

Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Toni J. Taber, City Clerk

**SUBJECT: TRANSMITTAL OF THE SALARY
SETTING COMMISSION REPORT**

DATE: October 5, 2017

RECOMMENDATION

1. Accept the Salary Setting Commission's Report on Recommended Options for Consideration of Charter Amendment Relating to Mayor and City Council Salaries
2. Discussion and direction regarding an amendment to City Charter relating to Mayor and City Council Salaries

BACKGROUND

Section 407, Attachment A of this memorandum, of the San José City Charter requires that the Salary Setting Commission, which is appointed by the Civil Service Commission, review and recommend appropriate compensation levels for the Mayor and City Council on a biennial basis. Establishment of the Salary Setting Commission is in Section 1001.1 of the City Charter, provided as Attachment B.

ANALYSIS

On April 20, 2017, the Salary Setting Commission unanimously adopted recommendations to the Mayor and Council salaries, benefits, and stipend for non-City employee members of both Retirement Boards. The recommendation is provided as Attachment C.

On May 9, 2017 the City Council discussed the Commission's recommendations. A memorandum submitted by Mayor Liccardo, Vice Mayor Carrasco, Councilmembers Jones, Peralez and Arenas was submitted to direct the City Attorney to draft a City Charter amendment that strips the City Council of any decision-making authority over its own salary setting, or over any persons responsible for setting Council salaries. After consultation with the Salary Setting Commission, return to Council for consideration and placement on the November 6, 2018 ballot.

The Salary Setting Commission held three Special Meetings, including a Study Session, on June 29, 2017, July 13, 2017, and July 27, 2017. The Clerk's Office researched the compensation setting structures for elected officials in comparable jurisdictions and submitted that information to the Salary Setting Commission for review. The research from comparable jurisdictions is provided as Attachment D.

On July 25, 2017, the Commission unanimously adopted two options relating to a Charter amendment for consideration by the City Council. The first option for consideration is that the Charter remains unchanged. The second option for consideration is to amend the Charter to change the Salary Setting Commission to a decision-making body. The attachment provides the entire text of the Salary Setting Commission's recommendation.

The City Clerk's Office will release a supplemental memorandum with alternative Charter amendment options.

COST SUMMARY

A cost estimate of a charter amendment on the November 8, 2018 ballot would cost the City approximately \$136,817. The estimate includes the fixed cost and printing costs for the County Voter Information Guide. The cost is based on the assumption that there are 6-pages for the measure that includes the text of the initiative, impartial analysis of County Counsel, argument in favor, argument against, rebuttal to argument in favor, and rebuttal to argument against. Each additional page to the measure is estimated to cost \$22,803. These estimates are based on the available data from the Santa Clara County Registrar of Voters and is subject to change upon final billing.

PUBLIC OUTREACH/INTEREST

The Salary Setting Commission conducted a series of public meetings from June 29, 2017 through July 25, 2017. The Office of the City Clerk will post this item on the City's Website as part of the October 17, 2017 Council Agenda.

COORDINATION

This memo has been coordinated with the City Attorney's Office.

COMMISSION RECOMMENDATION/INPUT

The Salary Setting Commission's recommendation is attached.

CEQA

Not a project, File No. PP17-010 (c) City Administrative Activities.



TONI J. TABER, CMC
City Clerk

For questions please contact Elaine Trinh, Deputy City Clerk, at 408-535-1260.



CITY OF SAN JOSÉ, CALIFORNIA

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SALARY SETTING COMMISSION

David Burckhard, Chair
Douglas Ludlow, Vice Chair
Eileen Consiglio
George Thibeault
Diane Owen

September 26, 2017

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

Re: Salary Setting Commission's Recommended Options for Consideration of Charter Amendment Relating to Mayor and City Council Salaries

On behalf of the City of San José Salary Setting Commission, I would like to thank the Mayor and City Council for giving us the opportunity to provide input on this decision. The Commission further appreciates the hard work and commitment of the Mayor and Council. The Commission met on eight separate occasions during this term to discuss the various strategies to determine salaries for the Mayor and Council. The commission has also explored the possibility of alternate methods of salary setting in the previous (2015) term. We examined the different practices of comparable Cities and Counties including, but not limited to, the City and County of San Francisco, City of San Diego, City of Oakland, and City of Fremont. From our findings, we discovered several salary setting methods that each government followed. We also reviewed and compared salaries and compensation of San José city staff as well as workloads of Council members. We considered a number of processes and methods that would provide a charter-compliant, fair, and reasonable method of determining the Mayor and Council salaries that would best serve the citizens of San José. Ultimately, however, the Commission decided on two viable options for the City of San José:

1. The City Charter remains as is; or
2. The Salary Setting Commission becomes a decision-making body.

The Commission has outlined the benefits of each option below, shall Council choose to implement one.

