

Memorandum

TO: Board of Administration of the Federated
City Employees' Retirement System

FROM: John Flynn

SUBJECT: Gallagher Investment Team
Compensation Study

DATE: June 18, 2026

RECOMMENDATION

Discussion and action on Gallagher's Investment Team Compensation Study.

BACKGROUND

At its April 2, 2025 meeting, the Joint Personnel Committee considered Investment Staff compensation, including the timing and commencement of a compensation study for the Office of Retirement Services' Investment Staff. Following the discussion, the Committee approved a motion recommending that both Boards authorize the commencement of the compensation study.

At its April 17, 2025 meeting, the Federated Board approved a motion directing the CEO to commence an updated compensation study for all current and proposed Retirement Investment staff classifications, excluding the Chief Investment Officer. At its June 5, 2025 meeting, the Police and Fire Board also approved commencing the updated compensation study for Investment staff classifications, excluding the Chief Investment Officer.

In October 2025, ORS entered into a service order with Gallagher, formerly Koff and Associates, to conduct the total compensation study. The purpose of the study was to develop a competitive compensation plan that enables ORS to attract and retain top talent, aligns with the organization's strategic objectives, and promotes internal and external pay equity through objective evaluation criteria.

Gallagher collected market data from October through December 2025. The study reviewed six Investment Team classifications and compared ORS compensation to eight California public retirement system comparators, including CalPERS. Gallagher also provided an alternate analysis excluding CalPERS.

The Joint Personnel Committee reviewed the draft Gallagher study at its April 1, 2026 meeting. The Committee approved a motion directing that the study be amended to show the compensation differential both with and without CalPERS included in the comparator group and that the updated report be brought to the Boards.

ANALYSIS

Gallagher Study Findings and Recommendations

Gallagher's study reviewed the following six Investment Team classifications: Retirement Deputy Chief Investment Officer, Retirement Investment Analyst I, Retirement Investment Analyst II, Retirement Investment Officer, Retirement Investment Officer Senior, and Retirement Investment Operations Supervisor.

The comparator agencies included Alameda County Employees' Retirement Association, Contra Costa County Employees' Retirement Association, Los Angeles City Employees' Retirement System, Orange County Employees' Retirement System, San Bernardino County Employees' Retirement Association, San Francisco Employees' Retirement System, San Mateo County Employees' Retirement Association, and CalPERS.

Gallagher noted that although CalPERS is significantly larger than ORS, technical investment classifications involve similar work across agencies, making organizational size less critical for those roles. Gallagher further noted that size becomes more significant when comparing management positions and that care was taken to calibrate management level matches to avoid skewing the data.

At the direction of the Joint Personnel Committee in April 2026, Gallagher revised the report to include market results both including and excluding CalPERS. The two tables below summarize the market findings under each approach.

Table 3. Base Salary and Total Compensation Market Results with CalPERS

Classification Title	# of Matches	Base Salary % Above or Below Median	Total Comp % Above or Below Median
Retirement Deputy Chief Investment Officer (Proposed)	3	Insuff Data	Insuff.Data
Retirement Investment Analyst I (Unclassified)	5	-7.54%	-4.38%
Retirement Investment Analyst II (Unclassified)	8	-13.81%	-16.64%
Retirement Investment Officer	7	1.50%	2.47%
Retirement Investment Officer, Senior (Unclassified)	7	-15.84%	-14.95%
Retirement Investment Operations Supervisor (Unclassified)	6	-3.61%	-6.26%

Table 3.A Base Salary and Total Compensation Market Results without CalPERS

Classification Title	# of Matches	Base Salary % Above or Below Median	Total Comp % Above or Below Median
Retirement Deputy Chief Investment Officer (Proposed)	2	Insuff Data	Insuff.Data
Retirement Investment Analyst I (Unclassified)	4	-8.02%	-11.17%
Retirement Investment Analyst II (Unclassified)	7	-15.89%	-17.50%
Retirement Investment Officer	6	-2.73%	-6.49%
Retirement Investment Officer, Senior (Unclassified)	6	-10.52%	-11.83%
Retirement Investment Operations Supervisor (Unclassified)	5	-0.42%	-9.86%

