14.3
1987	60,000	9.1	60,000	9.1	45,000	12.5	45,000	12.5
1988	60,000	0.0	60,000	0.0	45,000	0.0	45,000	0.0
1989	60,000	0.0	60,000	0.0	45,000	0.0	45,000	0.0
1990	62,650	4.4	62,650	4.4	47,000	4.4	47,000	4.4
1991	65,300	4.2	65,300	4.2	49,000	4.3	49,000	4.3
1992	65,300	0.0	65,300	0.0	49,000	0.0	49,000	0.0
1993	67,912	4.0	65,300	0.0	50,960	4.0	49,000	4.0

City of Diego
Personnel Department
SALARY INCREASES: MAYOR AND CITY COUNCIL

EFFECTIVE DATE (JULY 1)	MAYOR				COUNCIL			
	SSC PROPOSED SALARY	PROPOSED % INCREASE	ACTUAL SALARY	ACTUAL % INCREASE	SSC PROPOSED SALARY	PROPOSED % INCREASE	ACTUAL SALARY	ACTUAL % INCREASE
1994	65,953	1.0	65,300	0.0	49,490	1.0	49,000	0.0
1995	66,606	2.0	65,300	0.0	49,980	2.0	49,000	0.0
1996	68,239	4.5	68,239	4.5	51,205	4.5	51,205	4.5
1997	71,992	5.5	71,992	5.5	54,021	5.5	54,021	5.5
1998	73,432	2.0	71,992	0.0	55,101	2.0	54,021	0.0
1999	75,268	2.5	75,268	4.5	56,479	2.5	56,479	4.5
2000	80,913	7.5	80,913	7.5	60,715	7.5	60,715	7.5
2001	86,982	7.5	86,982	7.5	65,269	7.5	65,269	7.5
2002	95,680	10.0	95,680	10.0	71,796	10.0	71,796	10.0
2003	100,464	5.0	100,464	5.0	75,386	5.0	75,386	5.0
2004	103,980	3.5	100,464	0.0	78,025	3.5	75,386	0.0
2005	107,619	3.5	100,464	0.0	80,756	3.5	75,386	0.0
2006	100,464	0.0	100,464	0.0	75,386	0.0	75,386	0.0
2007	125,580	25.0	100,464	0.0	94,233	25.0	75,386	0.0
2008	130,000	29.4	100,464	0.0	100,000	32.65	75,386	0.0
2009	150,000	15.38	100,464	0.0	125,000	25.0	75,386	0.0
2010	100,464	0.0	100,464	0.0	75,386	0.0	75,386	0.0
2011	115,534	15.0	100,464	0.0	86,694	15.0	75,386	0.0
2012	235,000	134.0	100,464	0.0	175,000	132.1	75,386	0.0
2013	235,000	134.0	100,464	0.0	175,000	132.1	75,386	0.0
2014	235,000	134.0	100,464	0.0	175,000	132.1	75,386	0.0
2015	100,464	0.0	100,464	0.0	75,386	0.0	75,386	0.0

**San Diego Mayor Salary Increases
Past 21 years (1994-2015)**

EFFECTIVE DATE (JULY 1)	SALARY	% INCREASE
1994	\$65,300	N/A
1996	\$68,239	4.5
1997	\$71,992	5.5
1999	\$75,268	4.5
2000	\$80,913	7.5
2001	\$86,982	7.5
2002	\$95,680	10.0
2003 (Date of last increase)	\$100,464	5.0

San Diego City Council Salary Increases
Past 21 years (1994-2015)

EFFECTIVE DATE (JULY 1)	SALARY	% INCREASE
1994	\$49,000	N/A
1996	\$51,205	4.5
1997	\$54,021	5.5
1999	\$56,479	4.5
2000	\$60,715	7.5
2001	\$65,269	7.5
2002	\$71,796	10.0
2003 (Date of last increase)	\$75,386	5.0

t Rates (Unclassified and/or Unrepresented)

Classified Police Safety	Unclassified Fire Safety	Unclassified Lifeguard	Unrepresented Marine Safety Captain	Unrepresented Police Captain	Unrepresented General Member
7.30%	7.30%	6.50%	6.50%	7.30%	6.00%
9.00%	9.00%	9.00%	9.00%	9.00%	6.40%
10.00%	10.00%	10.00%	10.00%	10.00%	8.00%
4.87%	4.83%	4.91%	10.71%	10.67%	8.61%
7.47%	7.63%	7.71%	7.71%	7.47%	5.61%
4.10%	4.30%	4.30%	4.30%	4.10%	3.40%
4.10%	4.30%	4.30%	4.30%	4.10%	3.40%
4.10%	4.30%	4.30%	4.30%	4.10%	3.40%
4.10%	4.30%	4.30%	4.30%	4.10%	3.40%
0.00%	0.00%	1.30%	1.30%	0.00%	0.40%
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

t offset.

Table of Retirement Contribution Offset Rates (Represented)

Fiscal Year	DCAA (Est FY06)	Local 127	Local 145 General Member	Local 145 Safety Member	Local 911 (Est FY11)	MEA General Member	MEA Lifeguard Member	POA
2002		5.00%	5.00% (1)	7.30%		5.00%	6.50%	7.30% (2)
2003		5.40%	5.40% (3)	9.00%		5.40%	9.00%	9.00% (2)
2004		7.00%	7.00% (4)	10.00%		7.00%	10.00%	10.00%
2005		7.61%	7.61%	10.63%		7.61%	10.71%	10.67%
2006	5.61%	7.61%	4.61%	7.63%		4.61%	7.71%	7.47%
2006 (5)	3.40%	5.40%	2.40%	4.30%		2.40%	4.30%	4.10%
2007	3.20%	5.40%	2.40%	4.30%		2.40%	4.30%	4.10%
2008	3.20%	5.40%	2.40%	4.30%		1.40%	3.30%	4.10%
2009	3.20%	5.40%	2.40%	4.30%		1.40%	3.30%	4.10%
2010	0.00%	0.00%	0.00%	0.00%		3.40% (6)	5.30% (6)	0.00%
2011	0.00%	0.00%	0.00%	0.00%	5.30% (6)	3.40% (6)		0.00%
2012	0.00%	0.00%	0.00%	0.00%	2.30% (6)	0.40% (6)		0.00%
2013	0.00%	0.00%	0.00%	0.00%	2.30% (6)	0.40% (6)		0.00%
2014	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%		0.00%
2015	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%		0.00%
2016	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%		0.00%

(1) Civilian Fire Prevention Inspectors = 7.30%

(2) Additionally, the City shall pay into the Retirement System an additional 0.49% for employees in the Police Bargaining Unit and all Unclassified officers and employees in the Police classification who are members of the safety retirement system who are required to pay this additional amount.

