



EXECUTIVE SUMMARY

HOUSING COMMISSION EXECUTIVE SUMMARY SHEET

DATE: January 12, 2018

HCR18-015

SUBJECT: Actions Establishing President & Chief Executive Officer Compensation for Period of September 19, 2017, through September 18, 2018, as recommended by the Ad Hoc CEO Performance Evaluation Committee of the San Diego Housing Commission

COUNCIL DISTRICT(S): Not applicable

ORIGINATING DEPARTMENT: CEO Performance Evaluation Ad Hoc Committee

REQUESTED ACTION:

Adoption and approval of compensation package for the President and Chief Executive Officer of the San Diego Housing Commission (“CEO”) as recommended by the Ad Hoc CEO Performance Evaluation Committee.

EXECUTIVE SUMMARY OF KEY FACTORS:

- Richard C. Gentry, CEO, was hired by action of the Housing Authority of the City of San Diego (“Housing Authority”) on July 29, 2008.
- Pursuant to the First Amendment to the Employment Agreement, the CEO’s employment commenced on September 19, 2008.
- Under the terms of the Employment Agreement, the CEO’s performance and compensation package is to be evaluated on an annual basis by the San Diego Housing Commission (“Housing Commission”).
- A performance evaluation was performed by the Performance Evaluation Ad Hoc Committee and subsequently by the Board during the noticed Closed Session held on October 6, 2017, in accordance with the applicable provisions of the Brown Act.
- The evaluation covers the time period from September 19, 2016, to September 18, 2017 (the “Evaluation Period”).
- The Performance Evaluation Ad Hoc Committee and the Board praised Mr. Gentry’s management of the agency and found his performance during the Evaluation Period to be outstanding and excellent in every category.
- The Employment Contract provides that the compensation package for the CEO may be set by the Board of Commissioners, without referral to the Housing Authority, provided that sufficient funding for the payment of such compensation has been included in the Housing Authority-approved budget for the current fiscal year. The Fiscal Year (FY) 2018 Budget includes sufficient funding for CEO compensation during FY 2018, as recommended in this report.



REPORT

DATE ISSUED: January 4, 2018

REPORT NO: HCR18-015

ATTENTION: Chair and Members of the San Diego Housing Commission
For the Agenda of January 12, 2018

SUBJECT: Actions Establishing President & Chief Executive Officer Compensation for Period of September 19, 2017, through September 18, 2018, as recommended by the Ad Hoc CEO Performance Evaluation Committee of the San Diego Housing Commission

COUNCIL DISTRICT: Not applicable

REQUESTED ACTION

Adoption and approval of compensation package for the President and Chief Executive Officer of the San Diego Housing Commission (“CEO”) as recommended by the Ad Hoc CEO Performance Evaluation Committee.

AD HOC COMMITTEE RECOMMENDATIONS

That the Board of Commissioners for the San Diego Housing Commission (“Board”) establish the CEO’s compensation package retroactively to September 19, 2017, to coincide with the anniversary date of the commencement of employment, as authorized by the Employment Agreement, and as recommended by the CEO Performance Evaluation Ad Hoc Committee, consisting of the Chair Frank Urtasun and Vice Chair Dottie Surdi, for the period of September 19, 2017, through September 18, 2018, specifically:

1. Increase the CEO’s current base salary by 3 percent for the period of September 19, 2017, through September 18, 2018, (the “Compensation Period”), in consideration of the outstanding/excellent work of the CEO as determined by the Board, and consistent with the 3 percent cost of living salary increase approved for all San Diego Housing Commission employees;
2. Maintain the CEO’s current compensation package as referenced within the report for the period of September 19, 2016, through September 18, 2017, except as expressly modified by Items 1 and 3 of these recommendations; and
3. Approve a \$25,000.00 incentive performance payment in recognition of the CEO’s accomplishment of all of the goals set at the CEO’s last evaluation and his extraordinary performance.

SUMMARY

Richard C. Gentry, CEO, was hired by action of the Housing Authority of the City of San Diego (“Housing Authority”) on July 29, 2008. Pursuant to the First Amendment to the Employment Agreement, the CEO’s employment commenced on September 19, 2008. Under the terms of the Employment Agreement, the CEO’s performance and compensation package is to be evaluated on an annual basis by the San Diego Housing Commission (“Housing Commission”).