Option #1 – City Charter remains as is

The current charter has served the City well since its implementation. Furthermore, there is no evidence that changing the Charter will result in different salary amounts nor is there evidence that an amendment to the Charter will have a positive effect. In addition, the expected cost of a Charter amendment is greater than the expected cost of adjustments that increase the Mayor and Council salaries for years to come.

Option #2 – Commission becomes decision-making body

The Commission understands that the Mayor and Council strongly oppose their decision-making authority over their own salary setting or over any persons responsible for setting Mayor and Council salaries. Therefore, the Commission has provided the Mayor and Council with the option to amend the Charter to convert the Salary Setting Commission from an advisory board to a decision-making body. The current language in the Charter gives the Mayor and Council the flexibility of accepting, rejecting, or proposing a lower amount than what the Commission has recommended. New language allows Council to be removed from the entire process as the decision of the Commission would be binding.

The Commission has also discussed the potential of hiring an outside agency or personnel to set the Mayor and Council salaries, but ultimately decided that keeping the Salary Setting Commission intact ensures open government and transparency. The Salary Setting Commission follows the City's Sunshine Ordinance to ensure that the public is noticed of any meetings.

The Commission thanks the office of the San José city clerk's office especially Toni Taber, Elaine Trinh, and Anh Tran, for their guidance, research, and support during the Commission's 2017 term. The Commission also thanks the guidance of Suzanne Hutchins from the city attorney's office.

Please do not hesitate to contact the Commission if we can provide any additional information or clarification.

Handwritten signature of David Burkhard in black ink, appearing as 'D. Burkhard'.

DAVID BURKHARD, Chair
City of San José
Salary Setting Commission

SECTION 405. Judge of Qualifications.

The Council shall be the judge of the election and qualification of its members, including the Mayor, and of any other elective officer, and of the grounds for forfeiture or loss of their respective offices, and for that purpose shall have the power to subpoena witnesses, administer oaths and require the production of evidence. A member, or the Mayor, or the holder of any other elective office, charged with conduct constituting grounds for forfeiture or loss of his or her office shall be given, if he or she so demands, an opportunity to be heard in his or her own defense at a public hearing after reasonable notice to such members.

Amended at election June 7, 1994

SECTION 406. Holding Other Office.

Except as authorized by this Charter, no member of the Council shall hold any other City office or City employment, other than Mayor, during the term for which he or she was elected to the Council; provided and excepting, however, that a member of the Council may become a member of any advisory, administrative or governing body of any special purpose district, entity, organization or committee when such is authorized by State law or where the offices are not incompatible.

Amended at election June 7, 1994

SECTION 407. The Council; Compensation.

Each member of the Council, including the Mayor, shall be paid as compensation for his or her services as a member of the Council, for each calendar month during which he or she is a member of the Council, a monthly salary which shall be established by ordinance adopted pursuant to and in accordance with the provisions hereinafter set forth in this Section. No salary shall be established for any member of the Council, including the Mayor, except as provided in this Section.

Between March 1st and April 30th of every odd-numbered year, the Council Salary Setting Commission shall recommend to the Council the amount of monthly salary which it deems appropriate for the members of the Council, including the Mayor, for the two year period commencing July 1 of that odd-numbered year. The amount recommended for each member of the Council shall be the same, except that the amount recommended for the Mayor may exceed that of the other members of the Council. The monthly salary shall be in an amount which takes into account the full time nature of the office and which is commensurate with salaries then being paid for other public or private positions having similar full time duties, responsibilities and obligations.

No recommendation shall be made except upon the affirmative vote of three (3) members of the Commission. Failure of the Commission to make a recommendation in any year within the time prescribed shall be deemed to mean a recommendation that no change be made.

Each biennial recommendation, together with the reasons therefor, shall be made in writing. Before it submits any such recommendation to the Council, the Commission shall conduct at

least one public hearing on the matter. When such a recommendation has been submitted to the Council, it shall not thereafter be amended by the Commission.

The Council shall, by ordinance, which shall be subject to the referendum provisions of this Charter, adopt the salaries as recommended by the Commission, or in some lesser amount, but in no event may it increase the amount.

No more than one salary setting ordinance shall be adopted on the basis of any biennial recommendation, provided that the Council may, at any time, by ordinance, reduce the salaries of the members of the Council, including the Mayor. In any salary setting ordinance adopted 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. Salaries established by ordinance adopted pursuant to the provisions of this Section shall remain in effect until amended by a subsequent ordinance adopted pursuant to the provisions of this Section.

