



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Lee Price, MMC
Richard Doyle

SUBJECT: TRANSMITTAL OF THE COUNCIL
SALARY SETTING COMMISSION
REPORT

DATE: May 22, 2009

Approved

Date

COUNCIL DISTRICT: City-Wide
SNI AREA:

RECOMMENDATION

As recommended by the Council Salary Setting Commission:

Approval of an ordinance setting the salaries and benefits of the Mayor and City Council for Fiscal Year (FY) 2009 - 2010 and FY 2010 - 2011 as follows:

1. For the Mayor, maintain the annual salary at the current level of \$127,000 for FY 2009 - 2010 and FY 2010 - 2011, respectively.
2. For each Councilmember, maintain the annual salary at the current level of \$90,000 for FY 2009 - 2010 and FY 2010 - 2011, respectively.
3. Retain the levels of health, dental, life insurance and other benefits through FY 2010 - 2011 in accordance with the benefits provided to management employees in Unit 99 and salary continuation insurance benefits as well as the City's contributions to CalPERS or PTC 457 plans through FY 2010 - 2011.
4. Continue to require Councilmembers to pay \$250 for each unexcused absence at scheduled Council meetings, pursuant to City Charter Section 407.
5. Maintain a monthly vehicle allowance of up to \$600 for the Mayor and City Council through June 30, 2011.

BACKGROUND

Pursuant to Section 407 of the San Jose City Charter, the Council Salary Setting Commission is responsible to biennially review and recommend the appropriate compensation levels for the Mayor and City Council. The Office of the City Clerk provides staff support to the Commission and is transmitting its report for your consideration. The City Council may adopt the recommended salaries, or lesser amounts.

The City Council adopted Ordinance 28052 on June 5, 2007 that established compensation levels for the Mayor and City Council through June 30, 2009. The Ordinance provides:

1. For the Mayor, annual salary of \$115,000 and \$127,000 for FY 2007 - 08 and FY 2008 - 09, respectively.
2. For each Councilmember, annual salary of \$82,500 and \$90,000 for FY 2007 - 08 and FY 2008 - 09, respectively.
3. Retain the current levels of health, dental, and life insurance benefits through FY 2008 -09 in accordance with the benefits provided to management employees in Unit 99 and salary continuation insurance benefits as well as the City's contributions to CalPERS or PTC 457 plans through FY 2008 - 09.
4. Continue to require Councilmembers to pay \$250 for each unexcused absence at scheduled Council meetings, pursuant to City Charter Section 407.
5. Monthly vehicle allowance for the Mayor and City Council of \$600 through FY 2008 - 09.

The Council Salary Setting Commission conducted ten (10) public meetings or hearings between January and April 2009. In addition, the Commission surveyed other California Cities and Counties and researched published articles regarding the compensation provided elected officials. Commissioners also reviewed previous Salary Setting Commission reports and City Council referrals to the Commission. The purpose of the Commission's meetings and hearings were to obtain information from current and previous Councilmembers or Council candidates regarding compensation; obtain community input; review data and documents obtained through the survey and research, and discuss issues related to pay and benefits for the Mayor and City Council.

ANALYSIS

On April 29, the Commission unanimously adopted the recommendations listed above. The Commission acknowledged its role is to set a compensation level that is comparable to other public or private positions with similar full time duties, responsibilities, and obligations. In doing so, the Commission is aware of the City's current and projected fiscal challenges. Taking all of these factors into consideration, the Commission found that the current salaries and benefits paid to the Mayor and Council are adequate and recommends maintaining the current salary and automobile allowance for the next two years for the Mayor and Council.

The Commission also recommended that City staff evaluate state law to determine whether an administrative procedure requiring records of vehicle-related expenses should be implemented. The Commission made this recommendation as a result of a recent opinion from the San Diego City Attorney's Office considering whether the disclosure requirements of AB 1234 apply to Council members who receive a flat car allowance. The San Diego City Attorney's Office concluded that,

under its Salary Ordinance, AB 1234 applies to the flat car allowance received by San Diego City Council members and that the Council members should file expense reports.

