

REPORT**DATE ISSUED:** July 30, 2008**REPORT NO:** HCR 08-95**ATTENTION:** Chair and Members of the Housing Commission
For the Agenda of August 15, 2008**SUBJECT:** Employment Contract for Executive Vice President and Chief Operating Officer
of the San Diego Housing Commission and Establishing Compensation for Same**REQUESTED ACTION:**

Actions authorizing the Chair of the Housing Commission to enter into an employment agreement continuing the employment of Carrol Vaughan as the Executive Vice President and Chief Operating Officer of the San Diego Housing Commission and establishing Compensation.

STAFF RECOMMENDATION:

1. That the Chair of the San Diego Housing Commission be authorized to execute an employment agreement with Carrol Vaughan as Executive Director and Chief Operating Officer of the Commission;
2. Authorizing the San Diego Housing Commission to take all actions necessary to implement the agreement;
3. Requesting that the San Diego Housing Commission approve a budget amendment to FY 09 Budget to authorize the funding of the contract; and,
4. Establishing a bonus for Carrol Vaughan for her exemplary service as the Interim President and Chief Executive Officer of the San Diego Housing Commission for the period from January 15, 2008 through October 1, 2008 when the new President and Chief Executive Officer will assume that office.

BACKGROUND:

On January 15, 2008, Ms. Elizabeth C. Morris resigned as the President and Chief Executive of the San Diego Housing Commission. At that time a national wide search for her replacement was undertaken at the request of the Chair of the Housing Authority of the City of San Diego, Mr. Scott Peters. From January 15, 2008 through October 1, 2008, Ms. Carrol Vaughan has acted as the Interim President and Chief Executive Officer of the San Diego Housing Commission, as appointed by the Housing Authority. On July 29, 2008, Mr. Rick C. Gentry was appointed as the new President and Chief Executive Officer of the San Diego Housing Commission, to be effective October 1, 2008. His base compensation was established at the sum of \$240,000 per year for this position.

During the time that Ms. Vaughan has acted as the Interim President and Chief Executive Officer, from January 15, 2008 through October 1, 2008, she has really performed two separate jobs, that of Interim President and Chief Executive Officer and that of Executive Vice President and Chief Operating Officer all at her old compensation level as Executive Vice President and Chief Operating Officer. During this eight and one half month period the Commission has saved the cost of the former President's salary by Ms. Vaughan serving in both capacities. The Board is appreciative of her work which has been done in an exemplary manner during a crucial time in the Commission existence, during the transition out of public housing.

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An Ad Hoc Committee of the Commission of the San Diego Housing Commission has interviewed Ms. Vaughan and on August 15, 2008, the Board will meet in closed session to complete Ms. Vaughan's performance evaluation. The Board wants to award Ms. Vaughan a bonus for her exemplary performance from January 15, 2008 through October 1, 2008 when the new President and Chief Executive Officer will assume his new position. In that regard the Chair, with the support of Ms. Jennifer Adams Brooks will recommend that Ms. Vaughan be granted a performance bonus in the amount of Twenty Thousand Dollars (\$20,000.00) for Ms. Vaughan's work during the transition, payable on or before September 30, 2008.

In addition, the Board wants to ensure that the position of the Executive Vice President and Chief Operating Officer be occupied by Ms. Vaughan for at least the next two year period to provide stability to the operations of the Commission while the new President and Chief Executive Officer assumes his new role at the Commission. For that reason, the Chair and Ms. Adams Brooks are recommending that Ms. Vaughan be given a two year contract in the form attached to ensure the stability in the position for the next two year period. The agreement will be on the terms and conditions set forth in the attached contract. The contract will allow for Ms. Vaughan to be evaluated annually directly by the Board of Commissioners. Further, her salary and bonuses, if any, will be established by the Board. Attachment 1 is the proposed contract. Ms. Vaughan's employment may be terminated immediately for cause upon notice from the Board to her in accordance with the terms of the Agreement without any severance package whatsoever. After the two year initial term, the Board may terminate the agreement upon thirty (30) days notice without cause, with the payment of the same severance package that was provided to the President and Chief Executive Officer in the contract approved by the Housing Authority on July 29, 2008. After the two year initial term, Ms. Vaughan may terminate her contract with thirty (30) days notice without any severance package.