For each member of the Council, except the Mayor, a sum, as established by the Council Salary Setting Commission, shall be deducted from the salary of such member for each regular meeting of the Council, other than regular adjourned meetings, which he or she fails to attend in each such calendar month; provided, however, that such deduction shall not be made for his or her failure to attend any meeting during which he or she is away on authorized City business, or from which he or she is absent because of his or her own illness or the illness or death of a close family member. No deduction shall be made from the Salary of the Mayor because of his or her failure to attend any Council meeting.

Amended at election June 7, 1966

Amended at election June 5, 1973

Amended at election November 4, 1980

Amended at election November 4, 1986

SECTION 408. Reimbursement.

The members of the Council and the Mayor shall receive reimbursement, if and to the extent such is authorized by the Council, for expenses incurred in the performance of their duties or functions of office.

SECTION 409. When Office Becomes Vacant.

The office of a member of the Council or of the Mayor becomes vacant on the happening of any of the following events before the expiration of such officer's term:

- (a) The death of the incumbent;
- (b) Insanity of the incumbent, when determined by a final judgment or final order of a court of competent jurisdiction;
- (c) Resignation of the incumbent;

opposed to appointment to public service as a reward for political activity and will execute and perform the powers and duties of the office of Civil Service Commissioner in the spirit of this declaration.”

- (e) **SECRETARY.** The Council shall provide the Commission with a secretary satisfactory to the Commission; provided, however, that the head of any personnel department of the City shall not hold any secretarial, executive or administrative position under the direct jurisdiction of the Civil Service Commission.
- (f) **POWERS AND DUTIES.** The Civil Service Commission shall have the following powers and duties:
 - (1) To recommend to the Council the adoption, amendment or repeal of Civil Service Rules relating to the matters specified in Section 1102 of Article XI of this Charter;
 - (2) To make any investigation which it may consider desirable concerning the administration of personnel in the Classified Service;
 - (3) To make recommendations to the Council, the City Manager or to any other appointive power on matters relating to the administration of personnel in the Classified Service;
 - (4) To exercise and perform such other powers and duties as are expressly given to it by other provisions of this Charter; and to exercise such other powers and perform such other functions and duties as may be prescribed by the Council not inconsistent with the provisions of this Charter.

Amended at election June 7, 1988

Amended at election June 7, 1994

Amended at election November 3, 1998

SECTION 1001.1. Salary Setting Commission.

There shall be, and there is hereby established, a Salary Setting Commission. The following provisions shall be applicable thereto:

- (a) **MEMBERSHIP.** The Salary Setting Commission shall consist of five (5) members appointed by the Civil Service Commission. Members must be qualified electors of the City at all times during their term of office.
- (b) **TERMS OF OFFICE.** Except as provided hereinbelow, the regular term of office of each member of the Salary Setting Commission shall be four (4) years. The initial members of the Salary Setting Commission shall be appointed by the Civil Service Commission during the month of January, 1981. Two (2) of the members so appointed shall be appointed for a term expiring on December 31,

1982; and three (3) of the members so appointed shall be appointed for a term expiring on December 31, 1984. Commencing in December of 1982, the Civil Service Commission shall, during the month of December of each even-numbered year, make appointments to fill the offices of the members whose terms are expiring at the end of such even-numbered year. Such appointments shall be for regular terms of four (4) years commencing on the first day of January of the following odd-numbered year and expiring on the 31st day of December of the second even-numbered year thereafter.

(c) **VACANCIES.** The office of a member shall become vacant upon the happening before the expiration of his or her term of any of the events set forth in subsections (a), (b), (c), (d), (e), (h), (i), (j), (k), and (l) of Section 409 of this Charter. Also, the Civil Service Commission may remove a member from office at any time for misconduct, inefficiency or willful neglect in the performance of the duties of his or her office providing it first states in writing the reasons for such removal and gives such member an opportunity to be heard before the Civil Service Commission in his or her own defense. If a vacancy occurs before the expiration of a member's term, the Civil Service Commission shall appoint a qualified person to fill such vacancy for the remainder of the unexpired term of such member.

(d) **POWERS AND DUTIES.**

The Salary Setting Commission shall biennially make recommendations:

- (1) Respecting salaries for members of the Council, including the Mayor, as provided in Section 407 of this Charter.
- (2) Regarding the monthly stipend for any non-City employee member of the retirement board or boards which administer the retirement plan or plans established pursuant to Article XV of this Charter and designated by the Council to receive a stipend. The stipend set by the Council will be in accordance with the process established through ordinance.

Added at election November 4, 1980

Amended at election June 7, 1994

Amended at election November 4, 2014

SECTION 1002. Other Boards and Commissions.

