

Office of the City Council



August 2, 2012

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

RE: CITY OF TUSTIN'S RESPONSE TO ORANGE COUNTY GRAND JURY REPORT, "COMPENSATION COST TRANSPARENCY"

Dear Honorable Judge Borris:

We have reviewed the Orange County Grand Jury Report, "Compensation Cost Transparency", which was released on June 14, 2012. The City of Tustin thanks the Grand Jury volunteers for their continued efforts in investigating and analyzing public employee compensation and for helping to ensure that the public has readily available access to compensation data.

The City appreciates the opportunity to address the Grand Jury's report. Overall, the City agrees with the study's findings and will make the recommended changes as necessary. Specifically, the City's responses are as follows:

GRAND JURY FINDINGS

F.2: 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.

Response: The City agrees with this finding. While the City has provided a variety of executive compensation data on the City's website for many years, according to the Grand Jury's criteria, the City has room for improvement.

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.

Response: The City agrees with this finding. While the City has provided a variety of employee compensation data on the City's website for many years, according to the Grand Jury's criteria, the City has room for improvement.

F.4: 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 or OCERS requires of Orange County local governments to fund their employee guaranteed pension plans.

Response: The City agrees with this finding. While the City has provided the employer-paid member contribution amounts in the labor contracts on the City's website for many years (and the employer contribution rates have long been available on the CalPERS website), according to the Grand Jury's criteria, the City has room for improvement.

F.5: 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 that in the annual reporting.

Response: The City agrees with this finding. The City has reported a complete summary of total compensation of elected officials for the last few years, but for other employees, according to the Grand Jury's criteria, the City has room for improvement.

GRAND JURY RECOMMENDATIONS

R.2: 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.

Response: This recommendation has been implemented. The City has prepared a total compensation summary that lists all compensation paid to all employees over the last fiscal year. We have also included a data definition summary that specifies all compensation items that are included in each column. This

information is available on the City's "Transparency in City Government" website (accessible from the City's website home page) as well the City's Human Resources department website.

R.3: 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 Employees page. See Appendix D for a suggested full disclosure model which is the same as 2011 with the addition of overtime pay, on-call pay, and expanded descriptions, with particular emphasis on pension costs.

Response: This recommendation has been implemented. The City has prepared a total compensation summary that lists all compensation paid to all employees over the last fiscal year. We have also included a data definition summary that specifies all compensation items that are included in each column, including overtime pay, on-call pay, and pension costs. This information is available on the City's "Transparency in City Government" website (accessible from the City's website home page) as well the City's Human Resources department website.

R.4: 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.

Response: This recommendation has been implemented. The City's retirement contribution rates are listed by bargaining group for the last two fiscal years on a single page document. This information is available on the City's "Transparency in City Government" website (accessible from the City's website home page) as well as the City's Human Resources department website.

R.5: 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.

Response: This recommendation has been implemented. The City has prepared a total compensation summary that lists all compensation paid to all employees over the last fiscal year. We have also included a data definition summary that specifies all compensation items that are included in each column, including overtime pay and on-call pay. This information is available on the City's "Transparency in City Government" website (accessible from the City's website home page) as well the City's Human Resources department website.

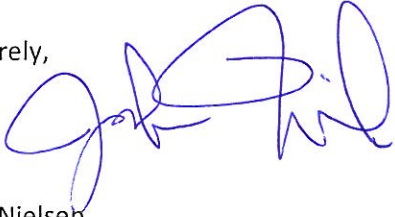
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The City of Tustin offers our thanks to the Grand Jury volunteers for their service in investigating this matter on behalf of the citizens of Orange County. If you have any questions regarding this letter, please contact Kristi Recchia, Director of Human Resources, at (714) 573-3052.

Sincerely,

A handwritten signature in blue ink, appearing to read "John Nielsen". The signature is stylized with large loops and a prominent initial "J".

John Nielsen

Mayor

C: Orange County Grand Jury
City Council
Jeffrey Parker, City Manager
Kristi Recchia, Director of Human Resources