A performance evaluation was performed by the Performance Evaluation Ad Hoc Committee and subsequently by the Board during the noticed Closed Session held on October 6, 2017, in accordance with the applicable provisions of the Brown Act. The evaluation covers the time period from September 19, 2016, to September 18, 2017 (the "Evaluation Period").

PERFORMANCE EVALUATION

The Performance Evaluation Ad Hoc Committee and the Board praised Mr. Gentry's management of the agency and found his performance during the Evaluation Period to be outstanding and excellent in every category. There were several significant accomplishments of the CEO during the Evaluation Period, including:

- Successfully guided AB 1637 through the California Legislature that developed a Middle Income law, allowing the San Diego Housing Commission and the County of Santa Clara Housing Authority to implement pilot programs that would provide gap financing for rental units that are affordable to and occupied by families and households earning at or below 150 percent of Area Median Income.
- Worked with Councilmembers Scott Sherman and David Alvarez in expediting a contract with the McKinsey Group to make recommendations for the increase of supply of housing through practical and achievable solutions.
- Continued to work to grow the Housing Commission's nonprofit affiliate, Housing Development Partners, to create additional affordable housing within the City of San Diego, including rehabilitation work on the New Palace Hotel, an 80-unit single-room occupancy hotel located at 1814 5th Avenue, that will remain affordable to seniors, including formerly homeless seniors.
- With Real Estate Division ("RED") leadership, continued to advocate for measures on local, state and national levels to reduce the cost of developing affordable housing, including working with Mayor Kevin Faulconer on a City package of changes, including a Middle Income Density Bonus Program, Affordable/Sustainable Expedite Program, Development Impact Fee Calculations, Transit Parking Standards, Housing Successor Fund and Notice of Funding Availability, Transit-Oriented Development Funds and the Housing Inventory Annual Report..
- In July of 2017, announced the HOUSING FIRST – SAN DIEGO 3.0 homelessness action plan, building on the success of the first two HOUSING FIRST – SAN DIEGO Plans. The new plan targets six programs, with funding of \$79.7 million dollars to provide housing opportunities to help 3,000 to 5,000 San Diegans obtain a path off the streets in the next three fiscal years.
- Continued to work with the City Successor Agency on creating a Transit-Oriented Development fund to help provide a source of funding that currently doesn't exist in the City of San Diego.
- Continued to improve the Move to Work ("MTW") program by emphasizing increasing employment opportunities and establishing third-party partnerships. Partnerships include: BioCom, South Bay Impact Center, BEEP Tutoring and San Diego Community College District.
- Under the guidance and direction of the Board Strategic Plan Committee, chaired by Commissioner Moraga and which included the current Chairman, Frank Urtasun and Commissioner Kellee Hubbard, set the foundation for the 2016-2020 Strategic Plan.
- Monitored and actively advocated for an increase in federal homelessness funding to the Regional Continuum of Care. These activities included working with HUD to propose a Formula E, which would more equitably distribute Continuum of Care ("CoC") funds across regions of the United States experiencing the highest levels of homelessness. If approved the Formula E would increase the annual funding to San Diego by \$2,682,834.

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- Advocated in Washington D.C. for funding for both affordable housing and homelessness programs, including the following:
 - Testified before the U.S. House Subcommittee;
 - Testified before the U.S. Senate Subcommittee;
 - Lead the San Diego Chamber of Commerce group meeting with HUD Deputy Secretary in September of 2016;
 - Performed training for Congressional staff on affordable housing matters in February of 2017;
 - Lead the Moving to Work conference in Washington in April of 2017, including chairing a panel with the HUD Secretary;
 - Participated in multiple meetings with housing officials and HUD staff and Congressional staff in July, September, October and November of 2016 and in February, March, April and July of 2017; and
 - Attended the Congressional Hispanic Caucus to discuss Congress' role in assisting local leaders in September of 2017.

RECOMMENDATION OF THE PERFORMANCE EVALUATION AD HOC COMMITTEE

Based on the CEO's exemplary performance during the Evaluation Period the Performance Evaluation Ad Hoc Committee recommends the CEO's base salary be increased three percent (3%), to \$300,585.33. This increase in base salary is the same percentage that is awarded to all other employees of the Housing Commission.