Attachment 2 to this report is a summary of compensation of executives in the public arena. The position that is most closely associated with the work done by Ms. Vaughan is that of the Chief Operating Officer of the Los Angeles City Housing Authority, whose base compensation is \$190,000 per year. This report is recommending that Ms. Vaughan's base salary, including an automobile allowance of \$9600, be established at the sum of \$199,600.00 per annum plus all benefits normally granted to executives of the San Diego Housing Commission. This salary is more in line with compensation given to public executives. In fact, it is approximately 20% less than the new salary granted to the new President of the San Diego Housing Commission. Further executives in public service in Riverside County have recently been retained at a base salary of over \$300,000 per year.

FISCAL CONSIDERATIONS:

The Board will recommend that the budget be amended to allow for the increase in compensation. There are adequate reserves to fund this request.

PREVIOUS COUNCIL and/or COMMITTEE ACTION:

The Housing Authority approved the Employment Agreement with the new President and Chief Executive Officer on July 29, 2008.

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COMMUNITY PARTICIPATION AND PUBLIC OUTREACH EFFORTS:

Roberts Consulting did a nationwide search for the new President and CEO of the Commission which generated information concerning the salary ranges for executives and the Housing Commission has created a matrix as attached showing compensation levels for high level public officials.

ENVIRONMENTAL REVIEW:

This action is not a "project" within the meaning of CEQA and it is either excluded and/or exempt from review under the provisions of NEPA.

Respectfully submitted,

Sal Salas

Sal Salas
Chair, San Diego Housing Commission
Member of Ad Hoc Committee

Approved by,

Jennifer Adams Brooks

Jennifer Adams Brooks
Commissioner
Member of Ad Hoc Committee

Attachments: Attachment 1: Form Contract
Attachment 2: Compensation Survey

Distribution of these attachments may be limited. Copies available for review during business hours at the Housing Commission offices at 1122 Broadway, San Diego, CA 92101, Main Lobby and at the Office of the City Clerk, 202 C Street, San Diego, CA 92101.

EMPLOYMENT AGREEMENT

This Agreement is made as of the 1st day of October, 2008, by and between SAN DIEGO HOUSING COMMISSION, a public agency, (hereinafter referred to as the "Employer") and Carol Vaughan (the "Employee") on the following terms and conditions:

i) EMPLOYMENT.

The Employer agrees to employ the Employee and the Employee hereby accepts employment with the Employer, as the Chief Operating Officer/Executive Vice President of the San Diego Housing Commission, a public agency. This employment agreement is terminable at will and without cause by thirty (30) days written notice from the Employer to the Employee, but only after its initial term of two (2) years, and then only provided that six months of severance pay and benefits are paid to the Employee. In addition, this Employment Agreement is terminable by the Employer, as defined in Section 6 hereof, to be the Board of Commissioners of the San Diego Housing Commission, for cause upon delivery of written notice from Employer to Employee. As used herein, the phrase "Employment Term" refers to the entire period of employment of the Employee by the Employer hereunder. The Agreement is also terminable with 30 days advance notice from Employee to Employer, after two (2) years, under the terms of this Agreement, but without the payment of any severance benefits.

ii) DUTIES.

2.1 General Duties.

The Employee is hereby employed:

- (i) To use her best judgment and skills to act as the Executive Vice President and Chief Operating Officer of the San Diego Housing Commission;

(ii) To utilize the experience of the Employee to benefit the Employer in accordance with all applicable laws, policies, administrative regulations and applicable rules;

(iii) To utilize her unique and special knowledge, expertise and abilities to report to the Board of Commissioners of the San Diego Housing Commission;

(iv) In addition to the duties described above, the Employee shall use her management and leadership skills and to be accountable to both the San Diego Housing Commission for overseeing the operation and management of the San Diego Housing Commission, including the day to day operation of all aspects of the operation of the San Diego Housing Commission to accomplish the San Diego Housing Commission's mission and to address the Commission's and the Housing Authority of the City of San Diego's priorities as directed by their respective boards and being responsible for coordinating housing policy among all housing entities within the City of San Diego; and,

(v) The Employee shall at all times be subject to the policies of the Commission's Board and the Housing Authority Board and those delegated to the CEO and President of the San Diego Housing Commission and the Executive Director of the Housing Authority of the City of San Diego, all administrative regulations of the Employer and all state, federal and local rules, laws and regulations, including but not limited to, conflict of interest laws rules and regulations.