(3) Civilian Fire Prevention Inspectors = 9.00%

(4) Civilian Fire Prevention Inspectors = 10.00%

(5) Percent after Employee Contribution Reserve is exhausted.

(6) For employees hired before July 1, 2009.

MEMORANDUM

RECEIVED

FEB 16 2016

OFFICE OF COUNCILMEMBER
SHERRI LIGHTNER

TO: San Diego City Council

FROM: Robert Otilie, President of the San Diego Salary Setting Commission

DATE: February 12, 2016

RE: 2016 Salary Setting Commission Recommended Charter Amendment

Honorable Mayor and City Councilmembers:

In an accompanying letter, the San Diego Salary Setting Commission has submitted its salary recommendations for FY2017 and FY2018. In connection with those recommendations, the Salary Setting Commission makes these further findings and recommendations.

1. Since 2008, the Salary Setting Commission has five times recommended to the San Diego City Council that it place before the voters of San Diego a Charter Amendment to end the practice of City Councilmembers voting on their own pay. Since 2008, the Council has refused to do so.
2. The 2016 Salary Setting Commission joins four prior Commissions in finding that Councilmembers voting on their own pay creates an unresolvable conflict of interest. There is a political advantage to Councilmembers in opposing increases in salary, and an economic benefit in supporting increases in salary. By keeping Council salaries artificially low, as we have done in San Diego, incumbents can also potentially minimize competition should they choose to run for re-election.
3. In 2015, this conflict of interest was also investigated by the San Diego County Grand Jury. The County Grand Jury concluded that the City of San Diego should amend its Charter to alter the mechanism by which salaries for the Council and Mayor are set. The San Diego County Grand Jury recommended that the San Diego City Council place a proposed Charter Amendment on either the June 2016 or November 2016 ballot. The City Council voted not to do so.
4. Given the foregoing, and in conjunction with its proposed salary recommendations for 2017 and 2018 sent to you under separate cover, and consistent with and in support of the Grand Jury Recommendation for a Charter Amendment, the 2016 San Diego Salary Setting Commission recommends the Council adopt and place on the ballot an initiative that would allow a public vote on a Charter Amendment affecting the pay and benefits of San Diego's elected leaders.

5. The Commission has drafted a proposed Charter Amendment that would end this conflict of interest, and other ethical conflicts and practices determined to exist by Commission. Those are addressed in Exhibit 1 to this memorandum, entitled:

“Governmental Ethics Reform: Monetary Restriction on Gifts, Honorariums and Speaker Fees; Eliminate Car Allowance; Ban on Outside Employment; Restrictions on Free Use of Sports/ Entertainment Venues; Lobbying Restrictions On Former Elected City Officials; End Conflict of Interest Setting of Own Pay by City Officials; Preclude Campaigning With Public Funds”

6. Exhibit 2 reflects the Commission’s proposal for a phase-in of the salaries for elected officials under the proposed Charter amendment. Councilmember Lightner had specifically requested a phase-in proposal when she appeared before this Commission this year.

2-12-16

Date



Robert P. Otilie

COMPARISON OF SALARIES

TABLE 3: MAYOR - OTHER MAJOR CITIES

CITY	POPULATION		% CHANGE	ANNUAL BUDGET	% CHANGE	FORM OF GOVT	FULL TIME	HAS COUNCIL VOTE	ANNUAL SALARY	% CHANGE	COMMENTS
	FY14	FY16									
San Diego (1)	FY14	1,356,000	1.03%	\$2,795,250,003	18.06%	Strong Mayor	Yes	No	\$100,464	0.00%	
	FY16	1,370,000		\$3,300,000,000					\$100,464		
Austin, Texas (2)	FY14	842,750	8.31%	\$3,100,000,000	12.90%	Council/Manager	Yes	Yes	\$77,688	-100.00%	(5)
	FY16	912,791		\$3,500,000,000					\$0		
Dallas, Texas (2)	FY14	1,223,328	8.52%	\$2,566,825,411	9.35%	Council/Manager	No	Yes	\$60,000	0.00%	
	FY16	1,327,514		\$2,806,877,228					\$60,000		
Houston, Texas (3)	FY14	2,100,000	6.35%	\$3,600,000,000	22.22%	Strong Mayor	Yes	No	\$209,138	11.90%	
	FY16	2,233,310		\$4,400,000,000					\$234,032		
Phoenix, AZ (2)	FY14	1,451,966	3.75%	\$3,502,500,000	5.70%	Council/Manager	Yes	Yes	\$88,000	0.00%	
	FY16	1,506,439		\$3,702,298,000					\$88,000		
Portland, OR (2)	FY14	587,865	3.67%	\$2,650,000,000	7.92%	Mayor/Commission	Yes	Yes	\$126,963	5.80%	
	FY16	609,456		\$2,860,000,000					\$134,326		
Seattle, WA (2)	FY14	608,660	7.19%	\$4,000,000,000	25.00%	Mayor/Council	Yes	No	\$179,798	1.80%	
	FY16	652,405		\$5,000,000,000					\$183,034		
Detroit, MI (2)	FY14	714,000	-4.73%	\$2,439,454,696	14.98%	Strong Mayor(4)	Yes	No	\$158,559	5.00%	
	FY16	680,250		\$2,804,774,553					\$166,487		

Average Total Budget (6): \$3,581,992,826

Average Mayor Salary (7): \$134,313

(1) Population data provided by SANDAG.

