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SECTION: A SECTION; Pg. A01**LENGTH:** 2223 words**HEADLINE:** CITY 'CEOS' GETTING BIGGER BUCKS;
Inland area mirrors nationwide salary trend**BYLINE:** DAN LEE; THE PRESS-ENTERPRISE**BODY:**

Glenn Southard will earn \$ 240,000 a year as Indio's city manager. Brad Hudson will receive \$ 225,000 as Riverside's city manager.

Meanwhile, Moreno Valley is hoping to find a new city executive whose salary will stay under the \$ 200,000 mark.

Known as the CEOs of their communities, city managers oversee the work force and operations of municipal enterprises with budgets in the hundreds of millions of dollars. And Inland cities are paying ever-higher salaries for their services, reflecting a statewide and national trend.

In fact, California leads the nation in the trend, according to statistics compiled by the International City/County Management Association.

"They're like any other salaries: they're going up. Everyone seems so surprised that we've crossed the (\$ 200,000) threshold," association spokeswoman Michele Frisbee said by phone. "The few salaries that we have in our database that are above \$ 200,000 are in California."

The nationwide average pay for a city manager last year was \$ 93,492, according to cities that responded to a survey by the association. California's high cost of living is driving the salary increases, Frisbee said.

Southard and Hudson's salaries were unanimously approved by their respective city councils. They are among the highest paid municipal executives in California, according to the survey.

And that does not include the additional benefits and perks the cities pay for - retirement contributions, health- and

life-insurance policies, sick time, car allowances, and vacation time immediately available upon starting work - that can add up to tens of thousands of dollars.

SEEKING THE BEST

Indio leaders decided to pay Southard his salary - topping a quarter-million dollars with benefits - because it needed a highly qualified city manager to come on board quickly and help Indio deal with its rapid growth, Mayor Melanie Fesmire said by phone.

Indio also needed a city manager who could revamp a staff that has seen a lot of turnover, and some city manager candidates might not want to go through the trouble of assembling a team, she said

Southard had spent 17 years as Claremont's city manager, where his final salary was \$ 175,923, according to city officials there.

"(Southard is) considered, according to some people I've talked to, the first-best or second-best city manager in government in Southern California," Fesmire said. "We had to get him fast. We wanted the best."

Jon Coupal, president of the Howard Jarvis Taxpayers Association, said it would be difficult for a small or mid-size community such as Indio - with a median household income of \$ 34,624 - to justify paying a city manager more than \$ 200,000. The Los Angeles-based association is dedicated to fighting for taxpayer rights, including the efficient use of taxpayer dollars.

"If you have one manager who is able to provide a good level of services, is responsive to citizens and keeps a lid on higher taxes, the citizens may not care if he's getting \$ 200,000 or they may be willing to pay that," he added by phone.

SHORT TENURE

Steve Frates, a senior fellow at the Rose Institute for State and Local Government at Claremont McKenna College, said he believes an argument could be made that there is a market for city managers, unlike other municipal employees whose salaries are set by labor agreements.

"They can be replaced or removed pretty quickly. The average tenure is only about three or four years. There's a rapidly evolving market," he said by phone. "Unlike other positions, city councils can pay more at their discretion to get someone."

California also is a more complex environment for city managers than other states, because of the state's history with local government financing, Frates added. State legislators and governors took away local property-tax revenues to balance California's budget, leaving cities to try to build other sources of revenue, such as sales tax.

"Cities are hiring managers to be development directors and cheerleaders for bringing in revenues to create a sales-tax base," he said. "There's a good deal of creativity and pressure in California."

For his part, Southard said he knows the pressures that come with the Indio job: trying to rebuild a management team, dealing

with crumbling streets and inadequate parks and a mall that needs replacement. He compared his job to the pressure of coaching a sports team.

"You get picked, you get paid more money, but you're still expected to win," Southard said by phone. "You need to have a majority of winning seasons."

TOUGH COMPETITION

Hudson, Riverside's new city manager, was already making \$ 212,870 as executive director of the Riverside County Economic Development Agency.

"We're also competing with the salaries offered by the county. (Taking a pay cut) is not a reasonable request," Riverside Mayor Ron Loveridge said by phone. Hudson's county salary "became the base from which we talked about."

City Councilman Dom Betro said Riverside - with a median household income of \$ 41,646 - was competing with the job market and had to pay well to draw the talent the council sought. He also predicted city manager salaries will continue to rise.

"I think in a year we are going to find this is low," Betro said of Hudson's salary.