2.2 Loyal and Conscientious Effort.

The Employee agrees that, to the best of her abilities and experience, she will at all times loyally and conscientiously perform all of the duties and obligations required of her hereunder, either expressly or implicitly, for the benefit of the Employer and in accordance with all applicable laws and regulations. Further, Employee agrees that she will not engage in outside

employment or consulting for pay while serving as an Employee for the Employer, unless expressly permitted by Employer, in writing, and provided further that such outside employment and/or consulting creates no conflict(s) of interest and/or no issues of incompatible office under any and all state, federal and local laws.

2.3 Uniqueness of Employee's Services.

The Employee hereby represents that the services to be performed by her under the terms of this contract are of a special, unique, unusual, extraordinary, and intellectual character which give them peculiar value, the loss of which cannot be reasonably or adequately compensated in damages in an action at law. The Employee therefore expressly agrees that the Employer, in addition to any other rights or remedies which the Employer may possess, shall be entitled to equitable relief as appropriate, in the event of a default by Employee and/or the failure of the Employee to adhere to the Employer's standards of conduct.

iii) COMPENSATION.

3.1 Base Compensation.

As base annual compensation for services rendered under this Agreement, the Employee shall be entitled to receive from the Employer a base salary of ONE HUNDRED NINETY-NINE THOUSAND SIX HUNDRED AND NO/100 DOLLARS (\$199,600.00) per year, payable in biweekly installments during the period of employment, prorated for any partial employment period, plus benefits as referenced below and as provided for by the Employer to Management employees of the Employer, whether or not specifically provided for in this Agreement. The base salary shall include the Employee's car allowance to defray the Employee's cost of the use of an automobile for business purposes. The salary set forth herein is subject to review by the Board of

Commissioners of the San Diego Housing Commission, annually. Such salary may be set, adjusted and increased, but not decreased, by the Board of Commissioners of the San Diego Housing Commission, without further action by the Housing Authority of the City of San Diego, provided that such salary and bonuses, which the Board of Commissioners shall have the right and power to grant, in its reasonable discretion, if any, and, provided further that such compensation has been included in the budget approved by the Housing Authority for the fiscal year for which the salary and bonus, if any, is being established. Nothing contained in this Agreement shall guarantee that after review the salary will be increased and/or a bonus granted, in any year. The establishment of the compensation, including reasonable bonuses, if any, for the Employee shall be set in the sole reasonable discretion of the Board of Commissioners of the San Diego Housing Commission. Performance evaluations shall be performed annually by the Board of Commissioners of the San Diego Housing Commission for the Employee.

3.2 Withholding of Taxes.

Employer shall have the duty to withhold from the compensation due the Employee hereunder, any and all sums required for social security and withholding taxes for any other federal, state or local tax or charge which may now be in effect or hereafter enacted or as required as a charge on compensation of the Employee, as set forth in Section 3.1 of this Agreement.

3.3 Term of Agreement. Employer shall employ and Employee shall be employed as Chief Operating Officer and Executive Vice President of the San Diego Housing Commission for a term of two (2) years commencing upon the effective date of this Agreement. The Employee shall answer to the Board of Commissioners and may only be terminated by action of the Board

of the Employer during the term of the Agreement. After the initial two year term, if the employment arrangement has not been previously terminated by the Employer and/or the Employee, the term of the agreement shall continue at the will of the parties subject to the thirty (30) days notice provision by either party, provided however, a six (6) months severance pay including benefits shall be paid to the Employee at the time of termination of employment, if the employment is terminated by notice from the Employer to the Employee. Provided, however, the Agreement and employment of the Employee may be earlier terminated by the Board of Commissioners of the Employer for the willful breach of the terms of the Agreement as hereinafter provided, by notice from the Employer to the Employee.

4.2 Medical Coverage.

The Employer agrees to maintain the group medical insurance coverage now available to all employees of the Employer through the Employment Term of this Agreement and to make the same available to the Employee on the same terms and conditions which apply to all other Management employees of the Employer.

4.3 Flex Benefit Credits and Tuition Credits.

Employee shall be entitled to Flexible Benefit Credits, currently in the amount of NINE THOUSAND TWO HUNDRED and no/100 DOLLARS (\$9,200.00) per year, as may be adjusted from time to time by the Employer, to be used in accordance with the terms and provisions of Employers policies concerning the same, as amended from time to time by the Employer.

