



REPORT

DATE: For the Agenda of August 16, 2002 **ITEM 100**

REPORT NO: HCR02-079

SUBJECT: Action Establishing Chief Executive Officer Compensation for the Period From August 1, 2002 Through and Including July 31, 2003

SUMMARY

Issue: Should the Housing Commission set the compensation package for the Chief Executive Officer (CEO) for the period beginning August 1, 2002?

Recommendation: That the Board establish the compensation package for the CEO retroactive to August 1, 2002 to coincide with the anniversary date of the contract, after discussion by the Board.

Fiscal Impact: The budget for fiscal year 2003 provides the 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 (Housing Authority) on August 2, 1994. A performance evaluation was performed by a Sub Committee of the Board of Commissioners in July 2002.

BACKGROUND

The CEO was hired by action of the Housing Authority on August 2, 1994; continuing employment is governed by an employment contract, effective August 2, 1994. Under the terms of this contract, the CEO's performance and compensation package is to be evaluated on an annual basis, effective August of each subsequent 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 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 and full funding of health insurance and full funding of the Commission's deferred compensation plan.

The performance evaluation of the CEO for the period August 2001 through July 2002 was discussed in closed session on July 19, 2002, as authorized by the Brown Act. The compensation package for the CEO is to be heard in open session and established based on consideration of performance and relevant data. The Performance Sub Committee has recommended a minimum salary increase of five percent (5%) as well as continuation of full payment of health insurance and the deferred compensation plan. The Board is free to consider all information concerning the setting of the salary including the salary schedule referenced herein in establishing the ultimate amount of the CEO's compensation package, including, if desirable, potential for bonuses for exemplary performance.

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, culminating in the Board rating her "Outstanding." These included:

- Most successful year for financing of affordable housing units;
- Successfully negotiated agreement for development of new SDHC office facility;
- Lead the development of the concept for the proposed inclusionary housing program;
- Lead the development of a partnership between the Housing Authority, the San Diego Unified School District, and the City and its Redevelopment Agency to establish a Joint Powers Agency to undertake a large redevelopment project;
- Provided oversight of a major lease up effort in the Rental Assistance Department that resulted in provision of housing assistance to an additional 2400 families;
- Achieved HUD designated high performer ratings in both the Section 8 and Public Housing programs in fiscal year 2002.

Compensation Data

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 are the responsibility of the jurisdiction's planning department. These functions are undertaken by the Housing Commission. In San Diego, the CEO is primarily responsible for many aspects of the housing efforts not addressed by other Housing Authorities and/or Commissions. Notwithstanding

the foregoing, the salary of the Housing Commission’s CEO is at the bottom of the salary range referenced below.

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, North City Future Urbanizing Area. Finally, the CEO of the Housing Commission is expected to 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 PHA	Exec. Director	\$168,000
2.	LA City Housing Dept.	Gen. Manager	\$159,085
3.	Santa Clara County PHA	Exe. Director	\$157,500
4.	City of San Jose PHA	Director	\$147,930
5.	SD Workforce Partnership	CEO	\$159,000
6.	CCDC	President	\$200,000
7.	SD Data Processing Corp.	CEO	\$225,157
8.	Southeast Econ. Dev. Corp.	President	\$135,000 (est)
9.	SDHC	CEO (current)	\$129,800

In addition, some of these and many other public agencies, including the City, routinely use bonus payments to recognize performance.

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. Options the Board may choose to consider include:

1. At or above the five (5%) increase in base salary based on performance.
2. Establish a bonus for exemplary past and future performance.
3. Adjustment benefit options.

Conclusion

The Board should establish the CEO's salary package for the year beginning August 1, 2002 and terminating on July 31, 2003 after discussion of the same.

Submitted by,

Approved by,

Signature on File with Original Document

Robert A. Grinchuk, Chairman
Performance Sub Committee

Sal Salas, Chairman
Housing Commission Board