The Performance Evaluation Committee recommends that the CEO's compensation package be continued with the same additional benefits in effect during the Evaluation Period. The CEO will continue to receive a \$9,600 annual car allowance, a full 457 Plan funded by the Housing Commission, health care benefits for the CEO and the CEO's spouse at the Housing Commission's expense, and full vesting in the Housing Commission's Retirement Plan. In addition, except as modified herein, all other benefits provided for in the Employment Agreement, as well as those normally provided to Executive/Management staff by the Housing Commission, shall continue to be provided to the CEO.

The Performance Evaluation Ad Hoc Committee further recommends an incentive performance payment to the CEO of \$25,000.00 because of the CEO's exemplary service during the past year and for meeting and exceeding each of his goals.

In short, the Performance Evaluation Ad Hoc Committee recommends the full Board approve the compensation package as referenced within recommendations 1 through 3 of this report, in recognition of the CEO's exemplary accomplishment of goals set at the CEO's last Performance Evaluation.

COMPARABLE SALARIES/COMPENSATION OF PUBLIC OFFICIALS

Two matrices setting forth comparable salaries for public and nonprofit executives across the United States are attached hereto as Exhibits A and B – one matrix contains 2016 numbers (Exhibit A) and the other contains 2015 data (Exhibit B). Each matrix contains three columns of data: Base Pay, Bonus Pay, and Total Compensation. Total Compensation constitutes the sum of Salary and Bonus Pay.

Each Public Housing Authority ("PHA") must report the above described data – Salary and Bonus Pay – to HUD each year pursuant to form HUD –52725. Starting in 2017, HUD-52725 requires the annual

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collection of W-2 compensation to the top three executives in any PHA. Each PHA must submit the total compensation figure reported on the PHA employee's IRS form W-2 for the PHA's reporting year. That number is then broken out into six components for each executive:

1. base salary from tenant-based section 8 and section 9 funds,
2. bonus compensation from tenant-based section 8 and section 9 funds,
3. incentive and other compensation from tenant-based section 8 and section 9 funds,
4. base salary from non-section 8 (tenant-based) and non-section 9 funds,
5. bonus compensation from non-section 8 (tenant-based) and non-section 9 funds, and
6. incentive and other compensation from non-section 8 (tenant-based) and non-section 9 funds.

Non-taxable income is not included in these numbers.

In prior years, the numbers represented only cash compensation, and excluded additional benefits, including health care costs incurred by the employer for the employee and any pension plans or matching payments made by the employer for the benefit of the employee. This shift should be considered when comparing current numbers with the matrices provided herein.

FISCAL CONSIDERATIONS

Section 3.1 of the Employment Contract provides that the compensation package for the CEO may be set by the Board, without referral to the Housing Authority, provided that sufficient funding for the payment of such compensation has been included in the Housing Authority-approved budget for the current fiscal year. The Fiscal Year (FY) 2018 Budget includes sufficient funding for CEO compensation during FY 2018, as recommended in this report. The FY 2018 Budget was approved by the Housing Authority on June 6, 2017.

The funding for the CEO's compensation for the current fiscal year will comply with the provisions of applicable federal law. The compensation of the CEO will be funded with federal funds, as and to the extent permitted by applicable law only, with the balance being funded with unrestricted local funds.

PREVIOUS COUNCIL AND/OR COMMITTEE ACTION

Richard C. Gentry, CEO, was hired by action of the Housing Authority on July 29, 2008. On September 9, 2016, the Board conducted an annual review of the CEO's performance and adopted the CEO's compensation package for the term from September 19, 2016, to September 18, 2017. An annual performance evaluation was performed by the Board during the noticed Closed Session held on October 6, 2017, in accordance with the applicable provisions of the Brown Act, and the CEO was rated outstanding/excellent in all areas. The compensation package was not discussed in closed session and is, instead, the subject of this Report, as required by applicable law.

COMMUNITY PARTICIPATION AND PUBLIC OUTREACH EFFORTS

No community participation or public outreach efforts were conducted nor is it required for this action.

ENVIRONMENTAL REVIEW

This activity is exempt from the California Environmental Quality Act (CEQA) pursuant to Section 15060 (c) (3) of the state CEQA guidelines (the activity is not a project as defined in Section 15378). The project is categorically excluded from review under the National Environmental Protection Act pursuant to Section 58.35 (b) (5).