AB 1234 added California Government Code section 53232.3(a), which states in relevant part:

If a local agency reimburses members of a legislative body for actual and necessary expenses incurred in the performance of official duties, then a local agency shall provide expense report forms to be filed by the members of the legislative body for reimbursement of actual and necessary expenses incurred on behalf of the local agency in the performance of official duties...

An expense report is necessary only if members of a legislative body are being reimbursed for actual expenses incurred. However, the San Jose car allowance is not a reimbursement of actual expenses incurred. It is compensation and the Council members are taxed on that compensation. Therefore, AB 1234 does not apply to the car allowance that members of the San Jose City Council receive because the car allowance is a part of the Council's compensation package and not a reimburseable expense.

So, while there may be policy reasons for eliminating the car allowance compensation and reimbursing Council members for actual expenses incurred, AB 1234 does not mandate that the Council do so.

PUBLIC OUTREACH

The Council Salary Setting Commission conducted a series of public meetings and hearings from January 21 through April 29, 2000. As a part of this process, the Commission conducted public hearings on March 4, 18, 19, and 21 in various locations throughout the City and at various times. This action does not meet the criteria set below; however the Office of the City Clerk will post the item on the City's Website for the June 2, 2009 Council Agenda.

- Criteria 1:** Requires Council action on the use of public funds equal to \$1 million or greater. (Required: Website Posting)
- Criteria 2:** Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City. (Required: E-mail and Website Posting)
- Criteria 3:** Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or a Community group that requires special outreach. (Required: E-mail, Website Posting, Community Meetings, Notice in appropriate newspapers)

COORDINATION

HONORABLE MAYOR AND CITY COUNCIL

Subject: Report of the Council Salary Setting Commission

May 22, 2009

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The transmittal of the Council Salary Setting Commission report has been coordinated with the Finance Department.

COST IMPLICATIONS

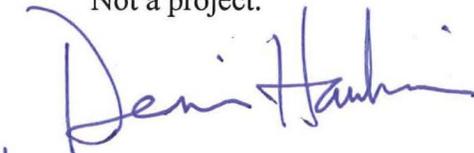
The Mayor has voluntarily waived his automobile allowance and the salary increases for 2007 – 08 and 2008 – 09 and is receiving the previously adopted annual salary of \$105,000. Based upon current compensation levels, the total annual salary costs for the Mayor and City Council is \$1,005,000 plus \$72,000 to fund the annual cost of the Councilmember's automobile allowance, for total annual compensation costs of \$1,077,000, plus fringe benefits. Adoption of the Salary Setting Commission's recommendations would continue compensation at this level for the next two fiscal years.

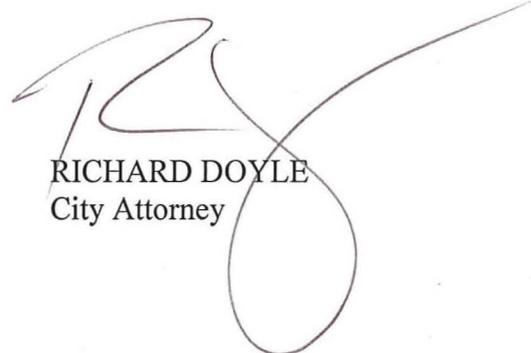
BUDGET REFERENCE

Fund #	Appn. #	Appn. Name	Total Appn.	2008 - 2009 Adopted Operating Budget (Page)*	Last Budget Action (Date, Ord. No.)
001	0220	Council General	\$4,445,320	VII – 502	2/10/09 28492

CEQA

Not a project.


LEE PRICE, MMC
City Clerk


RICHARD DOYLE
City Attorney

C: Deb Figone, City Manager

For questions please contact Dennis Hawkins, Assistant City Clerk, at 408.535.1275 or Lisa Herrick, Senior Deputy City Attorney, at 408.535.1963.