In addition to those specific boards and commissions which are established by other provisions of this Article, the Council may create such other boards and commissions as in its judgment are required, and may grant them such functions, powers and duties as are consistent with the provisions of this Charter. In addition, the Council may create such temporary committees as it may deem advisable to render counsel and advice to the Council, the City Manager or any board or commission on any specified matter within the jurisdiction of such authorities. All boards, commissions and committees created by the Council shall be

CITY OF SAN JOSÉ, CALIFORNIA



SALARY SETTING
COMMISSION

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April 20, 2017

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

**Re: Recommended Mayor and Council Salaries, Compensation and Benefits for
FY 2017-2018 and FY 2018-2019; Recommended stipend for non-City employee
members of the Retirement Boards**

RECOMMENDATION

A. The Salary Setting Commission ("Commission") recommends adoption of an ordinance by the San Jose City Council authorizing the salaries and benefits of the Mayor and City Council for the next two Fiscal Years, the period July 1, 2017 through June 30, 2019, as follows:

1. For the Mayor, increase the authorized salary as recommended by the Commission for FY 2017-18 and FY 2018-19 from the previously recommended \$125,000 annually to \$137,000 annually.
2. For each Councilmember, increase the authorized salary as recommended by the Commission for FY 2017-18 and FY 2018-19 from the previously recommended \$92,000 annually to \$102,000 annually.
3. Retain the levels of health, dental, life insurance and other benefits through FY 2017-2019 in accordance with the benefits provided to management employees in Unit 99 including vision insurance, flexible spending accounts: medical reimbursement account and dependent care assistant program, deferred compensation, accidental death and disability insurance, basic life insurance, dependent life insurance, employee assistance program, long term disability insurance, personal accident insurance, and voluntary accident and critical illness insurance.
4. Retain the current retirement benefits offered under the CalPERS Tier 2 Plan and the PTC 457 Defined Contribution Plan.
5. Retain the current vehicle allowance of \$500 per month for the Mayor and each member of the City Council.
6. Continue to require Councilmembers to pay \$250 for each unexcused absence at scheduled Council meetings, pursuant to City Charter Section 407.

B. The Commission recommends increasing the stipend for non-City employee members of the retirement boards from \$225 to \$250 per board meeting.

EXECUTIVE SUMMARY

The City Charter directs the Salary Setting Commission to review biennially the salaries, compensation, and benefits for the Mayor and City Council. The Charter requires the Commission to take into account the full time nature of the office and to set a compensation level which is comparable to other public or private positions with similar full time duties, responsibilities, and obligations. In performing our duties, the Commission has reviewed compensation levels for other elected officials in California, while taking into consideration the current economic conditions and the status of public and private compensation in our labor market. In fulfilling our Charter responsibilities, we are mindful of the City's ongoing fiscal challenges, while also being aware of the financial conditions of the City.

Taking all of these factors into consideration, the Commission recommends increasing the salary proposed by the Commission in 2015 for the Mayor by 9.6% and the City Council by 10.8% for Fiscal Years 2017-2018 and 2018-2019.

In compliance with changes approved by voters, in November 2014 per Measure G, to the City Charter to direct the Salary Setting Commission to review biennially and recommend the stipend paid to non-employee Retirement Board members. The Commission recommends a \$25 per month increase from \$225 to \$250 (11%) in the stipend per board meeting for non-City employee members of both retirement boards for Fiscal Years 2017-2018 and 2018-2019.

BACKGROUND

Section 407 of the San Jose City Charter requires that the Salary Setting Commission, which is appointed by the Civil Service Commission, review and recommend appropriate compensation levels for the Mayor and City Council on a biennial basis. The proposed salaries are expected to "take into account the full time nature of the office" and be "commensurate with salaries then being paid for other public or private positions having similar full time duties, responsibilities and obligations." Per the City Charter, the City Council may adopt the recommended salaries or lesser amounts.

Recent Actions regarding Mayor and Council Compensation:

On February 2, 2016, the City Council adopted Ordinance No. 29679 that set the Mayor's compensation for FY 2015-2016 and FY 2016-2017 at \$125,000 annually and \$92,000 for each member of the City Council.

Recent Actions regarding Retirement Board stipends:

On May 6, 2015, the City Council adopted Resolution No. 77481 increasing the stipend per board meeting for non-City employee members of the retirement boards from \$150 to \$225.

OUTREACH

Public Meetings: Since February 16, 2017, the Commission has met in public, on at least a bimonthly basis, to discuss issues central to setting a fair and appropriate compensation for the City Council. The Commission reviewed the Council salary history and pertinent documents, interviewed Councilmembers, and evaluated other relevant data.

Public Hearings: The Commission conducted a duly noticed public hearing, on March 16, 2017, to obtain public input in accordance with the City Charter. There was public testimony by one resident of San Jose at the hearing.