Submitted by:

By: Frank Urtasun
For the CEO Performance Ad Hoc Committee

Approved as to form this 2nd day of January, 2018.

Christensen & Spath LLP

By: Charles B. Christensen
Charles B. Christensen
General Counsel
San Diego Housing Commission

Hard copies are available for review during business hours in the main lobby and the fifth floor reception desk of the San Diego Housing Commission offices at 1122 Broadway, San Diego, CA 92101 and at the Office of the San Diego City Clerk, 202 C Street, San Diego, CA 92101. You may also review complete docket materials in the “Public Meetings” section of the San Diego Housing Commission website at www.sdhc.org.

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EXHIBIT A
2016 Executive Compensation Matrix

The figures in this 2016 Matrix are for the 2016 Calendar Year (January 1, 2016 through December 31, 2016).

	Entity	Position	Base Pay	Bonus Pay	Total Compensation
1	Alameda County	County Administrator	\$326,485	\$172,435	\$498,920
2	City of Compton, California	City Manager	\$129,625	\$263,000	\$392,625
3	City of Palm Desert, California	City Manager	\$76,844	\$299,686	\$376,530
4	City of Santa Ana	City Manager	\$343,101	\$26,984	\$370,085
5	City of Fontana	City Manager	\$291,928	\$71,857	\$363,785
6	City of Santa Monica	City Manager	\$336,876	\$24,831	\$361,707
7	City of Redlands, California	City Manager	\$274,200	\$76,545	\$350,745
8	City of Citrus Heights	City Manager	\$233,968	\$111,273	\$345,241
9	City of Palm Springs	City Manager	\$320,851	\$24,155	\$345,006
10	City of Burbank, California	City Manager	\$277,377	\$66,130	\$343,507
11	City of Vallejo, California	City Manager	\$270,000	\$46,777	\$316,777
12	Fresno Housing Authority	Executive Director/CEO	Unknown	Unknown	\$299,032
13	City of San Jose, California	City Manager	\$261,363	\$23,038	\$284,401
14	City of Torrance, California	City Manager	\$278,705	\$66,848	\$245,553
15	Housing Authority City of Santa Barbara	Executive Director/CEO	\$203,197	\$19,507	\$222,704

EXHIBIT B
2015 Executive Compensation Matrix

The figures in this 2015 Matrix are for the 2015 Calendar Year (January 1, 2015 through December 31, 2015).

	Entity	Position	Salary	Bonus Pay	Total Compensation
1	City of Escondido	City Manager	\$252,149	\$161,303\$	\$413,452
2	Gloucester Housing Authority (New Jersey)	CFO	Unknown	Unknown	\$412,433
3	City of Fontana	City Manager	\$297,107	\$73,801	\$370,908
4	Housing Authority City of Burbank	CEO	Unknown	Unknown	\$352,802
5	Housing Authority City of El Paso, Texas	CEO	Unknown	Unknown	\$343,814
6	City of Santa Ana	City Manager	\$341,711	\$88	\$341,799
7	City of Burbank, California	City Manager	\$273,921	\$64,572	\$338,493
8	City of Palm Springs	City Manager	\$309,666	\$24,042	\$333,708
9	Housing Authority of City of Santa Monica	Assistant City Manager	\$309,954	\$23,390	\$333,344
10	City of Vallejo, California	City Manager	\$280,000	\$47,376	\$327,376
11	City of West Hollywood	City Manager	\$278,836	\$43,925	\$322,761
12	City of Santa Clara, California	City Manager	\$294,012	\$25,119	\$319,131
13	City of Sunnyvale	City Manager	\$266,243	\$49,945	\$316,188
14	City of Palo Alto, California	City Manager	\$285,941	\$21,417	\$307,358
15	Housing Authority of the City of Redondo Beach	City Manager	\$233,995	\$44,339	\$278,334

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16	City of San Jose, California	City Manager	\$252,717	\$8,487	\$261,204
17	City of Palm Desert, California	City Manager/Executive Director Redevelopment	\$247,374	\$11,773	\$259,147
18	City of Downey, California	City Manager	\$228,802	\$15,080	\$243,882