



EXECUTIVE SUMMARY

HOUSING COMMISSION EXECUTIVE SUMMARY SHEET

MEETING DATE: January 11, 2019

HCR19-002

SUBJECT: Actions Establishing President & Chief Executive Officer Compensation for Period of September 19, 2018, through September 18, 2019, 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 Board of Commissioners (Board).
- 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 5, 2018, in accordance with the applicable provisions of the Brown Act.
- The evaluation covers the time period from September 19, 2017, to September 18, 2018 (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, 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) 2019 Budget includes sufficient funding for CEO compensation during FY 2019, as recommended in this report.



REPORT

DATE ISSUED: January 3, 2019

REPORT NO: HCR19-002

ATTENTION: Chair and Members of the San Diego Housing Commission
For the Agenda of January 11, 2019

SUBJECT: Actions Establishing President & Chief Executive Officer Compensation for Period of September 19, 2018, through September 18, 2019, 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, 2018, 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 Stefanie Benvenuto, for the period of September 19, 2018, through September 18, 2019, specifically:

1. Increase the CEO's current base salary by 3 percent for the period of September 19, 2018, through September 18, 2019, (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 (Housing Commission) employees;
2. Maintain the CEO's current compensation package as referenced within the report for the period of September 19, 2017, through September 18, 2018, 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 Board.

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 5, 2018, in accordance with the applicable provisions of the Brown Act. The evaluation covers the time period from September 19, 2017, to September 18, 2018 (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:

- Provided support to Mayor Kevin L. Faulconer and the City Council in their response to the Hepatitis A outbreak and the resultant need for additional homelessness services. The Housing Commission was able to provide critical support, both financial and organizational, as the City has taken the initial steps to developing a real homelessness delivery system for the first time in San Diego. That system, taking firm shape now but still developing, will include bridge shelters, a storage facility, a transition facility, and outreach services both to customers and landlords
- Awarded development funds and acquired properties, which created 230 housing opportunities through New Permanent Supportive Housing units. The units are pending completion of construction or rehabilitation.
 - On August 1, 2017, SDHC released a Permanent Supportive Housing Notice of Funding Availability for \$10 million. Of that total, \$9.4 million was approved toward the new construction of 93 permanent supportive housing units.
 - Acquired Quality Inn (91 affordable units) and West Park Inn (46 affordable units) located in the Bankers Hill area near Downtown San Diego to create 137 permanent supportive housing units for San Diegans experiencing homelessness. The lease up of these units is currently underway.
- Completed Housing Our Heroes Program in September, securing the 1,000th Veteran participating in that program. Housing Our Heroes is one of only 22 programs nationwide to receive an Award of Excellence from the National Association of Housing and Redevelopment Officials (NAHRO), which was presented at NAHRO's Annual Conference in Atlanta in October.
- Continued to work with the City of San Diego in designing and delivering homelessness services within the City.
- In the first year of HOUSING FIRST – SAN DIEGO, created more than 2,000 housing opportunities for the homeless. Specifically, the Landlord Engagement and Assistance Program (LEAP) achieved 1,200 placements. An expansion of the landlord incentives program of the Housing Our Heroes initiative, LEAP provides incentives to landlords in the City of San Diego who rent to individuals or families who are experiencing homelessness—Veterans and non-Veterans. Since October 1, 2017, 193 unique landlords have joined LEAP.
 - LEAP also assisted 250 households through SDHC's Prevention & Diversion program which helps families maintain their current housing situation.
 - LEAP replacement includes 171 households assisted through the SDHC Moving Home Rapid Rehousing program.

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- Worked with the Downtown San Diego Partnership on the Family Reunification Program, which reconnected 778 homeless individuals with their families and loved ones across the country.
- Partnered with the County Behavioral Health Services Division to provide rental assistance for formerly homeless individuals and families who are ready to transition out of permanent supportive housing, but who still need rental assistance. This makes limited permanent supportive housing resources available to those with greater need.

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 \$309,628.80. 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 2017 numbers (Exhibit A) and the other contains 2016 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 the U.S. Department of Housing and Urban Development (HUD) each year pursuant to form HUD – 52725. Starting in 2017, HUD-52725 requires the annual 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

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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) 2019 Budget includes sufficient funding for CEO compensation during FY 2019, as recommended in this report. The FY 2019 Budget was approved by the Housing Authority on June 11, 2018.

