



REPORT

DATE: For the Agenda of October 24, 2003 **Item 104**

REPORT NO: HCR03-095

SUBJECT: Actions Establishing Chief Executive Officer Compensation for period Ending July 31, 2004 and retroactive to August 1, 2003

SUMMARY

Issue 1: Should the Housing Commission set the compensation package for the Chief Executive Officer (CEO) as recommended by the Performance Evaluation Ad Hoc Committee of the Commission comprised of Commissioners Jennifer Adams-Brooks and Tony Yip?

Recommendation 1: That the Board establish the compensation package for the CEO retroactive to August 1, 2003 to coincide with the anniversary date of contract as recommended by the Performance Evaluation Ad Hoc Committee.

Fiscal Impact: The budget for fiscal year 2004 provides adequate funds to allow for changes in the compensation package for the CEO.

Previous Related Action: Elizabeth Morris, CEO, was hired by action of the Housing Authority of the City of San Diego (SDHA) on August 2, 1994. A performance evaluation was performed by the Commission during the noticed Closed Session held on October 3, 2003, in accordance with the applicable provisions of the Brown Act.

Future Related Action: None. No action by the Housing Authority is required pursuant to the applicable terms of the CEO's employment agreement.

BACKGROUND

The CEO was hired by action of the Housing Authority of the City of San Diego on August 2, 1994. Employment is governed by an employment contract, dated September 6, 1994. Under the terms of this contract, the CEO's performance and compensation package is to be evaluated on an annual basis, effective as of August of each year.



DISCUSSION

Section 4 of the Employment Contract provides that the Housing Commission may set the compensation package for the CEO without referral to the Housing Authority of the City of San Diego if funds are contained within the budget for this purpose and without amending the Employment Contract. The Employment Contract established the initial compensation package to include base salary, paid employee health/dental insurance and a car allowance. In subsequent years, the Board of Commissioners has approved increases in salary, full funding of a deferred compensation plan, additional annual leave and a bonus last year.

The performance evaluation of the CEO for the period August 2002 through July 31, 2003 was discussed in closed session on October 3, 2003, as noticed for hearing at the October 3, 2003 San Diego Housing Commission Meeting. The compensation package for the CEO is to be heard in open session and established based on consideration of performance and other relevant data. The Performance Evaluation Ad Hoc Committee has recommended a minimum salary increase of five percent (5%). The CEO's current base salary is \$140,184.00. A salary increase of seven percent (7.0%) would establish the CEO's base salary at the sum of \$150,000.00 per year and would still place the CEO's salary less than a great majority of the executives surveyed while the scope of work performed by the CEO is commensurate with or exceeds that of the other surveyed executives.

In addition, the Performance Ad Hoc Committee has recommended that the CEO's car allowance be increased in accordance with the terms of her Employment Agreement ("equivalent to that allowance available to the City Manager") together with Regular benefits, EMS benefits, 457 Plan and Pacific Care Employee benefits be provided in accordance with Commission programs and policies.

In addition, the Performance Ad Hoc Committee has recommended that the CEO be granted a bonus for her exemplary work of not less than \$10,000 and not more than \$20,000 as approved by the Commission. The CEO's bonus for last year was \$10,000. The Performance Ad Hoc Committee felt that the bonus was warranted and justified by the outstanding achievements that were accomplished by the CEO and the San Diego Housing Commission.

Performance Evaluation

In addition to recognition of Ms. Morris' successful ongoing management of the organization, there were several significant accomplishments noted during the evaluation period. These included:

- Oversight of and engineering the Commission's most successful year for financing and production of affordable housing units;
- Successful oversight and guidance of the Commission's negotiation of agreements for acquisition of a new SDHC office facility;
- Lead the development of the concept for the City's inclusionary housing program;
- Lead the development and creation of the joint powers agency comprised of the San Diego Unified School District, the Redevelopment Agency of the City of San Diego, the Housing Authority of the City of San Diego and the City of San Diego, which

- has undertaken the planning of a potential model schools project in the City Heights portion of the City of San Diego;
- Provided oversight of a major lease up effort in the Rental Assistance Department that resulted in provision of housing assistance to an additional 2000 families;
- Achieved HUD designated high performer ratings in both the Section 8 and Public Housing programs in fiscal year 2002;

Compensation Data

As referenced above, comparable salary data has been collected from a number of similarly sized public agencies, including several housing authorities. There is a significant difference in the Housing Commission’s CEO position and responsibilities as compared to executive officers at other housing authorities. The majority of housing authorities administer only public housing and Section 8 programs while the Housing Commission is responsible for managing a variety of complex programs and activities. For example, in many jurisdictions, the financing and development of affordable housing is done by the jurisdiction’s redevelopment or community development agencies; planning and policy efforts (Consolidated Plan) are the responsibility of the jurisdiction’s planning department.

The Housing Commission acts as the catalyst for City wide initiatives, with the CEO directly involved in the development and implementation of such initiatives, e.g., inclusionary housing, in lieu fee application, administration of the City’s inclusionary housing ordinance in the North City Future Urbanizing Area. Finally, the CEO of the Housing Commission is expected to and does take an active role in the community, representing the Housing Commission on various boards and committees and participating at a State and Federal level in legislative analysis and development.

There is no direct “match” for the CEO’s position in the housing industry. Therefore, the survey data includes compensation information from other San Diego public agencies for positions with similar requirements and responsibilities, e.g., size of agency budget, number of employees, functional responsibilities, knowledge, skills and abilities of the incumbent.

	Surveyed Agency	Comparable Position	Salary
1.	LA City Housing Authority	Exec. Director	\$173,045
2.	LA City Housing Dept.	Gen. Manager	\$163,292
3.	LA County Comm. Dev.	Exec. Director	\$140,033
4.	Santa Clara County	Exe. Director	\$157,500
5.	SD Workforce Partnership	CEO	\$159,000
6.	CCDC	President	\$210,000
7.	SD Data Processing Corp.	CEO	\$225,157
8.	SD Economic Dev. Corp.	CEO	\$257,239
9.	Southeast Econ. Dev. Corp.	President	\$135,000 (est)
10.	City of San Diego	City Manager	\$208,653
11.	County of San Diego	Chief Admin. Officer	\$210,080
12.	San Diego Housing Comm.	Chief Exec. Officer	\$140,184 (current)
13.	San Bernadino HA	Exec. Director	\$135,878

Recommendation of the Performance Evaluation Ad Hoc Committee

The Performance Evaluation Ad Hoc Committee recommends that the salary of the CEO be increased to \$150,000, that the automobile allowance be increased to coincide with that allowed to the City Manager per the terms of her employment agreement, that the benefit package including annual leave, regular benefits, 457 Plan contributions, health care and others be increased in accordance with Commission policies and procedures for Executive and Management Employees of the Commission and that a bonus of not less than \$10,000 nor more than \$20,000 be granted to the CEO, as determined by vote of the entire Board of Commissioners.

Options

The Board of Commissioners has the authority to adjust the CEO's compensation package without approval of the Housing Authority and without amending the employment contract as long as funds are available in the approved budget. The amount of salary increase, benefits and bonus may be established in accordance with the reasonable discretion of the Board of Commissioners.

Submitted by:

Approved by:

Signature on File with Original Document

Tony Yip, Member
Performance Ad Hoc Committee

Jennifer Adams-Brooks, Chairperson
Performance Ad Hoc Committee

Approved as to form, legality and procedure this 24th day of October, 2003.

General Counsel
San Diego Housing Commission
Christensen Schwerdtfeger & Spath LLP

By: **Signature on File With Original Document**
Charles B. Christensen