Council Input: Councilmember Khamis and Councilmember Nguyen testified before the Commission. Written interview responses were received by Councilmember Jimenez, Councilmember Peralez, Councilmember Rocha, and Councilmember Jones. Councilmembers commented on the extensive commitment by San Jose's Mayor and Council, including attending many evening and weekend meetings and events in fulfilling their job duties, regularly working more than a full-time work week, and paying out of pocket for some expenses.

These Councilmembers stated that candidates are aware of the compensation paid to the City's elected leaders. Current Councilmembers also commented that their salaries have had an impact on their personal financial situations.

Public Survey: The Commission considered the public survey results of its most recent poll conducted in 2015.

Research on Comparable Jurisdictions: The Commission considered the comparison researched by the Office of the City Clerk. A summary of this research is included in Attachment A.

Survey of San Jose City Employee Salaries: The Commission, with assistance of the Office of the City Clerk, reviewed the job titles of San Jose city employees as seen on the City of San Jose Pay Plan whose annual salaries were to that of the Mayor and Councilmembers. A summary of the survey is included in Attachment B.

Retirement Board Outreach: The Commission received input from the Director of Retirement Services regarding the stipend paid to non-City employee members of both retirement boards.

ANALYSIS

A. Goals of Salary Setting

The 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 San José residents are not unduly deterred from running for office because of the level of authorized compensation. Overall, compensation is one of several significant factors in encouraging candidates to run for Mayor and Council positions.

B. Review of Current Mayor and Council Salaries

In reviewing compensation for the City's elected leaders, the Commission recognizes that the City of San Jose is the third largest City in California and the tenth largest city in the United States. The eleven members of the City Council have the responsibility for overseeing an operating and capital budget in FY 2015-2016 of approximately \$3.2 billion (Adopted Operating and Capital Budgets). Based on estimates by the California Department of Finance in 2016, the population of San Jose is approximately 1,042,094. Each Councilmember represents approximately 100,000 constituents, which is comparable to the population of a medium-size

city in California, and the Mayor represents more than one million residents. The Commission believes that the salary and benefits should be adequate and fair for current City Councilmembers and the Mayor given overall economic conditions, but also such that the City will reasonably attempt to continue to attract San José residents to represent its citizens.

The Commission believes that the scope of responsibilities of the San Jose Mayor and City Councilmembers has grown over the years. In fact, it is extremely difficult to compare the duties of elected officials between jurisdictions. The services provided, size, and scope of the organization, responsibilities, and community expectations vary greatly. The Commission suggests that factors such as the following should be considered in establishing the salaries of San Jose's Mayor and City Councilmembers:

- San Jose is the 10th largest City in the nation and the third most populous city in California
- The jobs of San Jose's Mayor and City Councilmembers are full-time plus positions. It is difficult to make a direct comparison between the duties and responsibilities of San Jose's Mayor and Council with the roles and obligations of other elected officials among California's largest cities and counties, some of whom are part-time. Each community is unique with elected officials performing distinct tasks within differing governmental structures amidst varying expectations.
- The frequency of the City Council meetings, Council committees, and assignments to represent the City on various county, regional, and state boards adds a level of complexity to the duties of San Jose's leaders.
- The size of the City's operating and capital budgets equal or exceed many California counties and place San Jose in the top tier of California cities
- San Jose's geographic area, population, diversity, economy, budget, and number of employees in its work force is more comparable generally to those of California County Boards of Supervisors, rather than other California cities. Especially for this reason, the Commission believes a comparison should be made between the salaries for the City Councilmembers/Mayor and the salaries for Santa Clara County Supervisors. Additionally, the Commission believes a comparison between comparable City of San Jose positions and City Councilmember/ Mayor salaries is instructive due to similar local cost of living and economic conditions.

C. Basis for increased salaries for the Mayor and Council

The City Charter requires the Commission to recommend salaries, and permits the Commission to recommend benefits, which are appropriate given the level of authority and accountability held by the Mayor and Council. The Commission acknowledges that the City continues to deal with budget issues in the midst of economic challenges. However, in light of the workload, challenges, complexities, and time commitment, the Commission has concluded that an increase in the Mayor and City Councilmember salaries is appropriate at this time. The Commission recommends a salary increase of 9.6% for the Mayor and 10.8% for the City Council.

The Commission determines that the duties and responsibilities of the Mayor are generally similar to that of a Santa Clara County Supervisor in complexity, scope and magnitude. The Commission concluded that the Mayor's salary be indexed at approximately 90% of that of the salary of a Santa Clara County Board of Supervisor. For Councilmembers, to be indexed at approximately 75% of the salary of the Mayor. The salary of the Councilmembers has been historically set at approximately 75% of the Mayor's salary. A history of salary setting commission recommendations versus Council actions, see Attachment C.

