

ORDINANCE NO.

**AN ORDINANCE OF THE CITY OF SAN JOSE AMENDING
TITLE 12 OF THE SAN JOSE MUNICIPAL CODE TO ADD
CHAPTER 12.23 AND ESTABLISH A “PAY FOR
PERFORMANCE” EVALUATION PROCESS FOR THE
MAYOR AND CITY COUNCILMEMBERS BASED ON
OBJECTIVE PERFORMANCE METRICS**

WHEREAS, Section 407 of the City Charter of the City of San José provides that the annual salaries of the Mayor and City Councilmembers are set by the Salary Setting Commission once every five years, with annual Consumer Price Index adjustments in intervening years; and

WHEREAS, the City Council seeks to promote transparency, accountability, and performance-based governance by linking elected officials’ compensation to the achievement of objective performance goals; and

WHEREAS, the City Council intends to evaluate its collective performance annually based on publicly reported performance metrics aligned with Council-adopted priorities;

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF SAN JOSE:

SECTION 1. Title 12 of the San José Municipal Code is hereby amended to add a new Chapter, to be numbered, entitled and to read as follows:

CHAPTER 12.23 PAY FOR PERFORMANCE

Part 1 Name and Purpose

12.23.100 Name, Purpose and Intent.

- A. This Chapter will be referred to as the “Pay for Performance Ordinance.”
- B. The purpose of this Chapter is to establish a Pay for Performance framework that promotes accountability and incentivizes performance by linking a portion of the Mayor and City Councilmembers’ annual salaries to the achievement of predetermined, objective performance metrics. This Chapter will be administered in compliance with the San José City Charter.
- C. Nothing in this Chapter modifies the legal authority of the Salary Setting Commission to establish or adjust compensation under Charter Section 407. Any performance-based reductions described herein will operate as post-salary adjustments by the Mayor and City Council consistent with Charter Section 407(d).

Part 2 Definitions

12.23.200 Definitions.

The definitions set forth in this Part shall govern the application and interpretation of this Chapter.

12.23.210 Collective Performance.

"Collective Performance" means the performance of the City Council and Mayor acting together as the legislative body.

12.23.220 Evaluation Year.

"Evaluation Year" means the fiscal year immediately preceding the performance evaluation conducted each September.

12.23.230 Performance Metrics.

"Performance Metrics" means the objective criteria adopted by the City Council to assess performance, which must be specific, measurable, achievable, relevant, and time-bound.

Part 3

Charter Provisions Regarding Salaries

12.23.300 Charter Provisions Regarding Salaries.

Pursuant to Section 407 of the City Charter:

- A. The annual salaries of the Mayor and each City Councilmember are established by the Salary Setting Commission once every five years.
- B. In any year in which the Salary Setting Commission does not meet, the annual salaries may be adjusted based on changes to the Consumer Price Index as specified in Section 407(c).

- C. The Council may, at any time, by ordinance, reduce the salaries of the members of the Council, including the Mayor. In any salary reduction hereunder, the salaries for each member of the Council shall be the same, except that the salary of the Mayor may exceed that of the other members of the Council.
- D. Nothing in this Chapter supersedes or conflicts with these Charter provisions.

Part 4

Mayor and Council Salary Evaluation Process

12.23.400 Performance-Based Salary Evaluation.

- A. Commencing in September 2026, and in each September thereafter, the City Council will conduct an annual evaluation of its collective performance at a regular or special public meeting.
- B. Within ninety (90) days after the effective date of this Chapter, the City Manager, in coordination with the City Attorney, will return to the City Council with a proposed Council Policy that sets forth the evaluation scoring methodology and detailed evaluation procedures. In addition, the City Manager will bring forward the recommended objective performance metrics that are aligned with the Council-adopted priorities for 2025-2026. At the conclusion of each fiscal year thereafter, the City Manager will bring forward the recommended objective performance metrics that are aligned with the Council-adopted priorities to be used for the next Evaluation Year, if they have been changed. The Council Policy, once adopted, will govern every annual evaluation under this Section.
- C. The performance evaluation will measure the Mayor and City Council's Collective Performance against the established metrics for the prior Evaluation Year.

- D. The City Council may designate a qualified independent evaluator, such as the City Manager, City Auditor or an external performance management consultant, to compile the performance data and present the performance results to the City Council.

12.23.410 Salary Reduction for Performance Shortfall.

- A. If the Council does not achieve the adopted performance metrics in full or in part, the Mayor and all Councilmembers will receive a proportional salary reduction for the remainder of the fiscal year based on the adopted scoring methodology.
- B. The salary reduction will:
1. Apply equally, in percentage terms, to the Mayor and all City Councilmembers;
 2. Be proportional to the performance shortfall, up to a maximum of five percent (5%);
 3. Begin on October 1 of the evaluation year and continue through June 30 of that fiscal year; and
 4. Be calculated against the salary in effect on July 1 of the Evaluation Year, as set by the Salary Setting Commission or adjusted pursuant to Charter Section 407(c).
- C. Salary reductions under this Chapter are not cumulative and will not carry forward into subsequent fiscal years.

- D. The City Manager, in consultation with the City Attorney, will develop procedures to implement the salary reductions described in this Section in compliance with all applicable laws.

12.23.420 Equal Application Required by Charter.

In accordance with the City Charter, any percentage salary reduction implemented under this Chapter will apply equally to all members of the City Council, including the Mayor.

12.23.430 Transparency.

The results of each annual evaluation, including the Council's final score and the rationale for any salary adjustment, will be published on the City's website as part of the evaluation memorandum that will be agendized for City Council consideration each September.

SECTION 2. If any section, subsection, sentence, clause, or phrase of this Ordinance is held invalid, that decision will not affect the validity of the remaining portions.

SECTION 3. This Ordinance will become effective thirty (30) days after its final adoption.

PASSED FOR PUBLICATION of title this _____ day of _____, 2025, by the following vote:

AYES:

NOES:

ABSENT:

DISQUALIFIED:

MATT MAHAN
Mayor

ATTEST:

TONI J. TABER, MMC
City Clerk