

Council Agenda:  
2/7/06

Item: 2.14



# Memorandum

**TO:** City Council

**FROM:** Mayor Ron Gonzales  
Vice Mayor Cindy Chavez

**SUBJECT:** Adoption of a Resolution Setting the Salaries and Benefits for City Council Appointees and the Interim City Manager

**DATE:** February 2, 2006

Approved *Ron Gonzales* *Cindy Chavez* Date 2/2/06

## Recommendation

We recommend the City Council take the following actions:

1. Based on the 2005 annual Council appointee performance evaluations conducted by Council from mid-October to mid-January, we recommend the City Council approve the salary adjustments for individual Council appointees as outlined in this memo.
2. On January 31 the Council appointed Les White as Interim City Manager. We recommend the Council also approve the recommendation on Mr. White's compensation package that is also contained in this memo.
3. Finally, we recommend the Council approve the broad timetable and next steps to recruit the next city manager.

## Background

The Council has reviewed and evaluated the performance of all six Council appointees. The objectives of the evaluation process have been to:

- provide better communication to the appointees regarding the Council's performance expectations;
- provide a better opportunity for appointees to inform the Council about their work and accomplishments over the past year;
- focus the appointees' efforts on key Council priorities and strengthen their accountability for achieving them; and
- develop a clearer relationship between performance and compensation for appointees.

In addition, the Council received updated salary survey information on each appointee position. The surveys were conducted by the Employee Services Department. The information was helpful in determining the appointee salary recommendations contained in this memo. The survey information is contained in Attachment A.

In addition, with the appointment of Les White as Interim City Manager, Council needs to approve a compensation package for him as well. Our recommendation on Mr. White's compensation package is also contained in this memo.

To ensure the timely appointment of the next permanent city manager, we also recommend that Council approve the proposed timetable and steps to recruit and appoint the next city manager.

## **Discussion**

### 2005-2006 Salary Recommendations for Current Council Appointees

As in previous years, with the exception of Interim City Manager Les White (who was just appointed), the recommended salary adjustment is a direct reflection of how the Council rated the appointee's performance over the past year. The recommended salary adjustments are based on a performance evaluation ratings table established by the Mayor's Office and reviewed by the Council several years ago (see Attachment B). As in past years, when the City has been able to award pay adjustments, we are recommending that any recommended pay increase first be used to adjust the base salary of any appointee whose salary was found to be below the surveyed average to that market average. (In this case, we are recommending the "geographically adjusted survey average," which comes the closest to a "level playing field" average because it takes into account factors that cause regional differences in salaries for the same position.) Placing all or a portion of the salary in the base will ensure the base salary remains competitive compared to other similar jurisdictions. *Any appointee whose current salary is at or above the geographically adjusted survey average would not receive a base salary adjustment.* Any adjustments to those salaries that are currently at or above the survey average would be one-time merit pay to be distributed throughout the remainder in FY 05-06.

In addition to any market rate salary adjustments, we are recommending one-year merit pay in the amounts outlined below. The purpose of merit pay is to recognize an appointee's job performance for the past fiscal year. All recommended salary adjustments are retroactive to the first pay period of FY 2005-2006. We recommend that merit pay count toward retirement benefits.

For FY 05-06, only the City Manager's salary was below the survey average. The salaries of all the other appointees were at or above the surveyed market average.

It has been a number of years since the list of agencies used in the appointee salary surveys have been reviewed. Council appointees were consulted in establishing the original list of surveyed agencies. We recommend that before the next performance evaluation cycle, the current appointees be asked to provide their comments on the current list of surveyed agencies and that

staff in Employee Services make revisions, as appropriate, before conducting the next round of surveys.

#### Specific Salary Recommendations

**Harry Mavrognis:** We recommend the Executive Director of the Redevelopment Agency receive a one-time merit award in the amount of \$17,503 (8.5% of current salary) for a total 2005-06 salary compensation of \$223,127.

**Richard Doyle:** We recommend the City Attorney receive a one-time merit award in the amount of \$15,873 (8% of current salary) for a total 2005-06 salary compensation of \$214,352.