(2) Population data supplied directly from City staff.

(3) Population data supplied directly from City of Houston website

(4) Strong Mayor with a current Emergency Manager.

(5) The Mayor waived his salary.

(6) Excludes the City of San Diego.

(7) Excludes the City of San Diego; excludes Dallas, which has "part-time" Mayor.

COMPARISON OF SALARIES

TABLE 4: COUNCIL - OTHER MAJOR CITIES

CITY	POPULATION		% CHANGE	ANNUAL BUDGET	% CHANGE	FORM OF GOVT	FULL TIME	NUMBER ON COUNCIL	MEETINGS PER MONTH	COMMITTEE SYSTEM	ANNUAL SALARY	% CHANGE	COMMENTS
	FY14	FY16											
San Diego (1)	FY14	1,356,000	1.03%	\$2,795,250,003	18.06%	Strong Mayor	Yes	9	8	Yes	\$75,386	0.00%	
	FY16	1,370,000		\$3,300,000,000							\$75,386		
Austin, Texas (2)	FY14	842,750	8.31%	\$3,100,000,000	12.90%	Council/Manager	Yes	6	3	Yes	\$65,957	6.24%	
	FY16	912,791		\$3,500,000,000							\$70,075		
Dallas, Texas (2)	FY14	1,223,328	8.52%	\$2,566,825,411	9.35%	Council/Manager	No	14	4	Yes	\$37,500	60.00%	
	FY16	1,327,514		\$2,806,877,228							\$60,000		
Houston, Texas (2)	FY14	2,100,000	6.35%	\$3,600,000,000	22.22%	Strong Mayor	Yes	16	8	Yes	\$55,770	11.90%	
	FY16	2,233,310		\$4,400,000,000							\$62,409		
Phoenix, AZ (2)	FY14	1,451,966	3.75%	\$3,502,500,000	5.70%	Council/Manager	Yes	8	8	Yes	\$61,600	0.00%	
	FY16	1,506,439		\$3,702,298,000							\$61,600		
Portland, OR (2)	FY14	587,865	3.67%	\$2,650,000,000	7.92%	Mayor/Commission	Yes	4	4	No	\$106,932	5.80%	(3)
	FY16	609,456		\$2,860,000,000							\$113,131		
Seattle, WA (2)	FY14	608,660	7.19%	\$4,000,000,000	25.00%	Mayor/Council	Yes	9	4	Yes	\$119,976	0.00%	(4)
	FY16	652,405		\$5,000,000,000							\$119,976		
Detroit, MI (2)	FY14	714,000	-4.73%	\$2,439,454,696	14.98%	Strong Mayor (5)	Yes	9	24(6)	Yes	\$73,181	5.08%	
	FY16	680,250		\$2,804,774,553							\$76,900		

Average Total Budget (7):	\$3,581,992,826
Average Council Salary (8):	\$84,015

- (1) Population data provided by SANDAG.
- (2) Population data supplied directly from City staff.
- (3) 2.1% COLA effective 7/1/15: One Councilmember is receiving a salary of \$103, 521. Three Councilmembers are receiving a salary of \$113, 131.
- (4) Since due to ordinance, councilmember salaries cannot change while in office, the salary ranges from \$117,533 to \$119,976 depending on the date of election.
- (5) Strong Mayor with a current Emergency Manager.
- (6) The council has 24 standing meetings each month, not including evening community meetings, special and adjourned sessions, and committee of the whole meetings.
- (7) Excludes the City of San Diego.
- (8) Excludes the City of San Diego; excludes Dallas, which has a "part-time" Council.

COMPARISON OF SALARIES

TABLE 5: SUMMARY OF MAYOR AND CITY COUNCIL MEMBER SALARIES - SELECTED CITIES

	MAYORS			CITY COUNCILMEMBERS			AVERAGE TOTAL BUDGET		
	AVERAGE SALARIES			AVERAGE SALARIES			AVERAGE TOTAL BUDGET		
	FY14	FY16	% INCREASE	FY14	FY16	% INCREASE	FY14	FY16	% INCREASE
<i>City of San Diego Actual Salaries/Budget</i>	\$100,464	\$100,464	0.00%	\$75,386	\$75,386	0.00%	\$2,795,250,003	\$3,300,000,000	18.06%
Selected California Cities ⁽¹⁾ (excluding San Diego)	\$169,725	\$176,627	4.07%	\$122,613	\$126,487	3.16%	\$3,434,956,772	\$3,763,319,026	9.56%
Other Major Cities ⁽²⁾⁽³⁾ (excluding San Diego)	\$140,024	\$134,313	-4.08%	\$80,569	\$84,015	4.28%	\$3,122,682,872	\$3,581,992,826	14.71%
San Diego County Board of Supervisors ⁽⁴⁾				\$143,031	\$143,031	0.00%			
State Assembly Members and State Senators				\$95,291	\$95,291	0.00%			

(1) Excludes Sacramento, Fresno, Long Beach and Oakland, which have "part-time" Council.

(2) Excludes Dallas, which has "part-time" Mayor.

(3) Excludes Dallas, which has "part-time" Council.

