



## CITY OF LAGUNA NIGUEL

30111 Crown Valley Parkway • Laguna Niguel, California 92677  
Phone/949•362•4300 Fax/949•362•4340

## CITY COUNCIL

Joe Brown  
Gary Capata  
Paul G. Glaab  
Linda Lindholm  
Robert Ming

July 18, 2012

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

**Re: City of Laguna Niguel Response to 2011-2012 Grand Jury Report Entitled:  
“Transparency Breaking Up Compensation Fog – But Why Hide Pension Costs?”**

Dear Judge Borris:

On June 14, 2012, the 2011-2012 Orange County Grand Jury issued a report entitled: **“Transparency Breaking Up Compensation Fog – But Why Hide Pension Costs?”** The City of Laguna Niguel is required to respond to Findings F.1 through F.5 and Recommendations R.1 through R.5.

The Laguna Niguel City Council reviewed and discussed the Grand Jury Report on July 17, 2012. The responses from the City of Laguna Niguel are set forth below. In the interest of brevity, our response is limited to the Findings and Recommendations for Orange County Cities which are paraphrased below.

Finding F.1: Accessibility to Compensation Costs for Orange County cities websites experienced 92% improvement this year, but there is still room for improvement.

*City Response: Based on our understanding of the Grand Jury’s methodology and calculations, the City agrees with the finding.*

Finding F.2: Content and Clarity for OC cities elected officials and executives over \$100,000 in base salary is improving in this 2<sup>nd</sup> year of ratings...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.

*City Response: Based on our understanding of the Grand Jury’s methodology and calculations, the City agrees with the finding.*

Finding F.3: There is the most opportunity for more transparent reporting in the Content and Clarity of Employee Compensation Cost reporting on local government websites...Only five of thirty-four cities (15%) were rated excellent for Employee Compensation Cost Content and Clarity.

*City Response: Based on our understanding of the Grand Jury’s methodology and calculations, the City agrees with the finding.*

Finding F.4: Many Orange County local government websites do not generally post their employer pension annual contribution rates prominently to their websites as part of their compensation cost disclosure for public disclosure.

*City Response:* Based on our reading of the Grand Jury Report and a cursory review of other Orange County city websites, the City agrees with the finding.

Finding F.5: The Orange County “de facto” standard for CCT in the county, cities, districts and JPA 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 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 that in the annual reporting.

*City Response:* Based on our reading of the Grand Jury Report and a cursory review of other Orange County city websites, the City agrees with the finding that overtime pay and on-call pay are not specifically identified in many compensation cost reports and that these amounts can be significant for public safety employees. The City disagrees that these components of compensation should be specifically identified in compensation reports for non-public safety employees because the costs are such a small component of total compensation. In such cases, such elements of compensation should simply be included in “Other” costs.

Recommendation R.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 website home page and provide easy navigation within one or very few clicks.

*City Response:* The City’s current compensation information is easily accessible from the Home Page of the City’s Website by clicking on the “Employment” button/icon. With two clicks, interested persons can access the following information:

*Benefits Summary*

*City Manager Employment Agreement*

*Employee Agreements (MOUs)*

*Salary Information on the City Council, City Manager, Commissions & Committees*

*Salary Schedules (Pursuant to New PERS Regulations)*

*In the interest of increased transparency and clarity, the City will rename the “Employment” button/icon “Employment/Compensation”, “Compensation/Employment” or some similar label that makes it clearer that this button/icon is the first click toward employee compensation information. This change will be implemented on or before September 1, 2012*

Recommendation R.2: Content and 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 the Executive and Elected Officials compensations costs page upgrade their Executive Compensation page.