**Lee Price:** We recommend the City Clerk receive one-time a merit award in the amount of \$11,356 (9% of current salary) for a total 2005-06 salary compensation of \$137,529.

**Gerald Silva:** We recommend the City Auditor receive a one-time merit award in the amount of \$15,169 (9% of current salary) for a total 2005-06 salary compensation of \$183,711.

**Barbara Attard:** We recommend the Independent Police Auditor receive a one-time merit award in the amount of \$10,150 (7% of current salary) for a total 2005-06 salary compensation of \$155,150.

We congratulate each of the current appointees for another year of meritorious service to the City and its residents.

#### Compensation Adjustment to Former City Manager Del Borgsdorf

Former City Manager Del Borgsdorf's base salary was found to be 11% below the survey average. Thus all of his recommended salary adjustment would normally be applied to his base salary. However, because Mr. Borgsdorf has recently retired, we recommend that in addition to any other payment due him as a result of his departure from the City, that he also receive the prorated portion the \$13,801 (6.5% of current salary) that would have been added to his FY 05-06 base salary. This award reflects the fact that as we set the FY 05-06 salary for this position and the City Manager leaves the City, *we are now seven months into the current fiscal year.*

#### Compensation Package for Interim City Manager Les White

For Interim City Manager Les White, we recommend the City Council direct the City Clerk to execute an employment contract containing the following terms and conditions:

- 1) a total compensation package not to exceed former City Manager Del Borgsdorf's total compensation package of \$285,906.20.
- 2) an annual salary of \$232,000.
- 3) a monthly car allowance of \$200.

- 4) reimbursement for one-time moving expenses not to exceed \$1,000.
- 5) no 401(a) plan.
- 6) standard employee health and dental benefits. At the end of his services as interim City Manager, Mr. White will re-retire with all the benefits of a vested City employee including his current lifetime dental benefits.
- 7) All additional standard City employee benefits and obligations.

#### Long-term City Manager Recruitment and Appointment

In addition to Mr. White's compensation package, we recommend Council approve the following steps in recruiting the next permanent city manager:

- a) Start the preliminary activities for a national recruitment and selection process for the next city manager in fall 2006 so that the next Mayor and City Council can make an appointment by spring 2007. To accomplish this objective, we recommend that Council:
  - b) Direct the Mayor's office to retain an executive search firm, and as in previous Council appointees searches, bring a contract to Council for approval no later than August 2006;
  - c) Conduct extensive public outreach throughout San Jose regarding community criteria for the candidate profile during the fall of 2006.
  - d) Prepare a draft city manager profile for council review and approval.
  - e) Include members of the community in the 2007 candidate interview process to provide advice and comment to the Mayor (similar to the process used to select the current Independent Police Auditor and the current Executive Director of the Redevelopment Agency).

We believe the selection process to hire our next city manager should be led by the next Mayor, who will be elected by San Jose voters later this year. This is the most critically important personnel appointment that the City Council makes and it is essential that the new city manager be hired by the Mayor and Councilmembers who will be working most closely with this individual in the coming years.

Based on our recent experience with national recruitment and selection processes for Council appointees, we can expect the search could require at least six months and it could be nearly a year from the beginning of the effort before a new city manager reports to work in San Jose. We therefore recommend that the City Council take steps this fall that would make it possible for the next Mayor and Council to make this appointment sooner to have the new city manager on board no later than mid-2007.

These preliminary steps would begin this fall. They would include:

- retaining a search firm;
- beginning the public participation process to solicit community input regarding the desired qualities and criteria for the position; and
- developing a draft position profile based on this and other input that would guide the recruitment.

This approach would lead to candidate interviews in early spring 2007 (with public participation in the candidate interview process) with the Mayor's nomination and a Council decision by late spring that would enable the new manager to begin by mid-year 2007.

