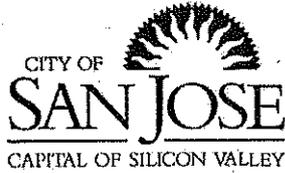


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COUNCIL AGENDA: 6-19-08
ITEM: 2b



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Lee Price, MMC

A handwritten signature in cursive, appearing to be "LP", written in black ink.

SUBJECT: TRANSMITTAL OF THE COUNCIL
SALARY SETTING COMMISSION
REPORT

DATE: June 12, 2008

COUNCIL DISTRICT: City-Wide
SNI AREA: N/A

On February 6, 2008 the City Council Rules and Open Government Committee suggested that the Salary Setting Commission provide input on a possible Charter amendment regarding methods of establishing compensation for the Mayor and City Council and make recommendations to the City Council, including community input. As requested, the Commission convened special meetings and conducted a series of community forums to gather input on alternate methods of compensation. On June 5, 2008, by unanimous vote, the Commission authorized the attached recommendations for consideration by the Mayor and City Council.

For questions please contact Lee Price at 408.535.1260.



CITY OF SAN JOSE, CALIFORNIA

200 East Santa Clara Street
San José, California 95113
Telephone (408) 535-1265
FAX (408) 292-6207

**CITY COUNCIL SALARY
SETTING COMMISSION**
Thomas E. Cochran, Chair
Kim A. Skeen, Vice Chair
Jacqueline Hernandez
Joan M. Cooper

June 5, 2008

Honorable Mayor and City Council
City of San José
200 East Santa Clara Street
San Jose, CA 95113-1905

**Re: Recommendation to Submit a Ballot Measure to Amend City Charter Section 407,
Mayor and Council Compensation**

RECOMMENDATION

That the City Council submit a proposal to the voters on the November 2008 ballot to change the City Charter and the method of establishing compensation for the Mayor and City Council as follows:

- a. Compensation to the Mayor shall be based at 80% of the salary established for a Judge of the California Superior Court
- b. Compensation for Councilmembers shall be based at 60% of the salary established for a Judge of the California Superior Court
- c. Benefits, such as health, dental, etc., shall be equivalent to that provided to Management employees. The Mayor and Councilmember shall have a choice of retirement plans provided by CalPERS or the City's PTC 457 plan
- d. Other compensation, such as automobile allowance, shall be equivalent to that provided to Executive Management employees

BACKGROUND

On February 6, 2008, the City Council Rules and Open Government Committee suggested that the Salary Setting Commission provide input on a possible Charter amendment regarding methods of establishing compensation for the Mayor and City Council and make recommendations to the City Council, including community input. The Commission convened special meetings and conducted a series of community forums to gather input on alternate methods of compensation.

ANALYSIS

A. Goals of Salary Setting

The CSS Commission strongly believes that the compensation for the Mayor and Councilmembers should be fair and adequate with respect to the scope and complexity of their responsibilities. Equally important, the Council's salary should be appropriately competitive by the local living standards so that qualified citizens are not deterred from running for offices because of economic considerations. It should also be on par with the salaries of City employees or elected officials in other jurisdictions with comparable workloads, responsibilities and obligations. Testimony before the Commission in 2007 revealed that pay equity is important in attracting and retaining high quality public officials who are dedicated to the City's best interest. Through interviews, surveys, public forum and analysis of published data, the CSS Commission finds that the Mayor and City Council have not been receiving adequate and fair compensation. Among the factors considered in its 2007 report, the Commission concluded:

- San Jose is the 10th largest City in the nation and 3rd largest in California
- The jobs of the Mayor and City Councilmembers are full-time
- The size of the San Jose's operating and capital budgets equal or exceed many California counties and most cities
- San Jose's geographic area, population, diversity, economy and number of employees in its work force is more comparable to those of California County Boards of Supervisors, rather than most California cities.