D. Mayor and Council Vehicle Allowance

As a part of its overall compensation, the Mayor and City Council currently receive a \$500 monthly automobile allowance (\$6,000 annually). It is apparent that Councilmembers use their personal vehicles while working. The Mayor and Councilmembers attend meetings of a variety of county, regional, and state bodies as assigned representatives of the City, as well as attend various civic functions throughout the community. The Commission finds that it is appropriate to retain this automobile allowance.

E. Health and Welfare Benefits

The Mayor and Councilmembers are eligible for all health and welfare benefits equivalent to the City's management employees in Unit 99. This system seems fair and easy to administer. The City does not need to maintain a separate health and welfare benefits system or structure for the Mayor and Council, and the Mayor and Council are equally affected by any benefits changes. The Commission recommends that this approach remain intact.

F. Basis for increased stipend for the Retirement Board

The City Charter requires the Commission to recommend a stipend, which is appropriate, for non-City employee members of both Retirement Boards. The stipend increase is recommended to acknowledge the extensive time commitment required of Board Members in meeting preparation and attendance.

G. Suggestions

The Salary Setting Commission hereby suggests that the Mayor and City Council consider an amendment to the City Charter to allow the recommendations of the Salary Setting Commission to be adopted as written rather than vote to accept or decline, or accept less than recommended. The basis for this recommendation is 1) that the salary of the Mayor and City Council should be such that an elected official can live in San Jose and have a suitable living wage, and, 2) to continue to encourage San Jose residents to run for these offices.

COORDINATION

The Commission thanks Councilmember Khamis and Councilmember Nguyen for meeting with the Commission, and Councilmember Peralez, Councilmember Jimenez, Councilmember Jones, and Councilmember Rocha for their written responses to the interview questions; Director of Retirement Services Roberto Pefia; and community participants for their valuable participation in the Commission process. Finally, the Commission would like to thank the staffs of the Offices of the City Clerk and City Attorney: Toni J. Taber, City Clerk; Suzanne Hutchins, Senior Deputy City Attorney; Ed Moran, Assistant City Attorney; Deputy City Clerks Elaine Trinh and Anh Tran; and Interns Grace Jeng and Julie Huang for their support and assistance to the Commission fulfilling its role and meeting our charge.

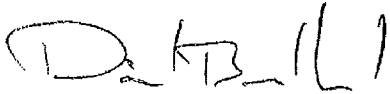
CONCLUSION

San Jose is fortunate to have had effective leadership by many men and women who have been elected and served with integrity and distinction. The Commission recommends a salary increase of 9.6% for the Mayor and 10.8% salary increase for the Council because it is essential that San Jose's elected leaders continue to focus on the people's business while receiving an appropriate level of compensation and benefits, within the City's resources.

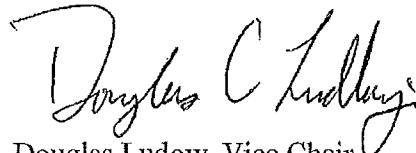
The Commission strongly encourages that the City Council accept the salary and benefits as recommended in this report. The Commission feels it is very important to continue to attract diverse candidates to service regardless of their financial position prior to seeking office, and to provide an adequate living wage for this region while they are serving.

San Jose is also fortunate to have the dedicated volunteer services of its citizens who serve on the retirement boards. The Commission recommends a stipend increase for non-City employee members of the retirement board of 11% to recognize the time and effort of Retirement Board members.

On April 20, 2017, by a vote of 5-0, the Commission approved the submission of this report.



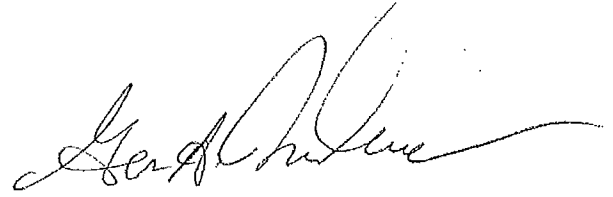
David Burkhard, Chairperson



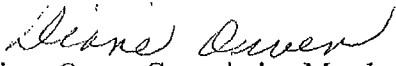
Douglas Ludow, Vice Chair



Eileen Consiglio, Commission Member



George Thibeault, Commission Member



Diane Owen, Commission Member

Attachments —

Attachment A – City Comparison

Attachment B – City of San Jose Pay Plan Contrast Chart

Attachment C – History of Salary Setting Commission Recommendations vs. Council Actions

Charter Language from Comparable Jurisdictions regarding Mayor and Council Compensation

San Francisco (FY 2017-2018)

Supervisors Pay: \$121, 606

Mayor Pay: \$326, 527

Source: Human Resources Compensation Manual

Charter Language (Section 2.100): The office of Board of Supervisors member is a full time position. The Civil Service Commission shall set the Supervisors' salary once every five years. Before the Commission determines the Supervisors' salary, it shall conduct and consider a salary survey of other full time California City Councils and County Boards of Supervisors and it may consider the Consumer Price Index (CPI).