Attachments:

- A. Appointee Position Salary Surveys
- B. Performance Rating Pay Increase Table
- C. Comparative Compensation packages of Former City Manager Del Borgsdorf and Interim City Manager Les White

**City Manager  
Salary Survey  
November, 2005**

San Jose Current Salary: \$212,326

Agency	Method of Apptmt	Title	Effective Date of Salary	Actual Annual Salary	Minimum Annual Salary	Maximum Annual Salary	Geog Diff	Geo Diff Salary	Actual Avg	Population Size
VTA		General Manager	July 2005	\$290,000			100.0	\$290,000	\$232,788	1,685,188
San Antonio	A	City Manager	11/1/2005	\$250,000			83.8	\$298,329	\$203,916	1,236,249
Santa Clara	A	City Manager	6/19/2005	\$233,544			99.5	\$234,718	\$224,419	104,001
San Diego	A	City Manager	7/1/2005	\$233,400		\$292,596	90.8	\$257,048		1,263,756
Contra Costa County	A	County Administrator	3/1/2005	\$232,875			96.2	\$242,074	\$184,666	1,009,144
Santa Clara County	A	County Executive	12/9/2002	\$230,364			100	\$230,364	\$206,328	1,685,188
Alameda County	A	County Administrator	6/19/2005	\$225,555			97.3	\$231,814	\$201,384	1,455,235
San Mateo County	A	County Manager	11/6/2005	\$222,180	\$184,829	\$231,048	98.5	\$225,563	\$207,640	699,216
Fremont	A	City Manager	6/26/2005	\$219,440			97.5	\$225,067	\$195,144	202,373
Sunnyvale	A	City Manager	6/19/2005	\$212,574			99.7	\$213,214	\$200,000	128,012
San José	A	City Manager	7/31/2005	\$212,326					\$194,940	904,522
Phoenix	A	City Manager	1/10/2005	\$204,984	\$133,453	\$210,205	86.8	\$236,157		1,418,041
Austin	A	City Manager	2/2/2005	\$196,123			85.2	\$230,191	\$181,720	681,804
Anaheim	A	City Manager	6/21/2002	\$191,129			95.4	\$200,345	\$188,115	333,776
Oakland	A	City Administrator	7/20/2005		\$175,992	\$263,987	97.3		\$209,364	397,976
Survey Average without SAN JOSE				\$226,321	\$164,758	\$249,459		\$239,606		
SAN JOSE versus Survey Average				94%						
SAN JOSE vs Geographically Adjusted Survey Average				89%						
Midpoint of Actuals without SAN JOSE				\$240,565						
SAN JOSE vs. Midpoint of Actuals				88%						
Median of Actuals without SAN JOSE				\$225,555						
SAN JOSE vs. Median of Actuals				94%						
Method of Appointment: E = Elected										
A = Appointed by Mayor, Council, Supervisors and/or Board										

**City Attorney  
Salary Survey  
November, 2005**

San Jose Current Salary: \$198,474

Agency	Method of Apptmt	Title	Effective Date of Salary	Actual Annual Salary	Minimum Annual Salary	Maximum Annual Salary	Geo Diff	Geo Diff Actual	Population Size
Fremont	A	City Attorney	6/26/2005	\$215,941			97.5	\$221,478	202,373
Santa Clara County	A	County Counsel	12/20/2004	\$213,744			100.0	\$213,744	1,685,188
Long Beach	E	City Attorney	7/1/2005	\$208,870	\$108,870	\$208,870	95.1	\$219,632	476,564
<b>San José</b>	<b>A</b>	<b>City Attorney</b>	<b>7/17/2005</b>	<b>\$198,474</b>			100.0	\$198,474	904,522
San Mateo County	A	County Counsel	11/6/2005	\$195,180	\$162,336	\$202,968	98.5	\$198,152	699,216
San Diego	E	City Attorney	7/1/2005	\$194,316		\$292,596	90.8	\$214,004	1,263,756
Alameda County	A	County Counsel	6/19/2005	\$191,110	\$151,486	\$196,851	97.3	\$196,413	1,455,235
Los Angeles	E	City Attorney	1/1/2005	\$178,992			96.2	\$186,062	3,845,541
Sunnyvale	A	City Attorney	5/22/2005	\$178,000			99.7	\$178,536	128,012
Santa Clara	A	City Attorney	6/19/2005	\$174,960			99.5	\$175,839	104,001
San Francisco	E	City Attorney	7/1/2005	\$167,224			99.1	\$168,743	744,230
Survey Average without SAN JOSE				\$191,834	\$140,897	\$225,321		\$197,260	
SAN JOSE versus Survey Average				103%					
SAN JOSE vs Geographically Adjusted Survey Average				101%					
Midpoint of Actuals without SAN JOSE				\$191,583					
SAN JOSE vs. Midpoint of Actuals				104%					
Median of Actuals without SAN JOSE				\$192,713					
SAN JOSE vs. Median of Actuals				103%					
Method of Appointment: E = Elected									
A = Appointed by Mayor, Council, Supervisors and/or Board									