B. Recommended method

Under Government Code Section 68203, salaries for judges reflect the average percentage salary increase for California state employees with ratified contracts. Compensation for the judiciary is periodically adjusted to reflect compensation paid to state public employees. The current adopted salary for judges effective July 1, 2007, is \$178,789.

The Commission recommends that salaries for the Mayor and City Councilmembers be indexed to compensation paid to Superior Court judges. This method of indexing compensation for elected officials is used by a number of other California cities and counties.

Compensation for the Mayor: In recognition that the Mayor is the political leader of the City with nearly 1 million constituents and elected on a citywide basis, the Commission recommends that the Mayor's compensation be equivalent to that of a member of the Board of Supervisors, at 80% of a judge's salary. For example, under this formula the Mayor's salary would be set as follows:

Current Salary	FY 2007-08 80% of Judge's Salary	July 1, 2008 Salary	FY 2008-09 80% of Judge's Salary,
\$115,000	\$143,031.20	\$127,000	To be determined

Compensation for Councilmembers: Councilmembers, on average, represent approximately 100,000 residents in each district. The Commission recommends that Council salaries be set, as follows:

Current Salary	FY 2007-08 60% of Judge's Salary	July 1, 2008 Salary	FY 2008-09 60% of Judge's Salary,
\$82,500	\$107,273.40	\$90,000	To be determined

Benefits: The Mayor and Council are currently provided benefits equivalent to those provided to all City management employees. The proposal leaves this unchanged.

Other Compensation: The proposal would provide that any other compensation provided to the Mayor and City Council, such as an automobile allowance, be equivalent to that provided the City's Executive Management (Council Appointees and Department directors).

C. Results of Community Meetings

Despite an extensive public information campaign and outreach, only one resident attended any of the Commission's three community meetings. The meetings were held throughout the city on the following dates:

Day, Date and Time	Location
Monday, May 12 - 6:30 p.m.	Dr. Roberto Cruz Alum Rock Branch Library 3090 Alum Rock Avenue
Thursday, May 15 - 6:30 p.m.	Edenvale Branch Library 101 Branham Lane East
Monday, May 19 - 6:30 p.m.	Cambrian Branch Library 1780 Hillsdale Avenue

While the resident offered valuable input, the Commission concluded that their recommendation should be based upon the information gathered during the Commission's work completed in 2007.

COORDINATION

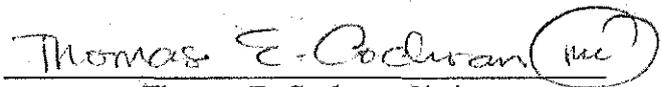
In 2007, the CSS Commission received input from Councilmembers, public officials, City staff, and participants at the Commission's hearings as well as during our recent community meetings. The Commission was assisted by staff of the Offices of the City Attorney and City Clerk in conducting its business which led to the formulation of these recommendations. By unanimous vote, on June 5, 2008, the Commission authorized the Chair to submit this report to the City Council on behalf of the Council Salary Setting Commission.

CONCLUSION

The current Charter places the Council in the awkward position of requiring a vote on its own compensation. This has proven to be difficult and problematic, particularly in tough budgetary times. In 2003 and 2005, the Council took no action on Commission recommendations. In 2007, the Council, recognizing the need for considering a change to the process, directed that staff work to develop a compensation system that would remove the Mayor and Council from the decision-making process.

Honorable Mayor and City Council
Re: Amendment to City Charter Section 407
June 5, 2008
Page 5

The recommended system is comparable to that used by other counties and cities in California for establishing compensation for elected officials. The proposed Charter change provides a fair and impartial way to adjust compensation for elected officials that takes into consideration the State's budgetary and economic conditions (which is reflective of the City's conditions), inflation and other cost of living factors. This system removes politics from the decision and provides a mechanism to keep the salaries of our elected leaders commensurate with their duties and responsibilities.


Thomas E. Cochran, Chair