4.4. Retirement Plans. In addition to the benefits referenced above, Employee shall be entitled to the pension benefits provided under the Employer's retirement plan currently with

Diversified Investment Advisors, as amended from time to time for Management employees of the Employer. This plan is a defined contribution plan, whereby the Employer currently makes the non elective contribution on the Employee's behalf in the amount of fourteen (14%) of base salary each year. There is no warranty that this Employer contribution will continue in perpetuity, however. The plan is subject to revision by the Board of Commissioner's of the San Diego Housing Commission and/or the Housing Authority of the City of San Diego, as they may from time to time determine, in their reasonable discretion. In addition, Employee shall be entitled to participate in the Employer's current 457 Plan, wherein the Employer contributes one percent (1.0%) of the Employee's base salary on a noncontributory basis, and the Employee may defer up to an additional one and one half percent (1.5%) of Employee's base salary, with the Employer matching the additional one and one half percent (1.5%) Employee contribution. Accordingly, the maximum contribution to the 457 Plan in any one year, during the 457 Plan's existence, according to the current provisions, would be two and one half percent (2.5%) by the Employer and one and one half percent (1.5%) by the Employee, provided that the Employee made the maximum permitted matching contribution of one and on half percent (1.5%) of the base salary, for a total of four percent (4.0%) of base salary. Nothing contained herein shall limit the ability of the Employee to defer additional amounts of compensation as provided for under the terms of the 457 Plan approved by the Employer.

4.5. Annual Leave. The Employee shall be entitled to annual leave of up to thirty-three days per year of paid time off during the 16th through 25th year of employment with the Employer, or such greater times as may be provided for Management employees of the Employer under the Employer's policies for such Management employees. To the extent that the term of

total employment by Employee exceeds twenty-five years with Employer, including terms prior to the effective date of this Agreement, the amount of annual leave shall be increased in accordance with Employer's policies concerning annual leave.

4.6. Core Benefits. In addition to the foregoing, Employee shall be entitled to such basic term life/accidental death and dismemberment and long term disability benefits as are provided to management employees by the Employer.

4.7. Other Benefits. To the extent that the Employee has other benefits not specifically mentioned in this Agreement because of her status as an Managerial employee of the Employer or by virtue of her tenure with the Employer prior to the effective date of this Agreement, including, but not limited to accrued leave, there is no intent by the parties for the Employee to relinquish those benefits by the execution of this Agreement and Employee does not relinquish any such benefits by the execution of this Agreement.

5. OBLIGATIONS OF EMPLOYER.

5.1 Employment of Employee Contingent.

The Employment of the Employee by Employer is contingent upon the following occurring to the satisfaction of the Employer:

A. Employee successful completion of:

1. Verification and maintenance of an acceptable driving record;
2. Insurability under the Employer=s automobile liability insurance carrier=s requirements;
3. Completion and filing of a Form 700; and

4. Such other and further requirements of employment with the Employer as are referenced in the Personnel Policies of the Employer.

6. EARLY TERMINATION.

6.1 Default by Employee.

If the Employee willfully breaches or habitually neglects the performance of any of its obligations hereunder, the Employee may, at her option, terminate this Agreement by giving written notice of such termination to the Employer without prejudicing any other remedy which the Employee and Employer may have, either at law or in equity, against the other under this Agreement. As used in the Section 6 and all subsections of Section 6, the term "Employer" shall mean the determination(s) made by the Board of Commissioners of the San Diego Housing Commission. Notice of such termination shall be as set forth in Paragraph 1 of this Agreement, to wit, actual delivery of written notice from Employer to Employee, but only after a determination by the Board of Commissioners of the Commission to issue such notice. Termination shall be effective upon the delivery of the notice.

6.2 Termination without cause.

After the initial two (2) year term of this Agreement, the Employer and Employee, and each of them, may terminate the employment under the terms of this Agreement by giving thirty (30) days written notice to the other party. Upon termination of the employment and the Agreement without cause by the Employer, the Employee shall be paid six months severance pay and benefits. In the event of the termination of this Agreement by the Employee giving thirty days notice, no severance benefits shall be due and payable from the Employer to the Employee.