(4) Board of Supervisors salaries indexed to 80% of Superior Court Judges. (Currently \$178,789)

**TABLE 6:
TOP 30 HIGHEST PAID CITY OF SAN DIEGO EMPLOYEES (UNCLASSIFIED)
Pay Period Ending 11/20/15
Salary Report (Bi-Weekly Rate X 26 Periods)**

RANK	POSITION	ANNUAL SALARY
1	Chief Operating Officer	\$255,000.00
2	Retirement Administrator	\$227,116.00
3	Independent Budget Anlyst	\$224,099.00
4	Chief Financial Officer	\$224,000.00
5	Asst Chief Oper Ofcr	\$215,000.00
6	Investment Officer	\$200,000.00
7	Personnel Director	\$198,000.00
8	Deputy Chief Oper Ofcr	\$195,000.00
9	Deputy Chief Oper Ofcr	\$195,000.00
10	Deputy Chief Oper Ofcr	\$195,000.00
11	City Atty	\$193,648.00
12	Public Utilities Director	\$188,000.00
13	Asst City Attorney	\$187,000.00
14	Asst City Attorney	\$186,992.00
15	Asst Retirement Administrator	\$180,000.00
16	Fire Chief	\$180,000.00
17	City Auditor	\$180,000.00
18	Retirement General Counsel	\$180,000.00
19	Department Director	\$180,000.00
20	Police Chief	\$176,456.00
21	Development Services Dir	\$175,000.00
22	Deputy City Atty - Unrep	\$174,990.00
23	Asst City Attorney	\$174,990.00
24	Department Director	\$170,000.00
25	Department Director	\$170,000.00
26	Planning Director	\$170,000.00
27	Treasurer	\$165,000.00
28	Department Director	\$165,000.00
29	Deputy City Atty	\$164,149.00
30	Principal Asst to City Atty	\$160,014.00
	Average Salary (mean)	188,315.00

8-Year Phase-In for New Council Salaries*

Effective Date	Proposed Percentage of Judge Pay	Rationale	Comparison
July 1, 2021	60% of Superior Court Judges	Would simply restore to Councilmembers the purchasing power in 2004 (COLA increase only)	With this implementation, Councilmembers would still make 20% less than San Diego County Supervisors. Supervisor pay has been tied to judge salaries since 1976, 40 years without complaint.
July 1, 2023	75% of Superior Court Judges	This would be the first raise in real dollars since 2004	At this implementation, Councilmembers would still make less than San Diego County Supervisors
July 1, 2025	100% of Superior Court Judges	Pay finally reaches level first recommended 17 years earlier by Salary Setting Commission (2008)	With this implementation, pay would equal Los Angeles Councilmembers. By public vote, Angelenos tied salaries to judges in 1990, 35 years earlier.

* City Attorney to be paid 20% more than Superior Court judges

** Mayor to be paid 25% more than Superior Court judges



**COMPENSATION OF CITY OF SAN DIEGO
ELECTED OFFICIALS**



**A Report by the
2014/2015 San Diego County Grand Jury
February 3, 2015**

COMPENSATION OF CITY OF SAN DIEGO ELECTED OFFICIALS

SUMMARY

The 2014/2015 San Diego County Grand Jury (Grand Jury) found that the process set forth in the San Diego City Charter for setting the salary for the Mayor and Councilmembers is fundamentally flawed. The charter specifies that a Salary Setting Commission must recommend salary changes. Councilmembers must then accept, reduce, or reject that recommendation. In effect that means Councilmembers are required to vote for their own compensation and that of the Mayor.

The salary for elected officials of many other agencies and cities is determined by external benchmarks. In some cases those salaries are linked to the salaries of state Superior Court Judges.

The effect of this process is that Councilmembers and the Mayor have not received a pay raise since July 1, 2003. The annual salary of the Mayor has been frozen at \$100,464 and those of councilmembers have remained at \$75,386.

In that same period the cost of living has increased by over 25%. The resulting relatively low compensation, as compared with private sector salaries for jobs with similar responsibilities, may discourage qualified individuals from running for public office.

The Grand Jury recommends an amendment to the City Charter by which salaries of the Mayor and Councilmembers are determined by an external benchmark. This would eliminate the need for a Council vote on Mayor and City Council salaries.

A Charter amendment requires a simple majority vote of the city's electorate. The next general election is scheduled in June 2016. Irrespective of the possible need for other amendments to the charter, the Grand Jury recommends that a salary setting amendment be developed and placed on the June 2016 ballot for the City of San Diego.

INTRODUCTION

The Grand Jury investigated the process by which the salaries of some City of San Diego elected officials are determined. The Grand Jury suggests the process creates a conflict of interest by requiring Councilmembers to vote for their own base wages.

The present base salary may discourage uniquely qualified individuals from running for office. There is a perception that persons interested in seeking public office must forego higher salary levels normally found in the private sector in order to serve as an elected

official. This perception holds that public officials serve the “common good” for which there may be much public commendation and relatively little compensation.

The question at hand is whether this viewpoint causes some qualified candidates capable of managing a total budget of \$2.8 billion to avoid public office in San Diego. Qualified individuals with managerial expertise often earn substantially more money in the private sector.

The Grand Jury investigation addressed two questions:

1. Does the City Charter need to be amended to eliminate the need for Councilmembers to vote to accept salary increases?
2. Should the base salaries of the Mayor and Councilmembers be determined by a new salary setting process?

PROCEDURE

Members of the Grand Jury interviewed:

- Current and former San Diego City elected officials;
- Members of the City of San Diego Salary Setting Commission;
- Representatives of taxpayer advocacy groups.

Members of the Grand Jury reviewed:

- Salaries of elected officials in comparably sized cities;
- Salaries of other elected officials in San Diego County;
- Salaries of officials in selected private sector corporations;
- Salaries of other city employees, such as council and mayoral staff, department directors and the Chief Operating Officer and his deputies;
- The San Diego City Charter;
- Applicable State regulations;
- Applicable City Attorney Memoranda;
- Media coverage of the City of Bell scandal.

DISCUSSION

City Charter Requirements: Prior to the charter amendment establishing the Salary Setting Commission there had been no raise in base salary for Councilmembers and the Mayor from 1957 through 1973. In November 1973 voters approved amending the City Charter by adding Section 41.1, thereby creating a Salary Setting Commission. The commission consists of seven members appointed for a term of four years by the City of San Diego Civil Service Commission. This gives commission members a degree of independence. Members of other boards and commissions are appointed by the Mayor with confirmation by the City Council.