Including CalPERS, Gallagher found that ORS benchmark salaries were, on average, 7.86 percent below the market median for base salary and 7.95 percent below the market median for total compensation. Excluding CalPERS, Gallagher found that ORS benchmark salaries were, on average, 7.52 percent below the market median for base salary and 11.37 percent below the market median for total compensation. Gallagher recommended that salary levels be based on base salary differences, which were not materially different between the two data sets, and recommended retaining CalPERS as a comparator agency.

Gallagher considers a classification competitive with the labor market if it falls within 5 percent above or below the market median. Based on that standard, Gallagher identified several classifications as below market for base salary.

The table below summarizes Gallagher's recommended salary range adjustments.
Gallagher Recommended Salary Range Adjustments

Classification Title	Current Top Monthly Salary	Recommended Monthly Salary	Recommended Adjustment
Retirement Deputy Chief Investment Officer (Proposed)	\$ 26,250	\$ 28,715	9.39%
Retirement Investment Analyst I (Unclassified)	\$ 10,252	\$ 11,026	7.54%
Retirement Investment Analyst II (Unclassified)	\$ 11,998	\$ 13,655	13.81%
Retirement Investment Officer	\$ 18,506	\$ 18,506	0.00%
Retirement Investment Officer, Senior (Unclassified)	\$ 21,555	\$ 24,969	15.84%
Retirement Investment Operations Supervisor (Unclassified)	\$ 15,998	\$ 16,576	3.61%

Gallagher recommended salary adjustments using the market data that includes CalPERS. For the five classifications with sufficient market data, Gallagher recommended placement based on the City pay range closest to the market median. For the Deputy Chief Investment Officer classification, Gallagher found insufficient market data and recommended using an internal relationship approach, setting the salary 15 percent above the highest level classification managed, the Senior Retirement Investment Officer. Gallagher concluded that this would result in a monthly salary of \$28,715 and would not create compaction with the Chief Investment Officer.

Gallagher recommended maintaining the current range for the Retirement Investment Officer classification because it was marginally above the market median. Gallagher recommended adjustments for the remaining classifications to better align the Investment Team compensation structure with the market data and internal salary relationships.

Board Recommendation Process and Implementation Considerations

ORS carries out its functions at the direction of the Boards but remains a City department subject to the City's authority on compensation and budgeting matters. Measure G amended the City Charter to add § 810.1, which provided the Boards with greater autonomy over the CEO, CIO, and ORS investment professional staff, but reserved to the City Council the ability to approve compensation for these classifications at the recommendation of the Boards. See City Charter §§ 810.1(e) & 902.

Under City Charter § 810.1, the Boards have authority to recommend appropriate compensation for the CEO, CIO, and investment professional staff based on compensation for similar positions in comparable public pension plans.

Accordingly, the Gallagher study provides the market basis for the Board to determine whether to recommend adjustments to the compensation range to City Council. Board action on this item would not by itself implement new salary ranges. Any changes to the compensation range would require action through the applicable City process, including City Council approval.

Cost Analysis

There is no immediate fiscal impact from accepting the Gallagher study. Any future fiscal impact will depend on the implementation approach, the specific salary ranges proposed, timing, employee placement within ranges, filled and vacant positions, and any required City Council approval.

CONCLUSION

It is recommended that the Board accept Gallagher's Investment Team Compensation Study and determine whether to recommend compensation range adjustments for Investment Team classifications to the City Council. The study provides market data for the Board to consider in evaluating the competitiveness of Investment Team compensation and supports the Board's role under City Charter § 810.1 to recommend appropriate compensation for ORS investment professional staff.



John Flynn
CEO, ORS