

This document is an extract of a larger publication.

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COMPENSATION COST TRANSPARENCY

TABLE 1 – 2012 Compensation Cost Transparency Assessment Ratings Chart

	<u>City/District/ Joint Power Authority</u>	<u>Access- ibility Grade</u>	<u>Exec. Page Grade</u>	<u>Employee Pages Grade</u>	<u>Areas of Strengths</u>	<u>Areas for Improvement</u>	<u>Web Updates since March per May Exit Interviews</u>
	<u>County</u>						
1	County of Orange	A	A	C	Excellent Executive Page & Excellent Accessibility	Employee Pages	UPDATE Note 1 - See end of table notes
	<u>Cities</u>						
1	Aliso Viejo	A	C	D	Excellent Accessibility	Employee Pages for Salaries and Benefits	<i>n/a - Did not attend May exit interview</i>
2	Anaheim	A	B	B	Excellent Accessibility	Employee Pages for Salaries and Benefits	
3	Brea	A	C	C	Excellent Accessibility		
4	Buena Park	A	A	A	Excellent in all ways		
5	Costa Mesa	A	A	A	Excellent in all ways		
6	Cypress	B	D	D		Both Executive and Employee Pages for Salaries and Benefits	
7	Dana Point	A	A	D	Excellent Executive Page	Employee Pages for Salaries and Benefits	
8	Fountain Valley	B	F	D		Both Executive and Employee Pages for Salaries and Benefits	<i>n/a - Did not attend May exit interview</i>
9	Fullerton	B	A	D		Employee Pages for Salaries and Benefits	
10	Garden Grove	A	C	D	Excellent Accessibility	Employee Pages for Salaries and Benefits	
11	Huntington Beach	B	F	B		Executive Page for Salaries and Benefits	
12	Irvine	A	A	D	Excellent Accessibility Excellent Exec. Page	Employee Pages for Salaries and Benefits	UPDATE Note 2 - See end of table notes
13	La Habra	A	A	F	Excellent Accessibility Excellent Exec. Page	Employee Pages needs Compensation Costs & Benefits	
14	La Palma	A	D	D	Excellent Accessibility	Both Executive and Employee Pages for Salaries and Benefits	UPDATE Note 3 - See end of table notes
15	Laguna Beach	A	D	D	Excellent Accessibility	Both Executive and Employee Pages for Salaries and Benefits	UPDATE Note 4 - See end of table notes
16	Laguna Hills	A	B+	D	Excellent Accessibility	Employee Pages for Salaries and Benefits Exec Page needs Pension Costs	
17	Laguna Niguel	B	D	D		Both Executive and Employee Pages for	<i>n/a - Did not attend May exit interview</i>

COMPENSATION COST TRANSPARENCY

	<u>City/District/ Joint Power Authority</u>	<u>Access- ibility Grade</u>	<u>Exec. Page Grade</u>	<u>Employee Pages Grade</u>	<u>Areas of Strengths</u>	<u>Salaries and Benefits</u> <u>Areas for Improvement</u>	<u>Web Updates since March per May Exit Interviews</u>
18	Laguna Woods	A	A	A	Excellent in all ways		<i>n/a - Did not attend May exit interview</i>
19	Lake Forest	A	C	D	Excellent Accessibility	Employee Pages for Salaries and Benefits	
20	Los Alamitos	B	C	D		Employee Pages for Salaries and Benefits	<i>n/a - Did not attend May exit interview</i>
21	Mission Viejo	A	D	D	Excellent Accessibility	Both Executive and Employee Pages for Salaries and Benefits	
22	Newport Beach	A	C	C	Excellent Accessibility		
23	Orange	A	C	D	Excellent Accessibility	Employee Pages for Salaries and Benefits	<i>n/a - Did not attend May exit interview</i>
24	Placentia	A	A	A	Excellent in all ways		
25	Rancho Santa Margarita	A	A	D	Excellent Accessibility Excellent Executive Page	Employee Pages for Salaries and Benefits	
26	San Clemente	A	A	D	Excellent Accessibility Excellent Executive Page	Employee Pages for Salaries and Benefits	
27	San Juan Capistrano	A	A	D	Excellent Accessibility Excellent Executive Page	Employee Pages for Salaries and Benefits	UPDATE Note 5 - See end of table notes
28	Santa Ana	B	B	D		Employee Pages for Salaries and Benefits	UPDATE Note 6 - See end of table notes
29	Seal Beach	B	A	D	Excellent Executive Page	Employee Pages for Salaries and Benefits	
30	Stanton	A	A	D	Excellent Accessibility Excellent Executive Page	Employee Pages for Salaries and Benefits	<i>n/a - Did not attend May exit interview</i>
31	Tustin	A	C	D	Excellent Accessibility	Employee Pages for Salaries and Benefits	
32	Villa Park	A	C	C	Excellent Accessibility		<i>n/a - Did not attend May exit interview</i>
33	Westminster	B	F	D		Both Executive and Employee Pages for Salaries and Benefits	<i>n/a - Did not attend May exit interview</i>
34	Yorba Linda	A	A	A	Excellent in all ways		

