



Koff & Associates  
A Gallagher Company

To: Prabhu Palani, Chief Investment Officer  
From: Katie Kaneko, Managing Director, Koff & Associates  
Subject: CEO Salary Survey Update  
Date: February 3, 2023

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In September 2022 Koff & Associates provided The City of San Jose's Office of Retirement Services (Office) with the total compensation study final report for the Chief Executive Officer (CEO) classification. The report outlined the study process, findings, and recommendations with respect to the CEO classification. At the request of the Joint Personnel Committee (JPC) during their January 12, 2023 meeting, Koff & Associates conducted additional analysis of the base salary and total compensation market data to provide further compensation considerations.

The following data reflects the CEO's adjusted base salary and total compensation in relation to the market median, 60th, 75th, and 90th percentiles, as well as to the market leader (or highest compensated comparable). The adjusted base salary, as described in the final report, reflects the top monthly salary at each comparator agency, adjusted by a percent value based on differences in cost of labor between the comparator and the Office. While the market median is the philosophy adopted by most public sector agencies, these above percentiles are those we've seen utilized in the public sector. While Koff & Associates typically recommends setting compensation in relation to either the base salary market median, or total compensation market median (depending on whether overall benefits positively or negatively impact market competitiveness), the Office has many options regarding the compensation philosophy and plan it wants to implement. Unlike most of the market comparators, the Office's CEO classification is responsible for the direction of two different retirement plans and answers to two different retirement boards. Given the unique scope of responsibility and expertise required to effectively manage and direct the Office's retirement plans, the Office should carefully consider a market position which will allow the Office to be competitive.

**Table 1. Adjusted Base Salary Market Position**

Median of Comparators	\$29,269
<b>Office of Retirement Services Above/Below</b>	<b>-7.7%</b>
60 <sup>th</sup> Percentile of Comparators	\$29,583
<b>Office of Retirement Services Above/Below</b>	<b>-8.9%</b>
75 <sup>th</sup> Percentile of Comparators	\$31,374
<b>Office of Retirement Services Above/Below</b>	<b>-15.4%</b>
90 <sup>th</sup> Percentile of Comparators	\$33,577
<b>Office of Retirement Services Above/Below</b>	<b>-23.5%</b>
Market Leader	\$34,510
<b>Office of Retirement Services Above/Below</b>	<b>-27%</b>



**Table 2. Total Compensation Market Position**

Median of Comparators	\$37,673
<b>Office of Retirement Services Above/Below</b>	<b>-8.7%</b>
60 <sup>th</sup> Percentile of Comparators	\$38,908
<b>Office of Retirement Services Above/Below</b>	<b>-12.3%</b>
75 <sup>th</sup> Percentile of Comparators	\$40,027
<b>Office of Retirement Services Above/Below</b>	<b>-15.5%</b>
90 <sup>th</sup> Percentile of Comparators	\$43,753
<b>Office of Retirement Services Above/Below</b>	<b>-26.3%</b>
Market Leader	\$48,902
<b>Office of Retirement Services Above/Below</b>	<b>-41.1%</b>

### **Findings**

Based on the market compensation data reflected in the above tables, the CEO classification is below market at each of the respective percentiles when factoring in differences in cost of labor for base salary and total compensation. When the benefits package does not contribute to overall competitiveness, as is the case in this study's results, we recommend the salary recommendation be determined using base salary results and evaluating the benefits package separately.

### **Base Salary Recommendations**

K&A recommends adjusting the top of the base salary range for the CEO classification to align with the market position the Office determines is the appropriate competitive position. For example, if the Office decides to set the CEO's salary range based on the 60<sup>th</sup> percentile, then the top of the current salary range would be adjusted up by 8.9%, to \$29,583 with actual placement within the range determined by the JPC and Board.

### **Range Structure Adjustment Recommendations**

The data collected and analyzed for the purpose of this study, is reflective of the market practices of the comparator agencies during the timeframe in which data was collected. Given that market pay practices are not static, K&A recommends that the Office conduct a periodic range structure movement review to maintain market competitiveness. Range structures are designed to meet an organization's strategy on salary compensation; as stated earlier, markets move periodically, and range structures should be designed to move with those market changes for ongoing market competitiveness.

