ORANGE COUNTY SANITATION DISTRICT

We protect public health and the environment by providing effective wastewater collection, treatment, and recycling.

July 23, 2012

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

RE: Orange County Sanitation District Response to Grand Jury Report: *"Transparency Breaking Up Compensation Fog – But Why Hide Pension Costs?"*

Dear Presiding Judge Borris:

The following represents Orange County Sanitation District's (OCSD) response to the recommendations contained in the above-referenced 2011-2012 Orange County Grand Jury Report. The format for each section identifies each recommendation followed by OCSD's response.

Finding 2 (F2) and Recommendation 2 (R2) – Content & Clarity of EXECUTIVE Compensation Costs

We disagree wholly with this finding and recommendation. There is no valid reason to separate executive and employee compensation information in two sections. By combining the information in one section, as we currently do, we make the information easier to find and access for the public. Separating the information makes it more difficult for the public to find the information efficiently. OCSD posts the information required by the California State Controller, the only statewide standard currently available. By deviating from the current statewide standard we will only create more confusion for the public, particularly when they are comparing agencies across the State. Moreover, the Orange County Grand Jury has not provided a valid justification why their suggested model is any more effective or accessible than the one we currently follow.

Regardless, OCSD will post additional information at www.ocsewers.com/OpenGov in the suggested format separating Board members and employee (which is inclusive of Executive) compensation.

Finding 3 (F3) and Recommendation 3 (R3) – Content & Clarity of EMPLOYEE Compensation Costs

We disagree wholly with this finding and recommendation. Please see our response to Finding 2 (F2) and Recommendation 2 (R2), above.

Regardless, OCSD will post additional information at www.ocsewers.com/OpenGov in the suggested format; however, we have combined Executive and employee compensation in one table.

Finding 4 (F4) and Recommendation 4 (R4) – Transparency of Employer Pension Contribution Rates

We disagree partially with this recommendation. OCSD is committed to transparency and we also believe strongly there should be a statewide standard for reporting employee compensation to increase accessibility across California. We recommend the Orange County Grand Jury work with the Controller so all public agencies in California report the same information.

Regardless, OCSD will post additional information at www.ocsewers.com/OpenGov in the suggested format and include pension contribution rates and other compensation.

Finding 5 (F5) and Recommendation 5 (R5) – Transparency of Overtime Pay and On-Call Pay in Employee Compensation Cost Reporting

We disagree wholly with this finding and recommendation. The Orange County Grand Jury has not provided a valid justification why their suggested model is any more effective or accessible than the one we currently follow. The information posted to OCSD's website does include overtime pay and on-call pay for each employee (if applicable).

Regardless, OCSD will post additional information at www.ocsewers.com/OpenGov in the suggested format and include pension contribution rates and other compensation.

The Orange County Grand Jury opens this report with the premise that public agencies are deliberately trying to hide compensation information. We disagree with this opening assumption as it relates to OCSD because we have included salary, benefit and other information on our website for over ten years.

The 2010-2011 Grand Jury developed the "Compensation Cost Transparency" model that they recommend should be replicated by all Orange County cities; however in a subsequent report about compensation transparency for water and sanitation districts, the Grand Jury made different recommendations (as follows):

R1: Provide in an easily accessible format on each district's website, data on compensation for the board of directors and general manager, as well as current budget and financial reports.

R2: Maintain and update agendas, minutes, meeting schedules and location on the district's website.

Instead of evaluating water and sanitation districts websites based on the previous Grand Jury's recommendations, the 2011-2012 Grand Jury awarded grades based on criteria developed for (and only recommended to) cities. This approach was unfair to special districts. The Grand Jury assumed that special districts "had the opportunity to observe clearly what was evolving for local Orange County city governments." While districts like OCSD had the opportunity to observe, we responded by posting data in the only format common to all agencies in California, from the State Controller; yet we were given unfavorable grades.

OCSD has already implemented the recommended changes to our website and we will continue to honor our commitment to make information easily available and accessible to the public we serve.

Respectfully submitted,

James D. Ruth
General Manager

JDR:mrs
cc: OCSD Steering Committee
EMT
Michael Gold, Public Affairs Manager
Bradley R. Hogin, General Counsel