COMPENSATION COST TRANSPARENCY

	<u>City/District/ Joint Power Authority</u>	<u>Access- ibility Grade</u>	<u>Exec. Page Grade</u>	<u>Employee Pages Grade</u>	<u>Areas of Strengths</u>	<u>Areas for Improvement</u>	<u>Web Updates since March per May Exit Interviews</u>
	<i>Special Districts - Water and Sanitation</i>						
1	Costa Mesa Sanitary	A	B+	B+	Excellent Accessibility	Exact pensions are on separate list. Add exact pensions to chart and total	
2	East OC Water	A	C	C	Excellent Accessibility	Need chart w/ other pay, insurance, exact pension cost & total	<i>n/a - Did not attend May exit interview</i>
3	El Toro Water	A	C	F	Excellent Accessibility	Employee Page Chart needed for Salaries & Benefits	UPDATE Note 7 - See end of table notes
4	Irvine Ranch Water	A	D	D	Excellent Accessibility	Both Executive and Employee Pages for Salaries and Benefits	
5	Mesa Consolidated Water	A	D	D	Excellent Accessibility	Both Executive and Employee Pages for Salaries and Benefits	UPDATE Note 8 - See end of table notes
6	Midway City Sanitary	A	A	A	Excellent in all ways		
7	Moulton Niguel Water	A	D	D	Excellent Accessibility	Both Executive and Employee Pages for Salaries and Benefits	
8	Municipal Water Dist. of OC	D	D	D	Have listing on home page, but does not list information in an accessible format.	Both Executive and Employee Pages for Salaries and Benefits	
9	Orange County Sanitation	A	D	D	Excellent Accessibility	Both Executive and Employee Pages for Salaries and Benefits	UPDATE Note 9 - See end of table notes
10	Orange County Water	A	D	D	Excellent Accessibility	Both Executive and Employee Pages for Salaries and Benefits	UPDATE Note 10 See end of table notes
11	Santa Margarita Water	C	F	F		Both Executive and Employee Pages for Salaries and Benefits	<i>n/a - Did not attend May exit interview</i>
12	Serrano Water	A	B	B	Excellent Accessibility		
13	South Coast Water	A	D	D	Excellent Accessibility	Both Executive and Employee Pages for Salaries and Benefits	
14	Trabuco Canyon Water	C	D	D		Both Executive and Employee Pages for Salaries and Benefits	<i>n/a - Did not attend May exit interview</i>
15	Yorba Linda Water	B	D	D		Both Executive and Employee Pages for Salaries and Benefits	

COMPENSATION COST TRANSPARENCY

	<u>City/District/ Joint Power Authority</u>	<u>Access- ibility Grade</u>	<u>Exec. Page Grade</u>	<u>Employee Pages Grade</u>	<u>Areas of Strengths</u>	<u>Areas for Improvement</u>	<u>Web Updates since March <i>per</i> <i>May Exit Interviews</i></u>
	<u>Special Districts - Non Enterprise</u>						
1	Buena Park Library	A	A	A	Excellent in all ways		
2	Orange County Cemetery	A	D	D	Excellent Accessibility	Both Executive and Employee Pages for Salaries and Benefits	UPDATE Note 11 See end of table notes
3	Orange Co. Vector Control	F	F	F		Accessibility, plus Both Executive and Employee Pages for Salaries and Benefits	<i>n/a - Did not attend May exit interview</i>
4	Placentia Library	A	A	A	Excellent in all ways		
5	Rossmoor Community Service	D	F	F		Accessibility, plus Both Executive and Employee Pages for Salaries and Benefits	<i>n/a - Did not attend May exit interview</i>
6	Silverado-Modjeska Recreation & Parks	A	N/A*	A	Excellent in all ways		<i>n/a - Did not attend May exit interview</i>
	<u>Special District - Transport</u>						
1	OCTA - Orange County Transportation Authority	A	B	B	Excellent Accessibility	Need to report Retirement Plan contribution amounts as a stand-alone item for full transparency, not bundled	
	<u>Joint Power Authority</u>						
1	OCFA - Orange County Fire Authority	B	D	D		Both Executive and Employee Pages for Salaries and Benefits	

Legend: * N/A = Not Applicable

COMPENSATION COST TRANSPARENCY

Table 1 WEB UPDATE NOTES from May, 2012 Exit Interviews on web changes since March, 2012:

1- **The County of Orange** subsequently submitted a spreadsheet of salary and benefit information for over 17,000 employees for 2011 that they prepared for a Public Records Act response to a request submitted by the Bay Area News Group, an organization of Northern California newspapers. The OC Register requested to receive the same information once it was released to the original requestor. It appears quite complete and the County of Orange will post this compensation information on the County's web site as their Employee Compensation Cost pages for the public to see as well. It appears to be quite complete.

2- **The City of Irvine** reported that their Employee page was subsequently posted on their City Compensation Page, using the Orange County Grand Jury suggested format. It appears to be quite complete.

3. **The City of La Palma** reported that their website was updated in early May to reflect the Grand Jury's requests. They submitted a copy of the City of La Palma 2011 Compensation Report and it appears to be quite complete.