K&A would like to reiterate that the final report, this update, and the findings are meant to be a tool for the Office to create and implement an equitable executive compensation plan. Compensation strategies are designed to attract and retain excellent staff; however, financial realities and the Office's expectations may also come into play when determining appropriate compensation philosophies and strategies. The collected data presented herein represents a market survey that will give the Office an instrument to make future compensation decisions.

It has been a pleasure working with the City of San Jose's Office of Retirement Services on this critical project. Please do not hesitate to contact us if we can provide any additional information or clarification regarding this data.

**City of San Jose Retirement Agency**  
**Market Compensation Data (sorted by Adjusted Top Monthly Salary) February 2023**

Chief Executive Officer										
Rank	Comparator Agency	Classification Title	Top Monthly Salary	Geographic Differential	Adjusted Top Monthly Salary	Benefits Package	Total Monthly Comp	Salary Effective Date	Next Salary Increase	Next Percentage Increase
1	CALPERS	Executive Officer, PERS	\$ 52,396	113.6%	\$ 59,522	\$ 9,903	\$ 69,424	unknown	unknown	unknown
2	San Bernardino County Employees' Retirement Association	Chief Executive Officer	\$ 29,827	115.7%	\$ 34,510	\$ 14,392	\$ 48,902	1/1/2022	unknown	unknown
3	San Francisco Employees' Retirement System	Chief Executive Officer and Chief Investment Officer	\$ 32,955	100.0%	\$ 32,955	\$ 6,777	\$ 39,732	7/1/2022	7/1/2023	2.50%
4	Los Angeles City Employees' Retirement System	General Manager, LACERS	\$ 26,840	111.0%	\$ 29,792	\$ 7,557	\$ 37,349	6/19/2022	1/29/2023	2.00%
5	Orange County Employees Retirement System	Chief Executive Officer	\$ 26,017	112.5%	\$ 29,269	\$ 11,052	\$ 40,321	1/1/2022	unknown	unknown
6	City of San Jose Retirement Agency	Chief Executive Officer	\$ 27,177	100.0%	\$ 27,177	\$ 7,469	\$ 34,646	8/7/2022	7/1/2023	3.00%
7	Alameda County Employees' Retirement Association	Chief Executive Officer, ACERA	\$ 26,652	100.0%	\$ 26,652	\$ 11,021	\$ 37,673	12/26/2021	unknown	unknown
8	Contra Costa County Employees' Retirement Association	Chief Executive Officer	\$ 24,823	100.0%	\$ 24,823	\$ 8,263	\$ 33,086	7/13/2022	unknown	unknown
9	San Mateo County Employees' Retirement Association	Chief Executive Officer, SAMCERA	\$ 24,519	100.0%	\$ 24,519	\$ 9,413	\$ 33,932	2/20/2022	10/2/2022	3.00%

Summary Results	Top Monthly Salary	Adjusted Top Monthly Salary	Total Monthly
Average of Comparators	\$ 30,504	\$ 32,755	\$ 42,553
% City of San Jose Retirement Agency Above/Below	-12.2%	-20.5%	-22.8%
Median of Comparators	\$ 26,746	\$ 29,530	\$ 38,702
% City of San Jose Retirement Agency Above/Below	1.6%	-8.7%	-11.7%
Number of Matches	8	8	8
Median Without CalPERS match	\$ 26,652	\$ 29,269	\$ 37,673
% City of San Jose Retirement Agency Above/Below	1.9%	-7.7%	-8.7%
60th Percentile	\$ 26,765	\$ 29,583	\$ 38,908
% City of San Jose Retirement Agency Above/Below	1.5%	-8.9%	-12.3%
75th Percentile	\$ 28,334	\$ 31,374	\$ 40,027
% City of San Jose Retirement Agency Above/Below	-4.3%	-15.4%	-15.5%
90th Percentile	\$ 31,078	\$ 33,577	\$ 43,753
% City of San Jose Retirement Agency Above/Below	-14.4%	-23.5%	-26.3%
Market Leader Position	\$ 32,955	\$ 34,510	\$ 48,902
% City of San Jose Retirement Agency Above/Below	-21.3%	-27.0%	-41.1%
Number of Matches	7	7	7

N/C - Non Comparator