Sections 12.1 and 24.1 of the charter specify that on or before February 15 of each even year the Salary Setting Commission shall recommend the Council enact an ordinance establishing salaries for Councilmembers and the Mayor for the next two fiscal years. Councilmembers may approve the recommended amounts, some lesser amounts, or reject the recommendation entirely.

The Salary Setting Commission recommended increases for Fiscal Years 2005, 2007, 2009, 2011 and 2013. The City Council enacted no salary ordinances in any of those years.

In February 2014 the Salary Setting Commission recommended no increase for the Mayor and City Council for Fiscal Years 2015 and 2016. This would bring to twelve the total number of years with no increase in compensation.

Charter versus General Law Cities: The California Constitution and the California Government Code both distinguish between Charter and General Law Cities. Charter Cities are governed by their unique charter which serves as a constitution for that city. The charter may specify whether the jobs of the mayor and councilmembers are considered full time or part time.

San Diego City Charter Section 12 (j) specifies that City councilmembers are full time officials. Section 24 contains the same specification for the Mayor.

A charter city may establish the salary of the mayor and councilmembers, per California Constitution article XI, §5(b). There are eighty-six charter cities in California including most of the largest cities in the state.

In the four hundred eighty-six General Law cities in California, elected officials have no executive power. The City Manager has the authority over day-to-day operations. Mayors are typically members of a five person city council and perform mostly ceremonial functions. In 1984, in accordance with California Government Code § 36516, these cities use a salary ceiling based on city population. Increases cannot exceed 5% per year.

City of Bell: The City of Bell is in Los Angeles County. It has a population of about 38,000. In a 2005 special election residents of the City of Bell approved a City Charter that exempted the City Council from the salary limitations imposed on General Law cities. The approved charter imposed no restrictions on salaries and did not establish a mechanism for adjusting salaries.

Though job descriptions and responsibilities were not changed, by 2010 the base salaries, stipends and benefits for the Mayor and three of the other four Councilmembers had increased to almost \$100,000 per council member. The Council also approved significant increases in base salaries and benefits for other city officials, including the Deputy City

Manager and Police Chief. The Council approved a salary in excess of \$700,000 a year for the City Manager. The equivalent position in the City of Los Angeles pays about half that amount.

The Grand Jury does not suggest this would happen in the City of San Diego. Rather, we are citing the City of Bell experience as an extreme example of the inherent conflict of interest that occurs when legislators vote for their own salary. Seeing that conflict, San Diego Councilmembers have been reluctant to accept the recommendations of the Salary Setting Commission.

Budget Balancing: From Fiscal Year (FY) 2007 through Fiscal Year 2012 the Mayor and City Council of San Diego faced major budget deficits. The projected deficit for FY 2011 was \$179 million and for FY 2012 it was \$73 million.

To balance the budget, the Mayor enacted and the Council approved significant service reductions that included but were not limited to:

1. Eliminating about 150 sworn officer positions from the Police Department's budget and laying off civilian employees;
2. Eliminating about 50 sworn firefighter positions;
3. Reducing hours of libraries and recreation centers and eliminating programs in the Park and Recreation Department;
4. Reducing funding for street and sidewalk repairs;
5. Approving 6% across-the-board reductions in total compensation for all City employees, including employees of affiliated agencies, such as the San Diego Data Processing Corporation and the Centre City Development Corporation.

The projection for FY 2018 and FY 2019 indicates an improving financial condition for the City. The five-year financial outlook for FY 2016-2020 projects a surplus of General Fund revenue over expenses of \$109.5 million for FY 2018. For FY 2019 the projected surplus is \$132 million, and for FY 2020 the projected surplus is \$164.1 million. After four priority initiatives are funded, there still remain projected surpluses of \$25.8 million, \$37.8 million, and \$61.8 million for fiscal years 2018, 2019 and 2020 respectively.

Salary Comparisons: The following is presented to support a new salary setting process for the Mayor and City Council:

1. Per data obtained by Grand Jury correspondence in September 2014, the Mayor of San Diego is the lowest paid mayor among the eight largest cities in California, including the three with the Council/Manager form of government. All but Los

Angeles have a smaller population and all but Los Angeles and the City/County of San Francisco have smaller budgets.

2. Per data obtained by Grand Jury correspondence in September 2014, San Diego City Councilmembers are paid \$108,000 less than their counterparts in Los Angeles, \$35,000 less than San Francisco Supervisors, and about \$5,000 less than San Jose Councilmembers.
3. Per data obtained from the City of San Diego Salary Setting Commission in August 2014, seventy nonprofit agencies in San Diego County have chief executives earning \$200,000 or more. Only two of these agencies have more employees and only one takes in more revenue than the City. One of these nonprofit executives works for a City affiliated corporation and earns five times more than a Councilmember.
4. Per data obtained from the City of San Diego Salary Setting Commission in August 2014, all of the one hundred highest paid chief executives in private industry in San Diego County have base compensation of at least \$50,000 more than the Mayor and at least double the salary of Councilmembers.
5. Per data obtained from the State of California Controller's website, at least fifteen chief executives of Special Districts (Water Districts, Transportation Districts, etc.) in California make triple to quadruple what the Mayor is paid.
6. Per data obtained by Grand Jury correspondence in October 2014, eight of the City's top managers earn at least twice as much as the Mayor; thirty-eight unclassified employees earn at least twice as much as a City Councilmember.

Table I shows the salaries of the mayors and councilmembers in the eight largest cities in California by population, as determined by Grand Jury correspondence with each of the cities in September 2014.