4. **The City of Laguna Beach** reported that they have added a table to the compensation pages to include Defined Benefit Plan Pension Costs and a Total Salary and Benefits column for all employees. It appears to be quite complete.

5. **The City of San Juan Capistrano** reported that they have added employee compensation pages to their website. It appears quite complete.

6. **The City of Santa Ana** reported that data has been compiled for their Employee pages and will be posted on their website in May, 2012.

7. **The El Toro Water District** reported that it has updated its website to include all compensation, including pension for the GM, in table form. They report that they do not offer a defined benefit plan, so there are no pension costs to disclose.

8. **The Mesa Consolidated Water District** reported that Executive Compensation is on the website, as are Employee Salary Ranges and Title. May, 2012 report recommendations are being implemented.

9. **The Orange County Sanitation District** reported that their Compensation Cost website had been updated.

10. The **Orange County Water District** reports that additional information has been added to their website. The information that was on the website in March under "Human Resources" and is now under "Transparency."

11. **The Orange County Cemetery District** reported an upgrade to their Salary and Benefit Summary that they brought in for review. It appears quite complete.

Recognition of Excellence in Compensation Cost Transparency (CCT) –

To recognize achievement of excellence in Compensation Cost Transparency, **Appendix A** contains the 2012 **Gold**, **Silver** and **Bronze** Honor Rolls. Listed are Orange County cities, special districts/JPAs and the County of Orange. **Appendix A** also has the 2012 list of **Most Potential for Improvement**. These four lists are described below.

1. **Gold Honor Roll** is for cities & special districts providing **outstanding overall CCT access, content & clarity** in government for their citizens. Straight “A” (excellent) ratings in **all three CCT categories of Accessibility, Executive Content & Clarity and Employee Content & Clarity** for 2012 were achieved by all listed.
2. **Silver Honor Roll** is for cities & special districts providing **excellent executive CCT** in government for their citizens. “A” (excellent) ratings in the **two categories of Accessibility & Executive Content & Clarity** for 2012 were achieved by all listed.
3. **Bronze Honor Roll** is for cities & special districts providing **excellent CCT accessibility** in government for their citizens. “A” (excellent) rating in the **one category of Accessibility** for 2012 were achieved by all listed.
4. **Most Potential for Improvement List** for the cities & special districts in CCT. This potential for improvement was demonstrated by receiving one 2012 “F” (nonexistent) rating in at least **one of the three CCT categories of Accessibility, Executive Content & Clarity or Employee Content & Clarity**.

Non-Transparent Compensation Costs Funding Guaranteed Pensions

Current fiscal pressures accentuate the need for more pension cost information. Public demand is building for transparent reporting of unfunded pension liabilities in more detail.

The Government Accounting Standards Board (GASB) is addressing the unfunded pension liability issue at the macro level.¹⁷ GASB would mandate the movement of the unfunded pension liability from an informational footnote to a liability on the balance sheet as early as 2013. Private industry Financial Accounting Standards Board (FASB) has mandated this practice for years and upgraded their balance sheet pension liability reporting with FASB Statement 158 in 2006.¹⁸

¹⁷ GASB Postemployment Benefit Accounting and Financial Reporting Project, scheduled for statement release June, 2012. www.gasb.org
¹⁸ “FASB adopts New Pension Std.,” 10/3/2006, <http://accounting.smartpros.com/x55007.xml> & <http://www.fasb.org/summary/stsum158.shtml>

COMPENSATION COST TRANSPARENCY

A real lack of transparency of reporting the annual government dollar costs to fund guaranteed pensions appears at the employee/position pension level. Why?

Last year, the 2010-2011 Grand Jury asked for pension costs (i.e., the amounts that the city pays for contributions to a pension plan, such as PERS and Social Security) to be reported in their annual compensation cost disclosures. The county and some cities did, and many did not. The ones who did were:

- The County of Orange reported pension costs on their Executive page.
- The city governments that provided excellent executive pension cost transparency by apparently reporting pension costs on their Executive pages were:
 - Dana Point
 - Fullerton
 - Irvine
 - La Habra
 - Rancho Santa Margarita
 - San Clemente
 - San Juan Capistrano
 - Stanton.
- The cities who apparently went a step further and reported pension costs for all their employees and executives, to provide excellent maximum transparency for their citizens were:
 - Buena Park
 - Costa Mesa
 - Laguna Woods
 - Placentia
 - Yorba Linda.

The current focus of the California State Controller website does not yet reflect pension compensation costs. So pension costs for defined benefit plans (DBPs) currently go unreported on the state's local government's compensation site. The formula for the DBPs pension benefits is shown instead.

The state site reports the shorthand formula for the DBP pension benefit. However the formula is cryptic and the formula is not translated to the government's cost of funding it. A citizen can view the benefit formula shorthand notation that shows at what age the employee can collect what percentage of their last year's pay for every year of service.

The pension benefit formula is often not understood by the average citizen unless they are already familiar with the formula shorthand notation. An explanation is offered here with an example below.

