



# CITY OF ORANGE

OFFICE OF MAYOR

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October 11, 2012

The Honorable Thomas J. Borris  
Presiding Judge of the Superior Court  
700 Civic Center Drive West  
Santa Ana, California 92707

**RE: City of Orange Response to the 2011-2012 Orange County Grand Jury Report:  
“Transparency Breaking Up Compensation Fog”**

Dear Judge Borris:

Thank you for the opportunity to comment on the Orange County Grand Jury’s Report “**Transparency Breaking Up Compensation Fog – But Why Hide Pension Costs?**” The following represents the City of Orange’s response to the findings and recommendations contained in the above-referenced 2011/2012 Orange County Grand Jury’s Report.

The City of Orange was asked to respond to Findings F.2, F.3, F.4 and F.5; and Recommendations R.2, R.3, R.4 and R.5.

## **FINDING F.2 - Content & Clarity Ratings for EXECUTIVE Compensation Costs**

The City of Orange was rated Average for this finding. To be rated Good for this finding, full total salary and benefits compensation is needed in table format, but Defined Benefit Plan Pension Costs are not displayed. To be rated Excellent for this finding, full total salary and benefits compensation cost disclosure is needed in table format, including Defined Benefit Plan Pension Costs.

### **RESPONSE TO FINDING F.2**

The City of Orange agrees with this finding.

## **FINDING F.3 - Content & Clarity Ratings for EMPLOYEE Compensation Costs Ratings**

The City of Orange was rated Poor for this finding. To be rated Average for this finding, full total salary disclosure is shown, but with just 1) general text Memorandum of Understanding benefits; and/or, 2) benefits scattered in multiple places; or 3) just benefit totals, and no details other than general text. To be rated Good for this finding, full total salary and benefits compensation is needed in table format, but Defined Benefit Plan Pension Costs are not displayed. To be rated Excellent for this finding, full total salary and benefits compensation cost disclosure is needed in table format, including Defined Benefit Plan Pension Costs.

**RESPONSE TO FINDING F.3**

The City of Orange agrees with this finding.

**FINDING F.4 – Transparency of Employer Pension Contribution Rates**

The City of Orange web site does not post their employer pension annual contribution rates prominently to their web site as part of their compensation cost reporting for public disclosure.

**RESPONSE TO FINDING F.4**

The City of Orange agrees with this finding.

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

The City of Orange is missing the two key categories of overtime pay and on-call pay within their compensation cost reporting.

**RESPONSE TO FINDING F.5**

The City of Orange agrees partially with this finding. Inclusion of detailed categories of overtime and on-call pay is currently not within the capabilities of City resources. See detailed response under Response to Recommendation R.5.

As to the Grand Jury's four recommendations for the City of Orange, the City responds as follows:

**RECOMMENDATION R.2 - Content & Clarity Ratings for EXECUTIVE Compensation Costs**

The Grand Jury recommends the City of Orange upgrade their Executive Compensation page with expanded descriptions and with particular emphasis on pension costs.

**RESPONSE TO RECOMMENDATION R.2**

The City of Orange agrees with this recommendation. The recommendation has not yet been implemented but will be implemented by January 30, 2013.

**RECOMMENDATION R.3 - Content & Clarity Ratings for EMPLOYEE Compensation Costs**

**The Grand Jury recommends the City of Orange upgrade their Employee pages with the addition** of overtime pay, on-call pay, expanded descriptions, and with particular emphasis on pension costs.

**RESPONSE TO RECOMMENDATION R.3**

The City of Orange agrees with this recommendation. The recommendation has not yet been implemented but will be implemented by January 30, 2013.

**RECOMMENDATION R.4 - Transparency of Employer Pension Contribution Rates**

The Grand Jury recommends the City of Orange post their employer pension annual contribution rates prominently and transparently on their web sites.

**RESPONSE TO RECOMMENDATION R.4**

The City of Orange agrees with this recommendation. The recommendation has not yet been implemented but will be implemented by January 30, 2013.

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

The Grand Jury recommends the City of Orange include overtime pay and on-call pay in compensation cost reporting on their employee's compensation pages.

**RESPONSE TO RECOMMENDATION R.5**

The City of Orange agrees partially with this recommendation.

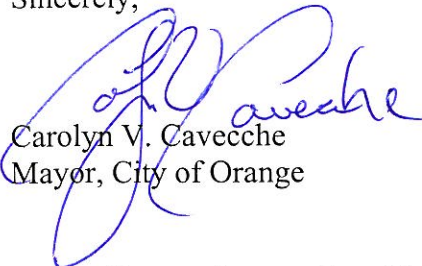
With over 700 of the city's 800 employees eligible for overtime pay and/or on-call pay, reporting and updating this information to the extent required by the Grand Jury demands time and resources that the City does not currently have. In addition, our payroll reporting modules do not supply this detail and new reports are in the process of being written.

After the new reports have been developed and tested, the information must be extracted from the payroll system, and its accuracy ensured. The City anticipates posting the compensation information on its web site, minimally in the format recommended by the Grand Jury in Appendix D. The information will be for the calendar year ended December 31, 2012 and updated annually on a go-forward basis.

The recommendation has not yet been implemented but will be implemented by March 30, 2013.

Thank you for the opportunity to comment on the findings and recommendations of the Orange County Grand Jury's Report. Should you have any questions or need clarification regarding the responses, please do not hesitate to contact City Manager John Sibley at (714) 744-2222.

Sincerely,



Carolyn V. Cavecche  
Mayor, City of Orange

cc: Orange County Grand Jury  
City Council  
City Manager