TABLE I

CITY	POPULATION	PROCESS	MAYOR SALARY	COUNCIL-MEMBER SALARY	TOTAL BUDGET	MEDIAN FAMILY INCOME
Los Angeles	3,884,307	Salary of 15 Councilmembers is that of Sup. Court Judges; Mayor 30% more	\$235,679	\$184,000	\$8.1 Billion	\$49,745
San Diego	1,345,895	9 councilmembers vote on their own and Mayor's salary but cannot exceed salary recommended by salary setting commission	\$100,464	\$75,386	\$2.8 Billion	\$62,395
San Jose	1,000,536	Mayor and 10 councilmembers vote on own salary but cannot exceed salary recommended by salary setting commission.	\$104,999	\$80,999	\$2.9 Billion	\$80,090
San Francisco	837,442	City/County salary of Mayor and 11 supervisors set by Civil Service Commission	\$285,319	\$110,858	(City & county) \$8.582 Billion	\$73,802
Fresno	515,609	Mayor and 7 councilmembers salary set by ordinance	\$130,000	\$65,000	\$995.4 Million	\$38,386
Sacramento	475,122	Mayor and 8 councilmembers have their salaries set by a citizens' commission, chaired by a retired judge	\$117,861	\$62,032	\$872 Million	\$64,513
Long Beach	470,292	Mayors salary automatically indexed to CPI annually; 9 councilmembers paid 25% of mayor	\$136,150	\$34,041	\$3 Billion	\$47,837
Oakland	406,253	Salary of Mayor set by Council indexed to average salary of officials in six other cities; salary of council set by public ethics commission, according to CPI	\$183,395	\$81,550	\$1 Billion	\$59,511

The City of San Jose is closest to the City of San Diego in terms of population, budget and Mayor/Council salaries. The Mayor and Councilmember salaries in San Jose are substantially unchanged since FY 2005.

Table II compares the current salaries of elected officials in the same eight major cities with what their jobs paid in fiscal year 2006. Over the last ten years the average wage increased by about 20% although there was wide divergence from the average with respect to mayoral salaries. San Diego is the only city where neither the Mayor nor Councilmembers received an increase. Data was obtained by Grand Jury correspondence with each city in September 2014.

TABLE II

CITY	FY2015 Salary Mayor	FY 2006 Salary Mayor	% Increase Mayor	FY 2015 Salary Council- member	FY 2006 Salary Council- member	% Increase Council- member
Los Angeles	\$235,679	\$193,908	22%	\$184,000	\$149,160	23%
San Diego	\$100,464	\$100,464	0%	\$75,386	\$75,386	0%
San Jose	\$104,999	\$105,019	0%	\$80,999	\$75,094	13%
San Francisco	\$285,319	\$179,140	59%	\$110,858	\$90,740	22%
Fresno	\$130,000	\$99,360	31%	\$65,000	\$44,511	46%
Sacramento	\$117,861	\$100,776	17%	\$62,032	\$53,040	17%
Long Beach	\$136,150	\$111,326	22%	\$34,041	\$27,832	26%
Oakland	\$183,395	\$183,295	0%	\$81,550	\$66,896	22%
Average Increase			20.1%			21.9%

Strong Mayor, Strong Council: Proposition F in November 2004 added Article XV (Sections 250 through 295) to the City Charter, transforming the governance of the City of San Diego from Council-City Manager to Mayor-Council. This type of city management is often called the “Strong Mayor” form of government.

Article XV moved the duties and responsibilities of the City Manager to the Mayor, conferring more executive authority, duties and responsibility on the Mayor. These duties include but are not limited to:

1. Supervising the annual preparation of the City’s budget;

2. Hiring and firing a Chief Operating Officer, Police and Fire Chiefs, and other department directors;
3. Managing the day-to-day operations of the City;
4. Exercising veto power over proposed legislation (newly added to Charter).

As a result of the change to the Strong Mayor form of governance the City Council's role expanded. There is increased activity of Council Committees and more proposed legislative items are being referred to committees.

The number of Council Committees has expanded from five to seven. An Audit Committee was added in 2008 and an Infrastructure Committee in 2013. A separate Economic Development Committee was established in 2012 which, in 2014, became the current Economic Development and Intergovernmental Relations Committee.

In addition, Proposition F (2004) created the position of City Council President, who is elected from among the Councilmembers. The President's responsibilities include serving as chair for Council meetings and managing the process of putting items on the agenda.

Among the expanded duties of the City Council are:

1. Approval of the Mayor's proposed budget with the ability to add or delete budgetary items based on budget reviews with each department and public input;
2. Ongoing budget monitoring with the ability to add or delete items once at mid-year;
3. Spearheading the need for new regulations, taking public testimony and brokering compromises (if necessary) on various issues;
4. Monitoring infrastructure needs and funding priorities; improving the process for getting infrastructure contracts approved;
5. Monitoring the creation and implementation of the five-year plans for the Fire and Rescue Department and the Police Department;
6. Actively advocating for public/private partnerships;
7. Approving (or denying) major development projects and setting the conditions for approval where indicated; hearing appeals of decisions by the City Planning Commission; and hearing appeals on decisions of the Historical Resources Board;
8. Overseeing the wind-down of the Redevelopment Agency; approving related activities by Civic San Diego and the San Diego Housing Commission.

Based on the Grand Jury's observation and witness testimony, the typical work week of a City Councilmember exceeds sixty hours, consisting of but not limited to:

1. Meetings of the full City Council;
2. Council Committee meetings;
3. Preparation for agenda items;

4. Briefings with Council and/or Department staff;
5. Attendance at events in the Community;
6. Meetings with constituents, both at City Hall and in the community; and
7. Meetings with lobbyists.

The Grand Jury finds that the following facts merit consideration due to:

1. Expanded duties and responsibilities under the Strong Mayor form of government;
2. The fact the Mayor and Councilmembers have had no cost of living increase since 2003;
3. The fact they receive substantially lower salaries than their top management; and
4. The fact they receive lower compensation for the same or similar positions in cities of lesser size.

Increasing the compensation may result in the recruitment of additional qualified candidates with demonstrated executive ability for the Offices of the Mayor and City Council.

Benchmarking: The one common thread in all the testimony the Grand Jury heard on this subject was that Councilmembers should not be voting on their own salaries. The majority of those who testified also opined that salaries were too low. Most believe that, if left unchanged, governance of the City would eventually be left to either wealthy people or those with relatively limited experience.