The pension formula for Officer Jane Doe, a public safety employee, is shown as “3% @50”. The “3%@50” means that Officer Jane Doe can retire when 50 years old and collect 3% of her last year’s pay, which is multiplied by each year of her public service. More specifically, that would mean when she obtained 50 years of age and if she had 30 years of public service, that Officer Jane Doe could collect 90% of her last year’s pay for the rest of her life (30 yrs. x 3%). If her annual pay from her last year(s) or highest year was \$100,000, then her pension annual payment would be \$90,000 for the rest of her life, plus cost of living allowances, if applicable.

The annual cost by the government of building up the funds for this pension is not shown on the California State Controller’s web site for this employee’s position level. The state site does not currently focus on the government’s compensation costs of the guaranteed pension, but just on the benefit formula of the employee’s guaranteed pension. This may change in the future, as described in the “Future Potential for California’s Local Government Pension Cost Reporting” section.

Significance of Local Government’s Cost of Funding Guaranteed Pension Benefits

Taxpayer and ratepayer dollars fund public pensions. In many local governments, but not all, taxpayers are obligated to pay government workers’ guaranteed pension benefits as promised through collective bargaining agreements. What is the range of the compensation costs of defined benefit plans?

The range of pension fund investment annual payments that Orange County local governments make for their General employees (officially classified as “miscellaneous” in pension plans) is from **9% to 28%** of salaries.

For Public Safety employees, that include fire, police, probation and lifeguards, the range is from **20% to 48%** of salaries. **Appendices B and C** list these percentage amounts owed to CalPERS or OCERS annually by each local government entity.

Are these government current compensation costs for a future benefit significant? Should pension funding amounts by employee positions be reported to the public, even though they are not current taxable compensation to the employee? Since local governmental annual investment payments range from 9% to 48% of salary, they are significant for taxpayer citizens to know. Taxpayer and ratepayer dollars fund these dollar amounts now

to cover future pension obligations for employees, and are real and significant costs of government employment.

Future Potential for California’s Local Government Pension Cost Reporting

The government’s portion of guaranteed pension annual costs currently go unreported on the California State Controller’s local government compensation reporting site. That has been due to different objectives. We understand this may change in the near future.

To reduce the workload and simplify different reporting requirements for Orange County local governments, the 2011-2012 Grand Jury has had a continuing dialogue with the State Controller’s office about the inclusion of pension costs.

Specifically, the discussions were with the California State Controller’s Bureau of Local Government Policy and Reporting. This unit of the State Controller’s office is embarking on the requirements phase for new database software to replace the annual influx of approximately 5,000 Excel spreadsheets.

The State Controller’s office has considered the potential inclusion of requesting local governments to report Pension Costs for Defined Benefit Plans (DBPs) in their future minimum requirements. Informally, they have relayed to the 2011-2012 Grand Jury that they plan to include pension costs of DBPs in their reporting requirements for local government reporting in 2013, as part of the “burden cost of compensation.” The new software implementation is initially planned to include pension cost data in the second phase. They stated that they would formally document their intentions to the Grand Jury in the near term.

Orange County citizens would benefit from being able to access DBP pension annual funding costs by employee/position on local web sites as soon as possible in the spirit of full transparency. Why wait? This information would appear to be too significant to ignore. Why just provide only the bare minimum in compensation cost transparency reporting, as required by the State Controller, when full transparency would benefit Orange County citizens now?

Need for Local Government Website Reporting of Compensation Cost Reporting

Compensation cost reporting is preferably shown on the local government website for ease of citizen use and because the data will be the latest available. At the State Controller’s level, the local government reporting information can be from one to two years late due to the multiple fiscal years that the State has to address for the approximately 5,000 local governments.

COMPENSATION COST TRANSPARENCY

Taxpaying citizens deserve to see the costs of funding guaranteed pensions clearly displayed at the employee position level now. The exceptional and commendable Orange County cities and districts that appear to include pension cost amounts in their Executive and Employee compensation costs in 2012 are:

- Buena Park
- Costa Mesa
- Laguna Woods
- Placentia
- Yorba Linda
- Midway Sanitary District
- Buena Park Library District
- Placentia Library District.

Costa Mesa was recognized by the national Sunshine Review, a nonprofit organization dedicated to government transparency. They were awarded a national 2012 Sunny Award for doing an exemplary job at proactively disclosing information to taxpayers.¹⁹ They were the only government in California to receive an “A+” grade from the Sunshine Review. They set a good transparency example. Costa Mesa solicits their citizens to send in additional ideas about how they can improve their transparency at www.ci.costa-mesa.ca/transparency/.

The exceptional and commendable Orange County governments that appear to include these pension costs on their Executive Compensation cost page in 2012 are the County of Orange²⁰ and the cities of:

- Dana Point
- Fullerton
- Irvine
- La Habra
- Rancho Santa Margarita
- San Clemente
- San Juan Capistrano
- Stanton

¹⁹ For award information, see http://sunshinereview.org/index.php/2012_Sunny_Awards .

²⁰ The salaries and benefits for the County of Orange 12 top elected officials are shown on Sunshine Review’s national website at http://sunshinereview.org/index.php/Orange_County_employee_salaries with reference to the 34 OC employees who make over \$150,000 in total compensation of salaries and benefits (including pension costs). The reporting is excerpted from the County’s elected and executive compensation web page, as recommended by last year’s 2010-2011 OC Grand Jury, providing a good leadership example for OC cities & special districts to follow.

