



# CITY OF LAGUNA HILLS

*City Council*

MAYOR  
Melody Carruth  
MAYOR PRO TEMPORE  
Joel Lautenschleger

September 12, 2012

COUNCIL MEMBERS  
Randal Bressette  
Barbara Kogerman  
L. Allan Songstad, Jr.

The Honorable Thomas J. Borris  
Presiding Judge of the Superior Court  
County of Orange  
700 Civic Center Drive West  
Santa Ana, CA 92701

**Re: CPC Section 933(c) Response to Grand Jury Report Entitled, "Transparency Breaking Up Compensation Fog – But Why Hide Pension Costs?" from the City of Laguna Hills**

Dear Judge Borris:

As requested by the Orange County Grand Jury letter dated June 7, 2012, the City of Laguna Hills is responding to the findings and recommendations of the Grand Jury Report entitled, "Transparency Breaking Up Compensation Fog – But Why Hide Pension Costs?" Specifically, the City of Laguna Hills is responding as directed to Findings F2, F3, F4 and F5, and to Recommendations R2, R3, R4 and R5.

## **Grand Jury Findings**

### **F.2: Content and Clarity Ratings for EXECUTIVE Compensation Cost**

Response:

The City wholly disagrees with this finding. The City's Public Official's Compensation Report is more detailed than that recommended by the Grand Jury and is governed by Laguna Hills Municipal Code Section 244-010. It should be noted that the Grand Jury did give Laguna Hills a B+ rating.

### **F.3: Content & Clarity for EMPLOYEE Compensation Cost Ratings**

Response:

The City wholly disagrees with this finding. The City's Public Official's Compensation Report is governed by Laguna Hills Municipal Code Section 244-010, which requires the

annual reporting of City Council Member and Management Employee compensation. Non-management employees were excluded from the report to focus attention on what seems to be of greater public interest: elected official and management compensation.

**F.4: Transparency of Employer Pension Contribution Rates**

Response:

Since the City has not conducted an analysis of each public agency's compensation reporting, we are unable to agree or disagree, either wholly or in part, with this finding. With respect to the City of Laguna Hills, we agree with this finding and the City's employer contribution rate is plainly listed in the Public Officials' Compensation Report under the section heading, "California Public Employees Retirement System (Cal-PERS)."

**F.5: Inclusion of Overtime and On-Call Pay in Employee Compensation Costs**

Response:

The City disagrees partially with this finding. The City does not agree with the Grand Jury's supposition that there is a "de facto" standard for Compensation Cost Transparency and doesn't believe there should necessarily be one. However, when a public agency provides compensation reporting for all or a select group of its employees, it should include overtime and on-call pay. None of these pay categories apply to elected officials or management employees in Laguna Hills.

**Grand Jury Recommendations**

**R.2: Content and Clarity of EXECUTIVE Compensation Costs**

Response:

The Recommendation will not be implemented because it is not warranted. The City's Public Official's Compensation Report is more detailed than that recommended by the Grand Jury and is governed by Laguna Hills Municipal Code Section 244-010. It should be noted that the Grand Jury did give Laguna Hills a B+ rating.

**R.3: Content and Clarity of EMPLOYEE Compensation Costs**

Response:

The Recommendation will not be implemented because it is not warranted. The City's Public Official's Compensation Report is governed by Laguna Hills Municipal Code Section 244-010, which requires the annual reporting of City Council Member and Management Employee compensation. Non-management employees were excluded from the report to focus attention on what seems to be of greater public interest: elected official and management compensation.

**R.4: Transparency of Employer Pension Contribution Rates**

Response:

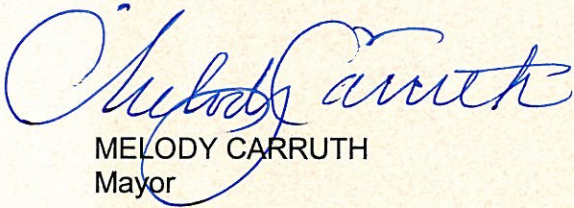
This Recommendation has been implemented. The City's employer contribution rate is plainly listed in the Public Officials' Compensation Report under the section heading, "California Public Employees Retirement System (Cal-PERS)."

**R.5: Transparency of Overtime Pay and On-Call Pay in Employee Compensation Cost Reporting**

Response:

This Recommendation will not be implemented because it is not warranted. The City does not agree with the Grand Jury's supposition that there is a "de facto" standard for Compensation Cost Transparency and doesn't believe there should necessarily be one. However, when a public agency provides compensation reporting for all or a select group of its employees, it should include overtime and on-call pay. None of these pay categories apply to elected officials or management employees in Laguna Hills.

Sincerely,



MELODY CARRUTH  
Mayor

Cc: City Council