The Civil Service Commission shall timely transmit its determination of the Supervisors' salary to the Controller, so that funds can be set aside for that purpose. The Controller shall include the Civil Service Commission's determination in appropriate budget documents to insure implementation. This determination may not be changed except by the Civil Service Commission.

The Civil Service Commission shall establish dates for an appropriate five-year cycle for making the determinations required by this Section, in order to efficiently coordinate with City budget processes and related procedures. In order to institute this five-year cycle the initial determination may be for less than a five-year period, as determined by the Civil Service Commission.

If the City and employee organizations agree to amend the compensation provisions of existing memoranda of understanding to reduce costs, the Civil Service Commission shall review and amend the Supervisors' salary as necessary to achieve comparable cost savings in the affected fiscal year or years.

The provisions of this Section shall apply, notwithstanding any other provision of this Charter.

San Diego (FY 2017-2018)

Council Pay: \$75, 386

Mayor Pay: \$100, 464

Source: Resolution 310337

Charter Language (Section 12.1): On or before February 15 of every even year, the Salary Setting Commission shall

recommend to the Council the enactment of an ordinance establishing the salary of members of the Council for the period commencing July 1 of that even year and ending

two years thereafter. The Council may adopt the salaries by ordinance as recommended

by the Commission, or in some lesser amount, but in no event may it increase the amount. The ordinance shall be subject to the referendum provisions of this Charter and upon the filing of a sufficient petition, the ordinance shall not become effective and shall be repealed by the Council or shall forthwith be submitted to a vote of the people at the next general statewide election.

Oakland (2016)

Council Pay: \$85,382.92

Mayor Pay: \$202,999.92

Source: Council pay from Public Ethics Commission Site; Mayor Pay from Pay Plan

Charter Language (Section 202.C) FOR COUNCIL PAY: Beginning with Fiscal Year 2003-2004, the Public Ethics Commission shall annually adjust the salary for the office of Councilmember by the increase in the consumer price index over the preceding year. The Commission may adjust salaries beyond the increase in the consumer price index up to a total of five percent. Any portion of an increase in compensation for the office of Councilmember that would result in an overall increase for that year in excess of five percent must be approved by the voters.

Charter Language (Article III, Section 300) FOR MAYOR PAY: **The Mayor.** The Mayor shall be nominated and elected from the City at large and shall receive an annual salary payable in equal monthly installments, and without any additional compensation or fees provided for in Section 202 of this Charter. The salary shall be set by the Council, which shall be not less than 70% nor more than 90% of the average salaries of City Managers'/Chief Executive Officers of California cities within the three immediate higher and the three immediate lower cities in population to Oakland, The Mayor's salary shall be reviewed by the City Council in odd-numbered years and may be adjusted by the Council as provided for herein.

Los Angeles (2016)

Council Pay: \$189,464

Mayor Pay: \$246,303

Source: LA Controller Site

Charter Language (Section 218): (a) **Compensation.** The Mayor, City Attorney, Controller and members of the Council shall receive compensation for their services only as provided in this section and shall not receive any other compensation for those services.

(1) Salaries. Members of the City Council shall be paid a salary equal to that prescribed by law for judges of the Municipal Court of the Los Angeles Judicial District or its successor in the event that court is dissolved or reconstituted.

The Controller shall be paid a salary that is 10% more than that of a Council member. The City Attorney shall be paid a salary that is 20% more than that of a Council member. The Mayor shall be paid a salary that is 30% more than that of a Council member.

The Controller shall be responsible for ascertaining the salary of Municipal Court judges and for setting and adjusting the salaries of elected officers in accordance with this section. Salaries shall be paid in bi-weekly increments unless the Council, by ordinance, prescribes otherwise

Sacramento (2017)

Council Pay: \$63, 272

Mayor Pay: \$127, 732.80

Source: Sacramento Salary Schedule

Charter Language (Article III. Section 29):

FOR COUNCIL: There shall be established a compensation commission whose function shall be to establish the compensation for the mayor, members of the city council, and public members of city boards and commissions. The commission shall be comprised of five members selected pursuant to Section 230 of Article XV of this Charter for staggered four-year terms. The chair of the commission shall be a retired judicial officer and all members shall be residents of the City of Sacramento. The commission shall meet at least once a year and shall serve without compensation. The city shall fund the expenses of the commission. Within one hundred eighty (180) days of passage of this measure, the commission shall set the compensation for the mayor and members of the city council. Compensation shall be reasonable and consistent with other cities similar in size and structure.