**City Auditor  
Salary Survey  
November, 2005**

San Jose Current Salary: \$168,542

Agency	Method of Apptmt	Title	Effective Date of Salary	Actual Annual Salary	Minimum Annual Salary	Maximum Annual Salary	Geo Diff	Geo Diff Actual	Population Size	
San Diego	A	City Auditor	7/1/2005	\$186,036			90.8	\$204,885	\$186,036	1,263,756
San José	A	City Auditor	7/17/2005	\$168,542			100			904,522
Los Angeles	E	Controller	1/1/2005	\$164,076			96.2	\$170,557	\$164,076	3,845,541
Long Beach	E	City Auditor	7/1/2005	\$161,501			95.1	\$169,822	\$161,501	476,564
Dallas*	A	City Auditor	10/1/2001	\$144,586			88.7	\$163,006	\$144,586	1,210,393
Orange County	E	Auditor-Controller	1/7/2005	\$143,041			95.1	\$150,411	\$143,041	2,987,591
Kansas City	A	City Auditor	11/28/2004	\$134,364	\$80,208	\$145,464	85.1	\$157,890	\$134,364	444,387
Austin	A	City Auditor	10/1/2002	\$95,014			85.2	\$111,519	\$95,014	681,804
Atlanta**	A	City Internal Auditor					87.1			419,122
Oakland	A	City Auditor	7/20/2005		\$132,335	\$162,468	97.3			397,976
Detroit**	A	Auditor General					95.7			900,198
*Position currently vacant, but salary information of previous incumbent is given.										
**Data unavailable.										
Survey Average without SAN JOSE				\$146,945	\$106,272	\$153,966		\$161,156	\$146,945	
SAN JOSE versus Survey Average				115%						
SAN JOSE vs Geographically Adjusted Survey Average				105%						
Midpoint of Actuals without SAN JOSE				\$140,525						
SAN JOSE vs. Midpoint of Actuals				120%						
Median of Actuals without SAN JOSE				\$144,586						
SAN JOSE vs. Median of Actuals				117%						
Method of Appointment: E = Elected										
A = Appointed by Mayor, Council, Supervisors and/or Board										

**City Clerk  
Salary Survey  
November, 2005**

San Jose Current Salary: \$126,173

Agency	Method of Apptmt	Title	Effective Date of Salary	Actual Annual Salary	Minimum Annual Salary	Maximum Annual Salary	Geo Diff	Geo Diff Salary	Avg Actual	Population Size
San José	A	City Clerk	7/17/2005	\$126,173					\$133,629	904,522
Santa Clara County	A	Clerk, Board of Superv.	12/20/2004	\$123,852			100.0	\$123,852		1,685,188
San Diego	A	City Clerk	7/1/2005	\$118,404		\$207,936	90.8	\$130,401	\$110,928	1,263,756
Santa Clara	E	City Clerk	7/17/2005	\$103,788			.99.5	\$104,310	\$118,716	104,001
Oakland	A	City Clerk	7/20/2005		\$99,732	\$149,592	97.3		\$126,000	397,976
Survey Average without SAN JOSE				\$115,348	\$99,732	\$178,764		\$119,521	\$122,318	
SAN JOSE versus Survey Average				109%						
SAN JOSE vs Geographically Adjusted Survey Average				106%						
Midpoint of Actuals without SAN JOSE				\$113,820						
SAN JOSE vs. Midpoint of Actuals				111%						
Median of Actuals without SAN JOSE				\$118,404						
SAN JOSE vs. Median of Actuals				107%						
Method of Appointment: E = Elected										
A = Appointed by Mayor, Council, Supervisors and/or Board										