Signs of the Public’s Need to see Pension Costs at the Employee Position Level

Recent signs of the public’s increasing need to have pension costs reported at the Employee Pension level include the following examples.

- Orange County Register’s March 20, 2012 article on *“Public pensions evolving at local level”* which had to rely on survey data, not actual local governmental Pension Cost data, stated the following:

“Specifically, the recent League of California Cities survey that showed that 48% of California cities have reduced pension benefits for new hires.”²¹

The building block for this Pension Cost information would naturally be at the Employee Position level, like transparent Salary and other Benefits are, but alas it is not yet generally available nor yet reported at that level.

The survey covered only the California cities that contract with CalPERS. As a result, only 321 of California’s 482 cities responded. Reporting Pension Costs per employee position on a regular basis is topical and needed for transparent local government.

- USA Today’s March 12, 2012 article on *“In Too many places, public pensions remain private”* which stated the following:

“Even in states (California Florida, New Jersey and New York) where pension data are public, they’re often tough to find. If a newspaper or a public interest group hasn’t put the information online, people must file written requests to obtain it. All states could take a cue from New Jersey where pension data are posted and easily searchable online.”²²

The USA Today article concluded:

“Taxpayers have a right to know how their money is being spent. But when it comes to public pensions, it’s going to take a big push for transparency before that happens everywhere.”²³

²¹ *“Public pensions evolving at local level,”* Orange County Register, March 20, 2012, Local, OC Watchdog, p.1

²² *“In too many place, public pensions remain private,”* USA Today, March 12, 2012, p.8A

²³ Ibid.

- The California-based Little Hoover Commission issued a comprehensive report in February, 2011 on “*Public Pensions for Retirement Security*” that recommended:

“To improve transparency and accountability, more information about pension costs must be provided regularly to the public.”²⁴

Specifically recommended was that “*The Legislature must require pension fund administrators to improve procedures for detecting and alerting the public about unusually high salary increases of government officials that will push pension costs upward.*”²⁵

A more expedient local method of educating the Orange County public would be to include Pension Costs at the Employee Position level on the Orange County local government websites today in transparent compensation cost reporting.

This would let Orange County local governments potentially lead in pension cost transparency, as the County of Orange has done. One third of Orange County cities have already stepped out front and done so, and others are expected to do so as well. Financial pressures are starting to force local governments to make hard choices. Good clear transparent information reporting is needed to make informed choices. Informed citizens can then understand and support future actions.

FINDINGS/CONCLUSIONS

In accordance with California Penal Code Sections 933 and 933.05, the 2011-2012 Grand Jury requires responses from each city, special district, joint power authority, as well as the County of Orange and OCERS, affected and named by the findings presented in this section. The responses should address the specific situation of the governmental entity responding. The responses are to be submitted to the Presiding Judge of the Superior Court, with a copy to the Orange County Grand Jury.

A list of which governments are required to respond to which of the findings are summarized in Tables 2 and 3. These tables can be found in a later section entitled REQUIREMENTS AND INSTRUCTIONS.

Based upon the assessment of 58 websites of the County of Orange, 34 OC cities, 15 OC water and sanitation districts, 6 OC non-enterprise special districts, 1 transportation

²⁴ “*Public Pensions for Retirement Security*,” Little Hoover Commission, State of California, February, 2011, Executive Summary, <http://www.lhc.ca.gov/>

²⁵ Ibid.

special district and 1 OC Joint Power Authority, the 2011-2012 Orange County Grand Jury has five principal findings.

Finding 1 - Accessibility Ratings for Cities, Special Districts and JPAs

Accessibility to Compensation Costs for Orange County **cities** web-sites experienced 92% improvement this year, but there is still room for improvement at some cities. Accessibility to Compensation Costs on Orange County websites for districts and joint power authority (JPA) has room for improvement, even though 70% were rated **excellent**.

- Cities:

There was a 92% improvement in CCT Accessibility from the thirteen cities rated **excellent** in 2011 compared to twenty-five cities were rated **excellent** in 2012.

 - **Yet there is still room for improvement for the remaining nine of thirty-four Orange County cities who received a rating of **good** in 2012 to achieve **excellence** in CCT Accessibility.**

- Special Districts and Joint Power Authority (JPA):

Sixteen of the twenty-three special districts/joint power authority (70%) were rated **excellent** in 2012 for CCT Accessibility. This was a very good showing in their first year of being rated.

 - **However, seven of the twenty-three special districts/joint power authority were rated **good, average, poor and nonexistent** for CCT Accessibility, all of whom could improve to **excellent**.**

Finding 2 – Content & Clarity Ratings for EXECUTIVE Compensation Cost

Content and Clarity for the OC cities elected officials and executives over \$100,000 in base salary is improving in this 2nd year of ratings. On the other hand, there is understandably even more potential improvement possible for the Special Districts and joint power authority, which are in their 1st year of ratings.

- County:

The County of Orange went from a **nonexistent** Executive Compensation Page in 2011 to one rated **excellent** in 2012 for Content and Clarity.

