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**VIA CERTIFIED MAIL, RETURN RECEIPT REQUESTED**

September 20, 2012

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

**RE: Trabuco Canyon Water District – Response to – 2011-2012 Orange County Grand Jury Report, “Transparency Breaking Up the Compensation Fog – But Why Hide Pension Costs.”**

Dear Judge Borris:

Enclosed please find the Trabuco Canyon Water District (District) response to the required Finding and Response of the 2011-2012 Orange County Grand Jury Report entitled, “*Transparency Breaking Up the Compensation Fog – But Why Hide Pension Costs*” (“Report”).

Please understand the District is of the view that it does already provide a great deal of the specified information through its existing website as noted in the Report. The District does note that there may be room for improvement and will endeavor to comply. It is apparent that in today’s information age that a vibrant, contemporary, user-friendly website is essential to accomplish this.

At this time, the District is limited by a dated, somewhat cumbersome website platform that was implemented many years ago. We would note that the District did take pro-active steps to implement its website, with a significant amount of information provided with the public, well in advance of any legal requirement(s) or political pressures to do so. As a result, changes to the District’s website, and the posting of additional information (and updating such information on a periodic basis) is time consuming for District staff. Effecting significant changes on the District website thus becomes a matter of workload and priorities. The District consistently strives to be as cost effective as possible and is currently staffed at the lowest level of employees since 1984. As such, the District’s website operations are subordinate to the principal public service missions of the District, which is providing high quality and reliable water and wastewater services at a reasonable price.

The Honorable Thomas J. Borris

**RE: Trabuco Canyon Water District – Response to – 2011-2012 Orange County Grand Jury Report, “Transparency Breaking Up the Compensation Fog – But Why Hide Pension Costs.”**

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The District currently believes the solution to this situation is to outsource (in whole or in part) the operation and maintenance of the District’s website to an entity that can create a more customer friendly website while also providing a more current usability and operational platform, and simultaneously implement many of the recommendations set out in the Report. However, the credentials and capabilities of outsourcing entities need to be appropriately evaluated, the informational distribution objectives and directives of the District’s Board of Directors (“District Board”) considered, the needs of District staff and District messaging of District customers integrated and the final model of the website evaluated before it becomes operational. Given the requirements for this effort (while maintaining cost-controls on the project) the District’s current objective, as reviewed by the District Board, is to have the new District website, including the identified information, operational in January, 2013.

On behalf of the District and the District Board we appreciate the opportunity to respond to the above referenced report.

Sincerely,



Ed Mandich  
Board President

# TRABUCO CANYON WATER DISTRICT

## RESPONSES REQUIRED TO GRAND JURY FINDINGS/CONCLUSIONS

The following represents Trabuco Canyon Water District's ("TCWD") response to the Orange County Grand Jury Report, "Transparency Breaking Up Compensation Fog-But Why Hide Pension Costs?" -- Findings and Recommendations ("Report"). All responses are from the TCWD's perspective.

### F1. **Finding 1 – Accessibility Ratings for Cities, Special Districts and JPAs**

Accessibility to Compensation Costs for Orange County cities web-sites experienced 92% improvement this year, but there is still room for improvement at some cities. Accessibility to Compensation Costs on Orange County websites for districts and joint power authority (JPA) has room for improvement, even though 70% were rated excellent.

- Cities:
  - There was a 92% improvement in CCT Accessibility from the thirteen cities rated excellent in 2011 compared to twenty-five cities were rated excellent in 2012.
    - Yet there is still room for improvement for the remaining nine of thirty-four Orange County cities who received a rating of good in 2012 to achieve excellence in CCT Accessibility.
- Special Districts and Joint Power Authority (JPA):
  - Sixteen of the twenty-three special districts/joint power authority (70%) were rated excellent in 2012 for CCT Accessibility. This was a very good showing in their first year of being rated.
    - However, seven of the twenty-three special districts/joint power authority were rated good, average, poor and nonexistent for CCT Accessibility, all of whom could improve to excellent.

**District Response:** TCWD has not independently verified the results put forth in this Finding; however, TCWD continues to internally review its internet website and anticipates being able to incorporate the recommended changes to further improve TCWD's informational accessibility and relevant information transparency by January 2013.

### F2. **Finding 2 – Content & Clarity Ratings for EXECUTIVE Compensation Cost**

Content and Clarity for the 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 even more potential improvement possible for the Special Districts and joint power authority, which are in their 1<sup>st</sup> year of ratings.

- County:
  - The County of Orange went from a nonexistent Executive Compensation Page in 2011 to one rated excellent in 2012 for Content and Clarity.

