



CITY OF SAN JOSE, CALIFORNIA

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Salary Setting Commission

April 22, 2019

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RE: City Council Salaries 2019-2024

On August 10, 2018, the Council of the City of San José adopted Resolution No. 78740 to submit to the electors of the City of San José at a special municipal election consolidated with the next general election held on November 6, 2018 to consider a ballot measure proposal amending the City Charter section 407 of Article IV and section 1001.1 of Article X relating to Mayor and Councilmember Salaries. This amendment was approved by voters on November 6, 2018 and was filed with the Secretary of State on January 30, 2019.

The Charter amendment stated that commencing in 2019 and every five years thereafter, the Salary Setting Commission shall meet to set the base salary for members of the Council, including the Mayor. The base salary shall take 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. Failure of the Commission to make a determination of salary amounts in any year within the time prescribed shall be deemed to mean that no change to the base salary be made. The Commission shall submit to the City Manager no later than May 1 the determination of the Mayor and Council base salaries, together with the reasons therefor, in writing. The base salaries shall take effect on July 1.

Commencing July 1, 2020, those base salaries shall be adjusted annually in order to provide a cost of living adjustment by a percentage equal to the percentage increase of the preceding calendar year's annual average of the Consumer Price Index-Urban or successor index, for San Francisco-Oakland-Hayward, as determined by the United States Department of Labor, Bureau of Labor Statistics, but in no event shall the CPI-U Salary increase exceed 5% per year.

The Council of the City of San José may, at any time, by ordinance, reduce their salaries by ordinance.

Additionally, the Salary setting Commission shall set the sum to be deducted from the salary of each member for each regular meeting of the Council other than regular adjourned meetings, which he or she fails to attend, 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.

The Salary Setting Commission met on February 20, 2019, and held a public hearing on April 10, 2019 to make a final determination for base salary for the Mayor and Councilmembers. 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 has determined that the following factors 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, which often require fulfilling their duties on nights and weekends. 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.

Taken into consideration is the scope of work for the Mayor and City Council, the salaries of comparable cities as well as the cost of living ratio between those city's Council salaries and the cost of living, as well as the desire to attract the best candidates for Council.

The following data was compiled by the Commission Chair, Doug Ludlow, and informed the decision of the Commission.

COST OF LIVING & MAYORAL / COUNCIL SALARIES				
City	Median Household Income	Median Rent	Mayor	City Council / Supervisors
San Francisco	\$96,265	\$1,709	\$326,527	121,606
San Diego	\$71,535	\$1,503	\$100,464	\$75,386
Oakland	\$63,251	\$1,255.00	\$202,999.92	\$85,382
Los Angeles	\$61,015	\$1,322	\$245,303	\$189,464
Sacramento	\$54,615	\$1,114	\$127,732	\$63,272
Fresno	\$44,853	\$931	\$130,000	\$65,000
San Jose	\$96,662	\$1,822	\$132,612.00	\$97,602.00

COST OF LIVING TO COUNCIL SALARY RATIOS		
City	Income / Council Salary	Rent / Council Salary
San Francisco	0.79	0.0140536
San Diego	0.95	0.0199374
Oakland	0.74	0.0146986
Los Angeles	0.32	0.0069776
Sacramento	0.86	0.0176065
Fresno	0.69	0.0143231
Average Ratio Excluding San José	0.73	0.0145995
San Jose	0.99036905	0.01866765

COST OF LIVING TO MAYORAL SALARY RATIOS		
City	Income / Mayor Salary	Rent / Mayor Salary
San Francisco	0.294814824	0.00523387
San Diego	0.712046106	0.014960583
Oakland	0.311581404	0.006182268
Los Angeles	0.248733199	0.005389253
Sacramento	0.427574923	0.008721385

Fresno	0.345023077	0.007161538
Average Ratio Excluding San José	0.389962255	0.007941483
San Jose	0.728908394	0.01866765

Using the above data, the Commission Chair calculated out the suggested rates of pay for the Mayor and Council of the City of San José.

APPLYING SALARY / COST OF LIVING RATIO			
	Income Ratio	Rent Ratio	Average
Suggested Salary-Mayor	\$247,875	\$229,428	\$238,652
Suggested Salary Councilmembers	\$133,125	\$124,799	\$128,962

After discussion during the April 10, 2019 hearing and taking various data into consideration, including an opinion from the Mercury News dated July 3, 2017, the final determination adopted unanimously by the Commission was to set the base salaries of \$125,000 for the Councilmembers and \$190,000 for the Mayor.

The Commission felt strongly that the salary should empower good candidates who can devote their full time to the position. A strong competitive salary for the City Council is imperative to attracting the kind of candidates who will be strong stewards of the City of San José. 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 salaries 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.

San Jose is fortunate to have had effective leadership by many men and women who have been elected and served with integrity and distinction. It is the desire of the Salary Setting Commission to continue to encourage effective qualified leaders.

On April 22, 2019, by a vote of 3-0, the Commission approved the language of this letter.

Douglas Ludlow, Chairperson

Eileen Consiglio, Commission Member

David Burkhard, Commission Member