- Cities:

This year in 2012, fourteen of thirty-four cities (41%) were rated **excellent** for Executive CCT Content and Clarity, while none were rated **excellent** in 2011.

- **However, twenty of the thirty-four cities were rated **good, average, poor and nonexistent** for Executive Compensation Cost Content and Clarity, all of whom could improve to **excellent**.**
- Special Districts and Joint Power Authority (JPA):
Only three of twenty-three special districts/JPA (13%) were rated **excellent** for Executive Compensation Cost Content and Clarity.
 - **Nineteen of twenty-three special districts/JPA who received ratings of **good, average, poor and nonexistent** for Executive Compensation Cost can improve to achieve an **excellent** rating.**²⁶

Finding 3 - Content & Clarity for EMPLOYEE Compensation Cost Ratings

There is the most opportunity for more transparent reporting in the Content and Clarity of Employee Compensation Cost reporting on local government websites.

- County:
The County of Orange was rated **excellent** above for their Executive Compensation Page Content and Clarity.
 - **However, the County of Orange was only rated **average** for Employee Compensation Cost Content and Clarity and could improve to achieve an **excellent** rating.**
- Cities:
Only five of thirty-four cities (15%) were rated **excellent** for Employee Compensation Cost Content and Clarity.
 - **Twenty-nine of the thirty-four cities were rated **good, average, poor and nonexistent** for Employee Compensation Cost Content and Clarity, all of whom could improve to **excellent**.**
- Special Districts and Joint Power Authority (JPA)
Only four of twenty-three special districts and joint power authority (17%) were rated **excellent** for Employee Compensation Cost Content and Clarity.
 - **Nineteen of the twenty-three special districts/JPA were rated **good, average, poor and nonexistent** for Employee Compensation Cost Content and Clarity, all of whom could improve to **excellent**.**

²⁶ One of the 23 special districts/JPAs was rated “Not Applicable” due to their volunteer executive board and no paid executives. (3+19+1=23).

Finding 4 – Transparency of Employer Pension Contribution Rates

Many Orange County local government web sites do not generally post their employer pension annual contribution rates prominently to their web sites as part of their compensation cost disclosure for public disclosure.

Specifically, these employer contribution percentages refer to the annual percentages of employee salary that CalPERS (California Public Employees Retirement System) or OCERS (Orange County Employee Retirement System) requires of Orange County local governments to fund their employee guaranteed pension plans.

OCERS has the employer pension contribution rates buried in detailed actuarial reports and presentations on the OCERS website or requires member passwords to access these annual governmental funding rates. Thus, there is limited transparency for the public of these governmental pension contribution rates.

Finding 5–Inclusion of Overtime and On-Call Pay in Employee Compensation Costs

The Orange County “de facto” standard for CCT in the county, cities, districts and JPA now contains all employees, including a page for executives and all elected officials. **Two key categories are missing from compensation cost reporting. They are overtime pay and on-call pay.** They have become important as the new “de facto” compensation cost reporting standard which now includes all employees.

These two cost categories can be significant for public safety employees. However, it is recognized that these cost categories generally do not apply to elected officials. On the other hand, if overtime does not occur for various employee positions, it is important for citizens to be aware of the aware of that in the annual reporting.

RECOMMENDATIONS

In accordance with California Penal Code Sections 933 and 933.05, the 2011-2012 Grand Jury requires responses from each city, special district, joint power authority, as well as County of Orange and OCERS, affected and listed in Tables 2 and 3 that follows. The responses are to be submitted to the Presiding Judge of the Superior Court, with a copy to the Orange County Grand Jury.

Based upon the assessment of 58 websites of the County of Orange, 34 OC cities, 15 OC Water and Sanitation Districts, 6 OC Non-Enterprise Special Districts, 1 transportation special district and 1 OC joint power authority, the 2011-2012 Orange County Grand Jury has five principal recommendations.

Recommendation 1 - Access for Compensation Costs Transparency -

The Grand Jury recommends that **each of the sixteen Orange County cities, districts and joint power authority that were rated less than excellent for Accessibility *upgrade their access* to compensation costs.** The access should be intuitive, readily identifiable on the web site home page and provide easy navigation within one or very few “clicks.”

Recommendation 2 - Content & Clarity of EXECUTIVE Compensation Costs -

The Grand Jury recommends that **each of the forty-one of the fifty-seven Orange County cities, districts and joint power authority that were rated less than excellent for their Content and Clarity for their Executive and Elected Officials compensation costs page *upgrade their Executive Compensation page.***

See Appendix D for a suggested full disclosure model which is the same as 2011 with expanded descriptions, but with particular emphasis on pension costs.

Recommendation 3 - Content & Clarity of EMPLOYEE Compensation Costs -

The Grand Jury recommends that **the County of Orange and all Orange County cities, districts and joint power authority that were rated less than Excellent for Content and Clarity for their Employee compensation costs pages *upgrade their Employee pages.*** See Appendix D for a suggested full disclosure model which is the same as 2011 with the addition of an overtime pay, on-call pay and expanded descriptions, with particular emphasis on pension costs.