Even witnesses who opposed any increase in compensation agreed that the City Charter should be amended to remove Councilmembers from the process. Some external benchmark should be found. The two most common external benchmarks adopted by other California Cities are:

1. Linkage to salaries of Superior Court Judges, with increases based on the average wage increase for state employees, as approved by the State legislature;
2. Linkage to a commonly used Cost of Living Adjustment (COLA), such as the Consumer Price Index published by the Federal Bureau of Labor Standards.

The City Council considered variants of both these options in the 2008-2009 time frames but ultimately voted against any salary increase on March 30, 2009. The Grand Jury is neither recommending any specific process nor that any specific salary amount be adopted. We do, however, offer variations of the two scenarios mentioned above as illustrations of what could be done.

Option 1: Linkage to the Salary of Superior Court Judges

The current salary of a Superior Court Judge is \$184,000 per year. Two of the large government agencies the Grand Jury looked at currently use this benchmark:

1. The City of Los Angeles: City Councilmembers (15) receive 100% of a Superior Court Judge's base salary, per City Charter.
2. The County of San Diego: Members of the Board of Supervisors (5) receive 80% of a Superior Court Judge's base salary, per County Charter.

Increases for these benchmarks are determined periodically by the State Legislature and are usually based on average wage increases for State employees. The most recent increase went into effect on July 1, 2014.

Table III indicates what the Mayor's salary would be if benchmarked to a certain percentage of that of a Superior Court Judge with the corresponding salary for Councilmembers, if based on 75% of the Mayor's salary:

TABLE III

<u>Percentage</u>	<u>Mayor Salary</u>	<u>Council Salary (75% of Mayor)</u>
100%	\$184,000	\$138,000
90%	\$165,600	\$124,200
80%	\$147,200	\$110,400
70%	\$128,800	\$96,600
60%	\$110,400	\$82,800
Current	\$100,464	\$75,386

This benchmarking approach allows for more than one possibility:

1. The percentage of the Mayors Salary for Councilmembers could be raised or lowered.
2. The salaries for Councilmembers could be benchmarked to those of Superior Court Judges with the Mayor receiving a certain percentage above the Council.

Most importantly, if voters approve the recommended Charter amendment, Councilmembers would no longer be put in the uncomfortable position of having to vote on their own salary increases. The amount of those raises would be established by an act of the State Legislature.

Option 2: Linkage to the Consumer Price Index

The Consumer Price Index (CPI) is determined by tracking price changes of consumer goods and services in a given market over a period of time. It is based on data compiled by the Bureau of Labor Statistics of the United States Department of Labor. The CPI is used by many public and private agencies to determine cost of living adjustments for their beneficiaries or employees. The City of Long Beach uses the CPI to determine the amount of raises for its Mayor and Councilmembers.

The CPI for the San Diego Urban Area is published semi-annually for the periods ending December 31 and June 30. Adding the CPI percentage increases (and one decrease in

2009), as of June 30 each year since 2004 we arrive at how much the cost of living has increased since the Mayor and Council last received a salary increase. That figure is 27.1 %, an average of 2.5% per year over eleven years.

Since the proposed charter amendments would not go into effect until FY 2018 at the earliest, we have added another 7.5% representing the anticipated average CPI increase of 2.5% for 2015, 2016 and 2017. The total of 34.6% could be applied to the current salary to establish a base salary effective July 1, 2017 for future cost of living increases.

Using this option, the base salaries compute as follows:

Mayor: $\$100,464 \times 1.346 = \$135,225$

Council: $\$75,386 \times 1.346 = \$101,696$

Many variations of this option are also possible. For example, Councilmembers could index Council salaries by a fewer number of years, say the most recent five years. They could adopt no proposed increase to current salaries and apply the CPI on a go-forward basis.

If this option, or something similar, were adopted the charter amendment could be worded to have the salaries indexed annually on the certification of the CPI by the Controller or Chief Financial Officer. Under this option the salary adjustments would be determined by the Bureau of Labor Statistics and would no longer require a vote of the Council.

The Grand Jury suggests that these and/or other options be discussed in open session and fully vetted. The desired outcome would be a proposed amendment to the City Charter.

City Attorney and City Auditor: The Grand Jury considered whether the salaries of the City Attorney, an elected official, and the City Auditor, who is appointed to a term of ten years by contract, should be subject to the same external benchmark as the Mayor and City Council. Both have the need to be independent of the Mayor and Council. There is the possibility of that independence being compromised if they are dependent on the Council for their salaries.

The salary of the City Attorney is fixed by the City Council. It cannot be decreased during a term of office and cannot be less than \$15,000 per year. The current salary for the City Attorney is \$193,648. The annual compensation of the City Auditor is based on the recommendation of the Audit Committee to the City Council, which is charged with approving it. The Audit Committee is composed of two Councilmembers and three public members appointed by the Council. The annual compensation for the City Auditor is \$168,000.

Our investigation of this issue was inconclusive. Some witnesses said the current process works well; some testified that both their salaries should be subject to an external

benchmark. Some proposed to change the process for one or the other, but not both. Some major cities in California have appointed City Attorneys. Others have elected City Auditors.

Accordingly, the Grand Jury decided not to pursue this issue. However, it is worth exploring by a City Council Committee or Charter Review Committee.

Charter Review Committee: The City Attorney in a memo to the Mayor and the City Council dated October 22, 2013 stated “The City Charter has provisions that are ambiguous, outdated and incomplete.” He also wrote that “key governance provisions are not addressed.” Among other things, he recommended the formation of a Charter Review Commission. Several Councilmembers agreed with him at a public meeting of a City Council Committee.

Most recently, the City Attorney in a report to the City Council dated February 5, 2014, identified 53 (out of 295) sections of the City Charter that were in need of deletion or revision. He also mentioned the option of a Charter Review Commission. This would provide a means of soliciting public input and making recommendations to the Mayor and City Council on what to put on the ballot.