- Cities:
  - 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.
- Special Districts and Joint Power Authority (JPA):
  - Only three of twenty-three special districts/JPA (13%) were rated excellent for Executive Compensation Cost Content and Clarity.
    - Nineteen of twenty-three special districts/JPA who received ratings of good, average, poor and nonexistent for Executive Compensation Cost can improve to achieve an excellent rating.<sup>26</sup>

<sup>26</sup> One of the 23 special districts/JPAs was rated “Not Applicable” due to their volunteer executive board and no paid executives. (3+19+1=23).

**District Response:** TCWD has not independently verified the results put forth in this Finding; however, TCWD continues to internally review its internet website and anticipates being able to incorporate the recommended changes to further improve TCWD’s informational accessibility and relevant information transparency by January 2013.

### F3. Finding 3 – Content & Clarity for EMPLOYEE Compensation Cost Ratings

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

- County:
  - The County of Orange was rated excellent above for their Executive Compensation Page Content and Clarity.
    - However, the County of Orange was only rated average for Employee Compensation Cost Content and Clarity and could improve to achieve an excellent rating.
- Cities:
  - Only five of thirty-four cities (15%) were rated excellent for Employee Compensation Cost Content and Clarity.
    - Twenty-nine of the thirty-four cities were rated good, average, poor and nonexistent for Employee Compensation Cost Content and Clarity, all of whom could improve to excellent.
- Special Districts and Joint Power Authority (JPA)
  - Only four of twenty-three special districts and joint power authority (17%) were rated excellent for Employee Compensation Cost Content and Clarity.
    - Nineteen of the twenty-three special districts/JPA were rated good, average, poor and nonexistent for Employee Compensation Cost Content and Clarity, all of whom could improve to excellent.

**District Response:** TCWD has not independently verified the results put forth in this Finding; however, TCWD continues to internally review its internet website and anticipates being able to incorporate the recommended changes to further improve TCWD's informational accessibility and relevant information transparency by January 2013.

**F4. Finding 4 – Transparency of Employer Pension Contribution Rates 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 (California Public Employees Retirement System) or OCERS (Orange County Employee Retirement System) requires of Orange County local governments to fund their employee guaranteed pension plans.

OCERS has the employer pension contribution rates buried in detailed actuarial reports and presentations on the OCERS website or requires member passwords to access these annual governmental funding rates.

Thus, there is limited transparency for the public of these governmental pension contribution rates.

**District Response:** TCWD has not independently verified the results put forth in this Finding; however, TCWD continues to internally review its internet website and anticipates being able to incorporate the recommended changes to further improve TCWD's informational accessibility and relevant information transparency by January 2013.

**F5. Finding 5 – Inclusion of Overtime and On-Call Pay in Employee Compensation Costs**

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 the aware of that in the annual reporting.

**District Response:** TCWD has not independently verified the results put forth in this Finding; however, TCWD continues to internally review its internet website and anticipates being able to incorporate the recommended changes to further improve TCWD's informational accessibility and relevant information transparency by January 2013.

## RESPONSES REQUIRED TO GRAND JURY RECOMMENDATIONS

TCWD references at this point the comments set out in TCWD's cover letter (from TCWD's Board President) and TCWD's Responses to Findings submitted herewith. Those comments are incorporated into these Responses by reference.

### R1. **Recommendation 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 web site home page and provide easy navigation within one or very few "clicks."

**District Response:** TCWD agrees with this recommendation and intends to include the recommended changes to further improve TCWD's informational accessibility and relevant information transparency by January 2013.

### R2. **Recommendation 2 – Content & 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 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.

**District Response:** TCWD generally agrees with this recommendation; however, to remain consistent with the currently applicable statewide public employee compensation reporting standards as published by the California State Controller's Office, TCWD reports Elected Official and Executive compensation on its website consistent with the information reported on the State Controller's website. TCWD will continue to follow this Statewide process on compensation reporting pursuant to the California State Controller's published standards.

### R3. **Recommendation 3 – Content & 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*. 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.

**District Response:** TCWD generally agrees with this recommendation; however, to remain consistent with the currently applicable statewide public employee compensation reporting standards as published by the California State Controller's Office, TCWD reports Employee compensation on its website consistent with the information reported on the State Controller's website. TCWD will continue to follow this Statewide process on compensation reporting pursuant to the California State Controller's published standards.

**R4. Recommendation 4 (R4) - Transparency of Employer Pension Contribution Rates –**

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.

The Grand Jury recommends that OCERS display their member organizations annual contribution rates in a transparent way to the general public without password access on their web site. For a suggested model, see <http://calpers.ca.gov> and enter “public agency employer contribution search.”

**District Response:** TCWD agrees with this recommendation and intends to include the recommended changes to further improve TCWD’s informational accessibility and relevant information transparency by January 2013.

**R5. Recommendation 5 – Transparency of Overtime Pay and On-Call Pay in Employee Compensation Cost Reporting –**

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.

**District Response:** TCWD agrees with this recommendation and intends to include the recommended changes to further improve TCWD’s informational accessibility and relevant information transparency by January 2013.