Recommendation 4 - Transparency of Employer Pension Contribution Rates -

The Grand Jury recommends that **all Orange County cities, districts and joint power authority, as well as the County of Orange, *post their employer pension annual contribution rates* prominently and transparently on their web sites.** Current and recent rates would be instructive and informative. It is recognized that some already do.

The Grand Jury recommends that **OCERS display their member organizations annual contribution rates in a transparent way to the general public without password access on their web site.** For a suggested model, see <http://calpers.ca.gov> and enter “public agency employer contribution search.”

Recommendation 5 - Transparency of Overtime Pay and On-Call Pay in Employee Compensation Cost Reporting –

The Grand Jury recommends that **all Orange County cities, districts and joint power authority, as well as the County of Orange, *include overtime pay and on-call pay in compensation cost reporting* on their employees’ compensation pages.**

See [Appendix D](#) for a suggested full disclosure model for these new compensation cost reporting categories.

REQUIREMENTS AND INSTRUCTIONS

The California Penal Code Section 933(c) requires any public agency which the Grand Jury has reviewed, and about which it has issued a final report, to comment to the Presiding Judge of the Superior Court on the findings and recommendations pertaining to matters under the control of the agency. Such comment shall be made *no later than 90 days* after the Grand Jury publishes its report (filed with the Clerk of the Court); except that in the case of a report containing findings and recommendations pertaining to a department or agency headed by an elected County official (e.g. District Attorney, Sheriff, etc.), such comment shall be made *within 60 days* to the Presiding Judge with an information copy sent to the Board of Supervisors.

Furthermore, California Penal Code Section 933.05(a), (b), (c), details, as follows, the manner in which such comment(s) is to be made:

1. As to each grand jury finding, the responding person or entity shall indicate one of the following:
 - a. The respondent agrees with the finding.
 - b. The respondent disagrees wholly or partially with the finding, in which case the response shall specify the portion of the finding that is disputed and shall include an explanation of the reasons therefore.
2. As to each grand jury recommendation, the responding person or entity shall report one of the following actions:
 - a. The recommendation has been implemented, with a summary regarding the implemented action.
 - b. The recommendation has not yet been implemented, but will be implemented in the future, with a time frame for implementation.
 - c. The recommendation requires further analysis, with an explanation and the scope and parameters of an analysis or study, and a time frame for the matter to be prepared for discussion by the officer or head of the agency or department being investigated or reviewed, including the governing body of the public agency when applicable. This time frame shall not exceed six months from the date of publication of the grand jury report.

COMPENSATION COST TRANSPARENCY

- d. The recommendation will not be implemented because it is not warranted or is not reasonable, with an explanation therefore.
3. However, if a finding or recommendation of the grand jury addresses budgetary or personnel matters of a county agency or department headed by an elected officer, both the agency or department head and the Board of Supervisors shall respond if requested by the grand jury, but the response of the Board of Supervisors shall address only those budgetary or personnel matters over which it has some decision making authority. The response of the elected agency or department head shall address all aspects of the findings or recommendations affecting his or her agency or department.

Comments to the Presiding Judge of the Superior Court in compliance with Penal Code section 933.05 are requested from the County of Orange Executive Office, Human Resources and required from each city council of the cities set forth in Table 2 and Board of Directors of each legislative, special assessing and joint power agency in Table 3, with a copy to the Orange County Grand Jury.

COMPENSATION COST TRANSPARENCY

TABLE 2 – County & Cities Responses Required for Findings (F) & Recommendations (R)

	F1	F2	F3	F4	F5		R1	R2	R3	R4	R5
<u>County</u>											
County of Orange			X	X	X				X	X	X
<u>Cities</u>											
Aliso Viejo		X	X	X	X			X	X	X	X
Anaheim		X	X	X	X			X	X	X	X
Brea		X	X	X	X			X	X	X	X
Buena Park				X	X					X	X
Costa Mesa				X	X					X	X
Cypress	X	X	X	X	X		X	X	X	X	X
Dana Point			X	X	X				X	X	X
Fountain Valley	X	X	X	X	X		X	X	X	X	X
Fullerton	X		X	X	X		X		X	X	X
Garden Grove		X	X	X	X			X	X	X	X
Huntington Beach	X	X	X	X	X		X	X	X	X	X
Irvine			X	X	X				X	X	X
La Habra			X	X	X				X	X	X
La Palma		X	X	X	X			X	X	X	X
Laguna Beach		X	X	X	X			X	X	X	X
Laguna Hills		X	X	X	X			X	X	X	X
Laguna Niguel	X	X	X	X	X		X	X	X	X	X
Laguna Woods				X	X					X	X
Lake Forest		X	X	X	X			X	X	X	X
Los Alamitos	X	X	X	X	X		X	X	X	X	X
Mission Viejo		X	X	X	X			X	X	X	X
Newport Beach		X	X	X	X			X	X	X	X
Orange		X	X	X	X			X	X	X	X
Placentia				X	X					X	X
Rancho Santa Margarita			X	X	X				X	X	X
San Clemente			X	X	X				X	X	X
San Juan Capistrano			X	X	X				X	X	X
Santa Ana	X	X	X	X	X		X	X	X	X	X
Seal Beach	X		X	X	X		X		X	X	X
Stanton			X	X	X				X	X	X
Tustin		X	X	X	X			X	X	X	X
Villa Park		X	X	X	X			X	X	X	X
Westminster	X	X	X	X	X		X	X	X	X	X
Yorba Linda				X	X					X	X

