



October 10, 2012

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

**Subject: Irvine Ranch Water District Response to the 2011/2012 Orange County Grand Jury Report, “Transparency Breaking up Compensation Fog – But Why Hide Pension Costs?”**

Dear Presiding Judge Borris:

The following represents the Irvine Ranch Water District’s (IRWD) response to the findings and recommendations contained in the above referenced 2011/2012 Orange County Grand Jury Report. The responses are specific to the role and responsibilities of IRWD as a retail water supplier formed under the laws applicable to California Water Districts. The format for each section identifies each finding and recommendation followed by a specific response to the same.

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*F2. 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. On the other hand, there is understandably ever more potential improvements possible for the Special Districts and joining (sic) power authority, which are in their 1<sup>st</sup> year of ratings.*

We disagree wholly with this finding as it applies to IRWD. In 2010, in compliance with Government Code sections 12463 and 53892, the California State Controller’s Office developed and implemented a process for all local governments to report compensation information to the state. This program established a fair, uniform, and cost effective program that respects and protects the privacy of public servants while providing important public information.

The State Controller’s Office guidelines provide information that is universally accessible to all, posted on an impartial and third-party website and, most importantly, provides consistent, comparable and transparent information. The Orange County Grand Jury suggested that the salary and benefits matrix conflicts with California State law as implemented by the State Controller’s Office and creates an unnecessary, duplicative, and potentially confusing presentation of data that could have the opposite effect on public transparency and accountability.

IRWD posts detailed and transparent compensation information on the IRWD website ([www.irwd.com](http://www.irwd.com)) and is in full compliance with the requirements as stipulated by the California

State Controller's Office. IRWD offers specific detailed salary and benefit information, including total compensation figures for the IRWD Board of Directors and Senior Staff. Detailed compensation information, noting compensation over \$100,000, is made available as a downloadable document on the IRWD website.

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*F3. There is the most opportunity for more transparent reporting in the Content and Clarity of Employee Compensation Cost reporting on local government websites.*

We disagree wholly with this finding as it applies to IRWD. Please refer to F2.

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*F4. Many Orange County local government web sites do not generally post their employer pension annual contributions rates prominently to their web sites as part of their compensation cost disclosure for public disclosure.*

We disagree wholly with this finding as it applies to IRWD. Please refer to F2. In addition, specific information on IRWD California Public Employees Retirement system formulas and contributions can be found beginning on page 68 of the 2010 IRWD Comprehensive Annual Financial Report, which is available on the IRWD website.

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*F5. The Orange County "de facto" standard for CCT in the county, cities and districts and JPA now contain 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.*

We disagree wholly with this finding as it applies to IRWD. Please refer to F2.

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*R2. 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 the 2011 expanded descriptions, but with particular emphasis on pension costs.*

We disagree wholly with this recommendation as it applies to IRWD. In 2010, in compliance with Government Code sections 12463 and 53892, the California State Controller's Office developed and implemented a process for all local governments to report compensation information to the state. This program established a fair, uniform, and cost effective program that respects and protects the privacy of public servants while providing important public information.

The State Controller's Office guidelines provide information that is universally accessible to all, posted on an impartial and third-party website and, most importantly, provides consistent, comparable and transparent information. The Orange County Grand Jury suggested that the salary and benefits matrix conflicts with California State law as implemented by the State Controller's Office and creates an unnecessary, duplicative and potentially confusing presentation of data that could have the opposite effect on public transparency and accountability.

IRWD posts detailed and transparent compensation information on the IRWD website (irwd.com) and is in full compliance with the requirements as stipulated by the California State Controller's Office. IRWD offers specific detailed salary and benefit information, including total compensation figures for the IRWD Board of Directors and Senior Staff. Detailed compensation information, noting compensation over \$100,000, is made available as a downloadable document on the IRWD website.

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*R3. 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 upgrade their Employee pages. 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.*

We disagree wholly with this recommendation as it applies to IRWD. Please refer to R2. In addition, the IRWD website now has an updated section that creates a hub for employee benefits and job descriptions. Information on overtime pay can be found in quarterly financial reports presented to the IRWD Finance and Personnel Committee and is available on the IRWD website.

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*R4. 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.*

We disagree wholly with this finding as it applies to IRWD. Please refer to R2. In addition, specific information on IRWD California Public Employees Retirement system formulas and contributions can be found beginning on page 68 of the 2010 IRWD Comprehensive Annual Financial Report, which is available on the IRWD website.

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*R5. 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.*

IRWD wholly disagrees with this finding as it applies to IRWD. Please see R2.

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IRWD recognizes the importance of providing transparent and accessible information to its customers and to this end maintains up-to-date and easily accessible information on our website. We are committed to providing the highest value to our customers in the form of the lowest possible cost. Our unwavering commitment has allowed us to consistently provide a high level of service while maintaining some of the lowest water and sewer rates in Orange County.

If you have questions or require further information, do not hesitate to contact the District's General Manager, Paul Cook, at 949-453-5590.

Sincerely,



Mary Aileen Matheis  
President