A few Riverside residents spoke out against Hudson's salary before the council approved it, including Terry Frizzel, a former mayor.

"I just feel it's a little out of line . . . I just feel they have to be a little bit more considerate of the taxpayers who are paying for these things," she said by phone. "I think (city manager's pay) is getting pretty steep. Just a few years ago, the president (of the United States) was only getting paid \$ 200,000."

Some citizens who were asked their opinions about the salaries said they didn't know enough about what a city manager does. 'TOO MUCH MONEY'

Others agreed with Frizzel, saying the salaries were too high.

"My reaction is that it's too . . . much money," Riverside resident and retired schoolteacher George Brooks said after shopping at Mission Grove Plaza. "I don't know what teachers make these days, but it's a lot less money than that."

Frates said a county economic development director isn't someone he would normally assume Riverside would hire as city manager, but he wasn't surprised, either. Riverside is a large city with complex issues ranging from utility services to managing a municipal airport to dealing with major transportation issues, he said.

"It's not a starter city for someone who doesn't know what they're doing," Frates said.

One person who will benefit from Hudson's salary is Ontario City Manager Greg Devereaux. He makes \$ 214,380 annually, according to city officials.

But his contract allows his salary to be compared with those paid to city managers in Anaheim, Corona, Fontana, Pomona, Rancho Cucamonga, Riverside and Victorville. His salary will be raised next year to equal the average of the top two salaries in that group, Deputy City Manager Bob Heitzman said by phone.

Such arrangements are not unusual and are agreed upon at the time of hiring, Frates said.

DEBATING THEIR WORTH

Coupal, of the Jarvis taxpayers group, said he expects salaries to keep rising, partly because voters passed Prop. 1A last year, which protects some local-government funding from the state. That may enable cities to offer more generous salaries, he said.

"There is constant pressure to increase salaries and benefits for local government and management," Coupal said.

"Unfortunately, they do not have the same measures of performance that we have in the private sector. Therefore, it's difficult to figure out if it's worth it."

City managers' jobs are difficult, but they can't be compared with corporate executives' work, Frates agreed.

"There's no profit-loss," he said. "You're given money and you're managing it. That's different from trying to make it . . . We don't see the (business) world beating down the door to hire ex-city managers at all."

STYLE COUNTS

Councils often look at a city manager candidate's record of controlling costs, raising revenues or steering a city through troubles, Frates said. But a candidate's interaction with the council and style often have as much to do with the final decision, he said.

"Those are judgment calls for councils to make," Frates said.

Moreno Valley is looking for a new city manager to replace Gene Rogers, who plans to retire by early next year. Rogers earns an annual salary of \$ 191,636.

But Moreno Valley Mayor Richard Stewart said he believes the city can find a manager without having to shell out big bucks. Moreno Valley is competitive because it has good city employees, a council that works well with staff and each other, and affordable and attractive housing, he said.

"I think we have a lot to offer," Stewart said by phone. "I don't anticipate the need to play the salary game."

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Staff writers Doug Haberman, Melanie Johnson, Darrell Santschi, Herbert Atienza, Paul LaRocco, Roberto Hernandez, David Hermann, Lisa McPheron and Tim O'Leary contributed to this report

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TEMECULA

City Manager Shawn Nelson

ANNUAL BUDGET: \$ 222.8 million

YEAR HIRED: 2000

SALARY: \$ 158,430

ONTARIO

City Manager Greg Devereaux

ANNUAL BUDGET: \$ 319.4 million

YEAR HIRED: 1997

SALARY: \$ 214,380

RIVERSIDE

City Manager Brad Hudson

ANNUAL BUDGET: \$ 555.7 million

YEAR HIRED: Starts June 1

SALARY: \$ 225,000

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CITY MANAGER SALARIES: The salaries of city managers for Inland cities vary greatly, regardless of a city's population or budget.