6.3 Death or Incapacity of the Employee.

The death of the Employee shall terminate this Agreement and all of the obligations of the Employer hereunder.

If the Employee is unable to fulfill her obligations hereunder by reason of this incapacity or other physical condition, and such condition extends beyond sixty (60) days, the Employer shall have the option to terminate this Agreement.

7. GENERAL PROVISIONS.

7.1 Notices.

Any notices to be given hereunder by either party to the other may be effected by either personal delivery in writing or by mail, registered or certified, postage prepaid with return receipt requested. Mailed notices shall be addressed to the parties as follows:

If to the Employer:

SAN DIEGO HOUSING COMMISSION
Attention: Human Resources
1222 Broadway, Suite 300
San Diego, CA 92101

If to the Employee:

Carrol Vaughan

A party may change her or its address from time to time by written notice in accordance with this paragraph. Notices delivered personally shall be deemed communicated as of actual receipt. Mailed notices shall be deemed communicated as of five days after mailing.

7.2 Entire Agreement.

This Agreement supersedes any and all other agreements, either oral or in writing, between the parties hereto, with respect to the employment of the Employee by the Employer and contains all of the covenants and agreements between the parties with respect to such employment in any manner whatsoever. Each party to this Agreement acknowledges that no representations, inducements, promises or agreements, oral or otherwise, have been made by any party, or anyone acting on behalf of any party, which are not embodied herein, and that no other agreement, statement or promise not contained in this Agreement, shall be valid or binding. Any modification of this Agreement shall be effective only if it is in writing and signed by the parties to be charged.

7.3 Partial Invalidity.

If any provision of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions shall nevertheless continue in full force without being impaired or invalidated in any way.

7.4 Law Governing Agreement.

This Agreement shall be governed by and construed in accordance with the laws of the State of California.

Executed at San Diego, California, on the day and year first above written.

EMPLOYER: SAN DIEGO HOUSING COMMISSION, A public agency

By: _____
Sal Salas
Chair of the Housing Commission

By:

EMPLOYEE:

By: _____
Carrol Vaughan

ACKNOWLEDGMENT

State of California)
)
County of San Diego)
_____)

On _____, 2008, before me, _____ personally appeared, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument **EMPLOYMENT AGREEMENT** and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity on behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____ (Seal)

ACKNOWLEDGMENT

State of California)
)
County of San Diego)
_____)

On _____, 2008, before me, _____ personally appeared,
_____ personally known to
me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s)
is/are subscribed to the within instrument **EMPLOYMENT AGREEMENT** and acknowledged
to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by
his/her/their signature(s) on the instrument the person(s), or the entity on behalf of which the
person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that
the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____ (Seal)

**Chief Operating Officer/Executive
Salary Survey Summary
July 2008**

Agency	Comparable Position	Salary	Comments
SD Workforce Partnership	Chief Executive Officer	\$170,000	<i>Salary of current incumbent</i>
SD Data Processing Corp.	Chief Executive Officer	\$230,000	<i>Received lump sum 9/07</i>
SD Economic Dev. Corp	Chief Operating Officer	\$150,000	<i>Base Salary Only</i>
City of San Diego	Chief Operating Officer	\$250,860	<i>Base Salary Only</i>
City of San Diego	Deputy Chief Operating Officer	\$162,552	<i>Base Salary Only</i>
County of San Diego	Deputy Chief Admin. Officer	\$153,920 - \$237,120	<i>Did not respond. Obtained data from website.</i>
San Bernardino Housing Commission	Assistant Executive Director	\$128,797 - \$156,553	
Centre City Dev. Corp.	President/COO	\$191,000 - \$255,000	
Centre City Dev. Corp.	CFO	\$135,000 - \$182,000	
Centre City Dev. Corp.	VP Real Estate	\$129,000 - \$173,000	
Southeast Economic Dev. Corp.	President	\$149,000 - \$185,000	<i>Would provide range only</i>
LA City Housing Department	General Manager	\$212,929.60	
LA City Housing Department	Executive Officer	\$183,643.20	
LA City Housing Department	Asst. General Manager	\$164,756.80	
LA City Housing Authority	Chief Operating Officer	\$190,000	<i>Position eligible for 0-15% pay for performance bonus annually</i>

Updated: 7/7/08