COMPENSATION COST TRANSPARENCY

TABLE 3 – Special Districts/JPAs/OCERS Responses Required for Findings (F) & Recommendations (R)

	F1	F2	F3	F4	F5		R1	R2	R3	R4	R5
<u>Special Districts</u>											
<u>- Water and Sanitation</u>											
Costa Mesa Sanitary		X	X	X	X			X	X	X	X
East Orange County Water		X	X	X	X			X	X	X	X
El Toro Water		X	X	X	X			X	X	X	X
Irvine Ranch Water		X	X	X	X			X	X	X	X
Mesa Consolidated Water		X	X	X	X			X	X	X	X
Midway City Sanitary				X	X					X	X
Moulton Niguel Water		X	X	X	X			X	X	X	X
Municipal Water District of OC	X	X	X	X	X		X	X	X	X	X
Orange County Sanitation		X	X	X	X			X	X	X	X
Orange County Water		X	X	X	X			X	X	X	X
Santa Margarita Water	X	X	X	X	X		X	X	X	X	X
Serrano Water		X	X	X	X			X	X	X	X
South Coast Water		X	X	X	X			X	X	X	X
Trabuco Canyon Water	X	X	X	X	X		X	X	X	X	X
Yorba Linda Water	X	X	X	X	X		X	X	X	X	X
<u>Special Districts</u>											
<u>- Non Enterprise</u>											
Buena Park Library				X	X					X	X
Orange County Cemetery		X	X	X	X			X	X	X	X
Orange County Vector Control	X	X	X	X	X		X	X	X	X	X
Placentia Library				X	X					X	X
Rossmoor Community Service	X	X	X	X	X		X	X	X	X	X
Silverado-Modjeska Recreation & Parks					X						X
<u>Special District</u>											
<u>- Transportation</u>											
OCTA - Orange County Transportation Authority		X	X	X	X			X	X	X	X
<u>Joint Power Authorities</u>											
OCFA - Orange County Fire Authority	X	X	X	X	X		X	X	X	X	X
<u>Legislative District</u>											
OCERS - Orange County Employees Retirement System				X						X	

APPENDICES

COMPENSATION COST TRANSPARENCY

APPENDIX A – Compensation Cost Transparency Honor Rolls - Page 1 of 3

The 2012 **Gold Honor Roll** for supplying the best CCT in government for their citizens applies to the following cities and special districts. They all received **straight “A” ratings in all 3 categories** of Accessibility, Content & Clarity for Elected/ Executive and Employee compensation.

Cities-

- Buena Park
- Costa Mesa
- Laguna Woods
- Placentia
- Yorba Linda

Special Districts -

- Buena Park Library District
- Midway Sanitary District
- Placentia Library District

The 2012 **Silver Honor Roll** for supplying excellent CCT in government for their citizens applies to the following county, cities and special districts at the Executive & Elected official level. The county and cities below all received **“A” ratings in 2 categories** of Executive Accessibility and Content & Clarity. The special district below received an **“A” rating in the 2 categories** of Employee Accessibility and Content & Clarity, as they have no Executive page:

County

- County of Orange

Cities -

- Dana Point
- Irvine
- La Habra
- Rancho Santa Margarita
- San Clemente
- San Juan Capistrano
- Stanton

Special Districts -

- Silverado-Modjeska Recreation & Parks District

APPENDIX A – Compensation Cost Transparency Honor Rolls - Page 2 of 3

The 2012 **Bronze Honor Roll** for supplying excellent CCT accessibility in government for their citizens applies to the following cities, special districts and joint power authorities. They all received “A” ratings in Accessibility.

Cities -

- **Aliso Viejo**
- **Anaheim**
- **Brea**
- **Garden Grove**
- **La Palma**
- **Laguna Beach**
- **Laguna Hills**
- **Lake Forest**
- **Mission Viejo**
- **Newport Beach**
- **Orange**
- **Tustin**
- **Villa Park**

Special Districts -

- **Costa Mesa Sanitary District**
- **East Orange County Water District**
- **El Toro Water District**
- **Irvine Ranch Water District**
- **Mesa Consolidated Water District**
- **Moulton Niguel Water District**
- **Orange County Cemetery District**
- **Orange County Sanitation District**
- **Orange County Transportation Authority**
- **Orange County Water District**
- **Serrano Water District**
- **South Coast Water District**

APPENDIX A – Compensation Cost Transparency Honor Rolls - Page 3 of 3

The 2012 **Most Potential for Improvement List** in local government compensation cost transparency applies to the following cities and special districts. They received at least one “F” in one or more of the three categories.

Cities -

- **Fountain Valley**
- **Huntington Beach**
- **La Habra**
- **Westminster**

Special Districts -

- **El Toro Water District**
- **Orange County Vector Control District**
- **Rossmore Community Service District**
- **Santa Margarita Water District**