INLAND CITIES AND CITY MANAGER SALARIES

City: Indio

Population*: 66,118

2004-05 budget: \$ 34,856,812

City Manager salary: \$ 240,000

City: Riverside

Population*: 285,537

2004-05 budget: 555,700,000

City Manager salary: \$ 225,000

City: Ontario

Population*: 170,373

2004-05 budget: 319,359,969

City Manager salary: \$ 214,380

City: Fontana

Population*: 160,015

2004-05 budget: 106,360,690

City Manager salary: \$ 193,824

City: Moreno Valley

Population*: 165,328

2004-05 budget: 139,174,388

City Manager salary: \$ 191,636

City: Redlands

Population*: 70,324

2004-05 budget: 143,774,676

City Manager salary: \$ 185,664

City: San Bernardino**

Population*: 199,803

2004-05 budget: 120,800,000

City Manager salary: \$ 179,000

City: Corona

Population*: 144,070

2004-05 budget: 253,000,000

City Manager salary: \$ 173,280

City: Palm Springs

Population*: 45,731

2004-05 budget: 139,000,000

City Manager salary: \$ 171,000

City: Rancho Mirage

Population*: 16,416

2004-05 budget: 79,000,000

City Manager salary: \$ 169,000

City: Palm Desert

Population*: 49,280

2004-05 budget: 152,000,000

City Manager salary: \$ 165,000

City: Indian Wells

Population*: 4,781

2004-05 budget: 73,000,000

City Manager salary: \$ 165,000

City: Temecula

Population*: 81,397

2004-05 budget: 222,802,637

City Manager salary: \$ 158,430

City: La Quinta

Population*: 36,145

2004-05 budget: 102,000,000

City Manager salary: \$ 154,000

City: Hemet

Population*: 66,455

2004-05 budget: 64,857,000

City Manager salary: \$ 152,909

City: Lake Elsinore

Population*: 38,045

2004-05 budget: 24,405,048

City Manager salary: \$ 140,204

City: Coachella

Population*: 30,764

2004-05 budget: 44,000,000

City Manager salary: \$ 140,000

City: Loma Linda

Population*: 21,592

2004-05 budget: 25,800,000

City Manager salary: \$ 136,800

City: Colton

Population*: 51,627

2004-05 budget: 104,500,000

City Manager salary: \$ 136,500

* As of Jan. 1, 2005

** San Bernardino has a city administrator

SOURCES: POPULATION FIGURES FROM THE STATE DEPARTMENT OF
FINANCE; BUDGET AND SALARY FIGURES FROM CITIES.

THE PRESS-ENTERPRISE

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STATEWIDE SALARIES: Selected California cities with city manager

salaries more than \$ 200,000 per year.

City: Palmdale

Population (as of 1/1/05): 136,734

2004-05 budget: \$ 207,406,980

City Manager salary: \$ 252,525

City: Beverly Hills

Population (as of 1/1/05): 35,969

2004-05 budget: \$ 245,000,000

City Manager salary: \$ 239,000

City: Santa Clara

Population (as of 1/1/05): 109,106

2004-05 budget: \$ 447,000,000

City Manager salary: \$ 238,020

City: Redding

Population (as of 1/1/05): 88,459

2004-05 budget: \$ 282,665,000

City Manager salary: \$ 238,020

City: Chula Vista

Population (as of 1/1/05): 217,543

2004-05 budget: \$ 250,600,000

City Manager salary: \$ 215,000

City: Pico Rivera

Population (as of 1/1/05): 67,288

2004-05 budget: \$ 51,173,000

City Manager salary: \$ 212,000

City: San Jose

Population (as of 1/1/05): 944,857

2004-05 budget: \$ 2,700,000,000

City Manager salary: \$ 209,186

City: Torrance

Population (as of 1/1/05): 147,405

2004-05 budget: \$ 232,000,000

City Manager salary: \$ 207,828

City: Elk Grove

Population (as of 1/1/05): 121,609

2004-05 budget: \$ 186,688,286

City Manager salary: \$ 205,000

City: Irvine

Population (as of 1/1/05): 180,803

2004-05 budget: \$ 359,688,286

City Manager salary: \$ 205,000

SOURCES: SALARY INFORMATION PROVIDED BY INTERNATIONAL
CITY/COUNTY MANAGEMENT ASSOCIATION BUDGET AND SALARY INFORMATION
PROVIDED BY CITIES
THE PRESS-ENTERPRISE

NOTES:

Staff writers Doug Haberman, Melanie Johnson, Darrell Santschi, Herbert Atienza, Paul LaRocco, Roberto Hernandez, David Hermann, Lisa McPheron and Tim O'Leary contributed to this report

GRAPHIC: (1) AMANDA LUCIDON/THE PRESS-ENTERPRISE / Indio's Glenn Southard, who is paid \$ 240,000 per year, describes his job as similar to coaching a sports team. "You get picked, you get paid more money, but you're still expected to win," Southard said. (2) [Temecula] City Manager Shawn Nelson (3) [Ontario] City Manager Greg Devereaux (4) [Riverside] City Manager Brad Hudson; MUGS ; PHOTO ; GRAPHIC

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