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 SAN DIEGO HOUSING COMMISSION AND/OR COMMITTEE ACTION

Richard C. Gentry, CEO, was hired by action of the Housing Authority on July 29, 2008. On October 5, 2018, the Board conducted an annual review of the CEO's performance for the term from September 19, 2017, to September 18, 2018. An annual performance evaluation was performed by the Board during the noticed Closed Session held on October 5, 2018, in accordance with the applicable provisions of the Brown Act, and the CEO was rated outstanding. 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

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Approved as to form this ___ day of January, 2019.

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 “Governance & Legislative Affairs” section of the San Diego Housing Commission website at www.sdhc.org.

EXHIBIT A
2017 Executive Compensation Matrix

The figures in this 2017 Matrix are for the 2017 Calendar Year (January 1, 2017 through December 31, 2017).

	Entity	Position	Base Pay	Bonus Pay	Total Compensation
1	Alameda County	County Administrator	\$326,851	\$174,627	\$501,478
2	City of South San Francisco, California	City Manager	\$314,094	\$18,924	\$333,018
3	City of Palm Desert, California	City Manager	\$220,000	\$3,719	\$223,719
4	City of Santa Ana, California	City Manager	\$32,542	\$342,907	\$375,449
5	City of Fontana, California	City Manager	\$294,819	\$51,534	\$346,353
6	City of Santa Monica, California	City Manager	\$341,082	\$37,366	\$378,488
7	City of Redlands, California	City Manager	\$282,859	\$68,037	\$350,896
8	City of Citrus Heights, California	City Manager	\$247,520	\$66,657	\$314,177
9	City of Palm Springs, California	City Manager	\$331,651	\$31,764	\$365,415
10	City of Burbank, California	City Manager	\$281,565	\$71,200	\$352,765
11	City of Vallejo, California	City Manager	\$238,846	\$92,021	\$330,867
12	Oakland Housing Authority	Executive Director/CEO	\$249,187	\$5,565	\$254, 752
13	City of San Jose, California	City Manager	\$242,936	\$129,326	\$372,262
14	City of Torrance, California	City Manager	\$268,382	\$53,814	\$322,196
15	Housing Authority, City of Santa Barbara	Executive Director/CEO	\$209,293	Unknown	Unknown

EXHIBIT B
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	City of Escondido, California	City Manager	\$238,453	\$43,824	\$282,277
2	Housing Authority City of San Antonio, Texas	CEO	\$225,000	\$0	\$225,000
3	City of Fontana, California	City Manager	\$291,928	\$71,857	\$363,785
4	Housing Authority City of Burbank, California	CEO/City Manager	\$277,377	\$66,130	\$343,507
5	City of Garden Grove, California	City Manager	\$255,998	\$10,116	\$266,114
6	City of Santa Ana, California	City Manager	\$343,101	\$26,984	\$370,085
7	City of Burbank, California	City Manager	\$277,377	\$66,130	\$343,507
8	City of Palm Springs, California	City Manager	\$320,851	\$24,155	\$361,707
9	Housing Authority of City of Santa Monica, California	City Manager	\$336,876	\$24,831	\$361,707
10	City of Vallejo, California	City Manager	\$270,000	\$46,777	\$316,777
11	City of West Hollywood, California	City Manager	\$312,188	\$24,408	\$336,596
12	City of Santa Clara, California	City Manager	\$276,848	\$9,199	\$286,047

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13	City of Sunnyvale, California	City Manager	\$271,216	\$63,732	\$334,948
14	City of Palo Alto, California	City Manager	\$296,598	\$21,312	\$317,910
15	Housing Authority of the City of Redondo Beach, California	City Manager	\$233,281	\$51,369	\$284,650
16	City of San Jose, California	City Manager	\$261,363	\$23,038	\$284,401
17	City of Palm Desert, California	City Manager	\$76,844	\$299,686	\$376,530
18	City of Downey, California	City Manager	\$249,259	\$29,882	\$279,141