For Mayor: The mayor shall serve full-time and shall receive compensation as established by the compensation commission pursuant to Section 29 of Article III of this Charter. The mayor shall devote his or her full time and attention to the duties of the office

Fremont (2017-PT)

Council Pay: \$25,426.68

Mayor Pay: \$45,174.24

Source: Fremont Salary Schedule

Charter Language (Municode 2.05.060):

- (a) Each member of the council other than the mayor shall receive a salary of \$2,118.89 per month.
- (b) The mayor shall receive a salary of \$3,764.52 per month.
- (c) Compensation increases shall be reviewed during each budget cycle and increases shall be considered commensurate with the Consumer Price Index – All Urban Consumers, San Francisco-Oakland-San Jose in an amount not to exceed four percent. Any increase to the councilmembers' salaries shall become effective only upon commencement of a new council term of office following adoption of an ordinance authorizing the increase. Any increase to the mayor's additional compensation (the amount that exceeds the councilmembers' salary amount) shall become effective as set forth in the ordinance adopting the increase

Sunnyvale (2017-PT)

Council Pay: \$28,692.60

Mayor Pay: \$38,173.02

Source: Salary Schedule

Charter Language (Article VI. Section 603): In addition to reimbursement for necessary traveling and other expenses actually incurred when on official duty in or out of the City on order of the City Council, commencing January 1, 2012, each member of the City Council shall receive as salary \$2,088.64 per month, and the Mayor shall receive as salary \$2,784.86 per month.

In order to provide a cost of living adjustment, commencing on January 1, 2013, and annually on January 1 thereafter, the compensation of the Council and Mayor shall increase by a percentage equal to the percentage increase in the preceding October's 12-month rolling average of the Consumer Price Index-Urban(CPI-U), or successor index, for San Francisco-Oakland-San Jose, as determined by the United States Department of Labor, Bureau of Consumers. In no event shall the CPI-U compensation adjustment exceed 5% per year, or result in a compensation decrease. The CPI-U base index year shall be calendar year 2012.

If a member of the City Council does not attend all meetings of the City Council called on order of the City Council and held during the month, his/her salary for such month shall be reduced by the sum equivalent to twenty percent of the month's salary for each meeting not attended unless he/she is absent on official duty with the consent of or on order of the City Council or is granted an excused absence by the City Council, or unless he/she is on personal leave. A member of the City Council shall be permitted four personal leave days per calendar year. (Amended effective May 20, 1957, January 23, 1967, December 31, 1975, December 21, 1976, March 15, 1985, January 17, 1992 and February 15, 2012: previously Section 702)

Santa Clara (July 1, 2017- PT)

Council Pay: \$24,000

Mayor pay: \$30,000

Source: Charter Language

Charter Language (Santa Clara Charter Article VII. Section 702): Commencing on July 1, 2017, each member of the City Council, other than the Mayor, shall receive as compensation the sum of two thousand dollars (\$2,000) per month. The Mayor shall receive as compensation the sum of two thousand five hundred dollars (\$2,500) per month.

Commencing on July 1, 2019, and every two years on July 1 thereafter, the compensation of the City Council and Mayor shall be set by a Salary Setting Commission consisting of five members to be appointed by the Civil Service Commission from the qualified electors of the City for a term of four years. The first members shall be appointed for a term commencing January 1, 2019. Initially, the Commissioners shall be appointed in a manner so that two are appointed for two-year terms and three are appointed for four-year terms. On or before March 15 of every odd year, the Salary Setting Commission shall establish the salary of the Mayor and members of the City Council for the period commencing July 1 of that odd year and

ending two years thereafter. Salaries so established by the Commission shall not exceed one hundred ten percent (110%) of the previous figure.

If a member of the City Council, including the Mayor, does not attend all meetings of the City Council or study sessions called on order of the City Council and held during the month, the compensation to him/her for such month shall be reduced by the sum of twenty-five dollars (\$25.00) for each meeting or study session not attended unless he/she is absent with the consent of or on order of the City Council.

Absence from five consecutive regular meetings, unless excused by resolution of the City Council, shall operate to vacate the seat of any member of the City Council so absent. (As amended by electors at election held November 5, 1968, approved by Joint Resolution of the Legislature filed with the Secretary of State January 15, 1969; Amended by electors at an election held March 7, 2000, Charter Chapter 11 of the State Statutes of 2000; Amended by electors at an election held November 8, 2016, Charter Chapter 17 of the State Statutes of 2017)

Fresno (2016)

Council pay: \$65,000

Mayor pay: \$130,000

Charter Language (Article III. Section 308):

- a) The Council shall establish by ordinance the compensation of the elective officers of the City.
- b) Once the compensation of elective officers is fixed pursuant to subsection (a) of this section, the compensation of an elective officer shall not thereafter be increased or diminished during that elective officer's term of office