*City Response: This recommendation will not be implemented because it is duplicative and unnecessary in light of our response to Recommendation R.3 (below). Instead, the City will post actual calendar year total compensation costs for the City Council and all full-time City Employees in the format shown in Attachment 1. This change will be implemented on or before September 1, 2012 and be updated annually.*

**Recommendation R.3: Content and 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.

*City Response: This recommendation will be implemented. The City will post actual calendar year total compensation costs for the City Council and all full-time City Employees in the format shown in Attachment 1. This change will be implemented on or before September 1, 2012 and be updated annually.*

**Recommendation R.4: Transparency of Employer Pension Contribution Rates** – The Grand Jury recommends that all Orange County cities...post their employer pension annual contribution rates prominently and transparently on their web sites.

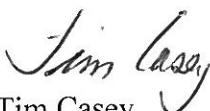
*City Response: This recommendation will be implemented. The City will post current Employer and Employee Pension Contribution Rates in a format similar to that shown in Attachment 2. The charts will be preceded by a short introductory narrative. This change will be implemented on or before September 1, 2012 and updated annually.*

**Recommendation R.5: Transparency of Overtime Pay and On-Call Pay in Employee Compensation Cost Reporting** – The Grand Jury recommends that all Orange County cities...include overtime pay and on-call pay in compensation cost reporting on their employees' compensation pages.

*City Response: This recommendation will not be implemented because it is not warranted or necessary. As mentioned in our response to Finding F.5, these costs can be significant for public safety employees. The City of Laguna Niguel contracts with the Orange County Sheriff's Department and the Orange County Fire Authority for police and fire services; as a result, the City has no public safety employees. The City's annual overtime costs for our general (non-safety) employees are minimal (approximately \$80,000 or 1% of total compensation costs). The City has never authorized on-call pay. The City will include overtime pay with "Other" costs in the salary and benefit format shown in Attachment 1. This change will be implemented on or before September 1, 2012 and be updated annually.*

Thank you for the opportunity to respond to this Grand Jury Report.

Yours truly,



Tim Casey  
City Manager

Attachments (2)

1. Total Compensation Format.
2. Employer and Employee Pension Contribution Rates Format.

Cc: City Council  
City Manager  
Deputy City Manager  
Finance Director.

**Attachment 1**

**City of Laguna Niguel  
 Calendar Year 2011 Actual Salaries and Benefits  
 City Council and Full-Time Employees**

<b>Position</b>	<b>Salary</b>	<b>Retirement</b>	<b>Health</b>	<b>Other</b>	<b>Total</b>
Accountant					
Accounting Officer					
Administrative Secretary					
Administrative Secretary					
Administrative Secretary					
Administrative Secretary					
Aquatics Supervisor					
Assistant Planner					
Associate Civil Engineer					
Associate Planner					
Building and Facilities Specialist					
Building and Facilities Supervisor					
Building Permit Technician					
City Council Member					
City Council Member					
City Council Member					
City Council Member					
City Manager					
Clerk Typist					
Code Enforcement Officer					
Code Enforcement Officer					
Community Development Director					
Community Liaison					
Council Liaison/Communications Officer					
Deputy City Clerk					
Deputy City Manager/Recreation Director					
Deputy Director of Recreation					





**Attachment 2**

**City of Laguna Niguel  
Employer and Employee Pension Contribution Rates  
July 2012**

**Introductory Narrative (TBD)**

1. **Full-Time City Employees Hired on or before October 1, 2011  
PERS 2% at 55 Benefit Formula**

Employer Contribution	14.219%
Employee Contribution	3.5%

2. **Full-Time City Employees hired after October 1, 2011 and PERS Eligible Part-Time Employees  
PERS 2% at 55 Benefit Formula**

Employer Contribution	10.719%
Employee Contribution	7.0%

3. **Full-Time City Employees and PERS Eligible Part-Time Employees hired after March 23, 2012  
PERS 2% at 60 Benefit Formula**

Employer Contribution	7.846%
Employee Contribution	7.0%

4. **Part-Time City Employees Covered by Social Security and Ineligible for PERS**

Employer Contribution	6.2%
Employee Contribution	4.2%