**Independent Police Auditor**  
**Salary Survey**  
**November, 2005**

San Jose Current Salary: \$145,000

Agency	Method of Apptmt	Title	Effective Date of Salary	Actual Annual Salary	Minimum Annual Salary	Maximum Annual Salary	Geo Diff	Geo Diff Salary	Avg Actual	Population Size
Los Angeles	A	Inspector General	7/1/2005	\$147,935	\$119,079	\$147,935	96.2	\$153,779		3,845,541
San José	A	Independent Police Auditor	2/13/2005	\$145,000					\$120,016	904,522
Austin	A	Police Oversight Monitor	2/13/2005	\$130,666			85.2	\$153,364	\$107,770	681,804
San Francisco	O	Director of Citizen Complaints	11/5/2005	\$115,908	\$95,368	\$115,908	99.1	\$116,961	\$127,493	744,230
Survey Average without SAN JOSE				\$131,503	\$107,224	\$131,922		\$141,368		
SAN JOSE versus Survey Average				110%						
SAN JOSE vs Geographically Adjusted Survey Average				103%						
Midpoint of Actuals without SAN JOSE				\$131,922						
SAN JOSE vs. Midpoint of Actuals				110%						
Median of Actuals without SAN JOSE				\$130,666						
SAN JOSE vs. Median of Actuals				111%						
Method of Appointment:		E = Elected								
		A = Appointed by Mayor, Council, Supervisors and/or Board								

**Redevelopment Manager  
Salary Survey  
November, 2005**

San Jose Current Salary: \$205,920

Agency	Method of Apptmt	Title	Effective Date of Salary	Actual Annual Salary	Minimum Annual Salary	Maximum Annual Salary	Geo Diff	Geo Diff Salary	Avg Actual	Population Size
San José	A	Redevelopment Manager	7/31/2005	\$205,920						904,522
San Francisco Redev. Agency	A	Executive Director	7/1/2004	\$192,244	\$150,540	\$192,244	99.1	\$193,990	\$191,017	744,230
Baltimore Dev. Corp.	A	President	7/1/2005	\$180,962			88.3	\$204,940	\$174,148	636,251
Presidio Trust	A	Executive Director	March, 2005	\$105,000			99.1	\$105,954	\$155,940	744,230
Los Angeles Comm Redev. Agency*	A	Chief Exec. Officer			\$175,000	\$225,000	96.2		\$180,720	3,845,541
*No incumbent										
Survey Average without SAN JOSE				\$159,402		\$208,622		\$168,294		
SAN JOSE versus Survey Average				129%						
SAN JOSE vs Geographically Adjusted Survey Average				122%						
Midpoint of Actuals without SAN JOSE				\$148,622						
SAN JOSE vs. Midpoint of Actuals				139%						
Median of Actuals without SAN JOSE				\$180,962						
SAN JOSE vs. Median of Actuals				114%						
Method of Appointment:		E = Elected A = Appointed by Mayor, Council, Supervisors and/or Board								



## Performance Evaluation Rating Pay Table

Performance Rating	Recommended Salary Adjustment
100 points	10%
98-99	9.75%
96-97	9.5%
94-95	9%
92-93	8.5%
90-91	8%
88-89	7.5%
86-87	7%
84-85	6.5%
82-83	6%
80-81	5.5%
78-79	5%
76-77	4%
74-75	3%
72-73	2%
70-71	1%
69 or less	0%

Appointee compensation adjustments should be directly related to performance ratings and performance ratings should be directly related to performance results. The higher the performance rating, the higher the compensation adjustment. A performance rating in the below 70 will result in no compensation adjustment.