The Grand Jury notes that the City Attorney has included the recommendations contained in two recent Grand Jury reports in his summary of potential Charter revisions. These recommendations deal with the process for selection of members of the Redistricting Commission and the process for removal of elected officials.¹

The City’s response to both of those reports was that a Charter amendment would be required and that it would be more economical if all Charter amendments were added to the ballot at the same time. Accordingly, it would be appropriate that the members of the Charter Review Committee be chosen in sufficient time to get the salary setting recommendation, along with other suggested amendments, on the June 2016 ballot.

Based on recent history the deadline for Council action to place an item on the June ballot occurs in late February. A Charter Review Committee would need about nine months to a year (based on the Charter Review of 2007) to vet all 53 revisions identified by the City Attorney and other proposed revisions.

At the November 19, 2014 meeting of the City Council’s Economic Development and Inter-governmental Relations Committee, the committee discussed a proposal to establish

¹ 2011/2012 San Diego County Grand Jury Report *City of San Diego 2010 Redistricting Commission* <http://www.sandiegocounty.gov/content/dam/sdc/grandjury/reports/2011-2012/RedistrictingReport.pdf> and 2013/2014 San Diego County Grand Jury report *Updating San Diego’s City Charter* <http://www.sandiegocounty.gov/content/dam/sdc/grandjury/reports/2013-2014/UpdatingSanDiegoCityCharterReport.pdf>

a Special Issues Committee on Charter Reform. The proposed committee would begin at the earliest feasible time and end on June 30, 2016. It would make prioritized recommendations to the full Council for its vote to place on the ballot for either June 2016 or November 2016. The proposed committee would consist of four voting Councilmembers and representatives from the Offices of the Mayor, City Attorney, Independent Budget Analyst, City Clerk and Legislative Affairs.

The proposed Charter Review Committee was approved unanimously by the full City Council on December 8, 2014. The Grand Jury recommends this committee fully vet linking the salary of the Mayor and Councilmembers to an external benchmark and that it recommend putting the issue on the ballot in 2016.

FACTS AND FINDINGS

Fact: The Salary Setting Commission was established to make biennial recommendations to the City Council on the compensation of the Mayor and City Council.

Fact: The City Council has not enacted an ordinance incorporating the Salary Setting Commission's recommendations, or some lesser amount, since 2002.

Fact: The duties of the Mayor and, to a lesser extent, those of the City Council, have expanded since 2006, when the current Strong Mayor form of government took effect.

Fact: City Councilmembers are reluctant to enact an ordinance raising their own salary.

Finding 01: Salaries of Councilmembers and the Mayor should be tied to an external benchmark.

Fact: Changing the process for setting the compensation for the Mayor and Councilmembers would require an amendment to the City Charter.

Fact: Recognizing the need for multiple changes to the Charter, the City Attorney has recommended the creation of a Charter Review Commission.

Fact: A Charter Review Committee has been created.

Finding 02: A Charter Review Committee should be formed by the end of March 2015 in order to meet deadlines for City Council approval for the June 2016 ballot.

RECOMMENDATIONS

The 2014/2015 San Diego County Grand Jury recommends that the San Diego City Council:

15-01: Place on the June 2016 or November 2016 ballot a proposed amendment to the City Charter which would:

Amend Section 12.1 by linking the salaries of councilmembers to an external benchmark effective July 1, 2017;

Amend Section 24.1 by linking the salary of the mayor to an external benchmark effective July 1, 2017;

Delete Section 41.1 which would then abolish the City of San Diego Salary Setting Commission effective June 30, 2017.

15-02: Through the newly created Charter Review Committee, fully vet the recommended Salary Setting Amendment proposed here.

REQUIREMENTS AND INSTRUCTIONS

The California Penal Code §933(c) requires any public agency which the Grand Jury has reviewed, and about which it has issued a final report, to comment to the Presiding Judge of the Superior Court on the findings and recommendations pertaining to matters under the control of the agency. Such comment shall be made no later than 90 days after the Grand Jury publishes its report (filed with the Clerk of the Court); except that in the case of a report containing findings and recommendations pertaining to a department or agency headed by an elected County official (e.g. District Attorney, Sheriff, etc.), such comment shall be made within 60 days to the Presiding Judge with an information copy sent to the Board of Supervisors.

Furthermore, California Penal Code §933.05(a), (b), (c), details, as follows, the manner in which such comment(s) are to be made:

(a) As to each grand jury finding, the responding person or entity shall indicate one of the following:

- (1) The respondent agrees with the finding
- (2) The respondent disagrees wholly or partially with the finding, in which case the response shall specify the portion of the finding that is disputed and shall include an explanation of the reasons therefor.

(b) As to each grand jury recommendation, the responding person or entity shall report one of the following actions:

- (1) The recommendation has been implemented, with a summary regarding the implemented action.
- (2) The recommendation has not yet been implemented, but will be implemented in the future, with a time frame for implementation.
- (3) The recommendation requires further analysis, with an explanation and the scope and parameters of an analysis or study, and a time frame for the matter to be prepared for discussion by the officer or head of the agency or department being investigated or reviewed, including the governing body

of the public agency when applicable. This time frame shall not exceed six months from the date of publication of the grand jury report.

(4) The recommendation will not be implemented because it is not warranted or is not reasonable, with an explanation therefor.

(c) If a finding or recommendation of the grand jury addresses budgetary or personnel matters of a county agency or department headed by an elected officer, both the agency or department head and the Board of Supervisors shall respond if requested by the grand jury, but the response of the Board of Supervisors shall address only those budgetary or personnel matters over which it has some decision making authority. The response of the elected agency or department head shall address all aspects of the findings or recommendations affecting his or her agency or department.

Comments to the Presiding Judge of the Superior Court in compliance with Penal Code §933.05 are required from:

<u>Responding Agency</u>	<u>Recommendations</u>	<u>Due Date</u>
City Council, City of San Diego	15-01 through 15-02	May 4, 2015