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July 19, 2011

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

Via Facsimile: (714) 834-5555

Subject: Orange County Grand Jury Report "Compensation Study of Orange County Cities"

Dear Judge Borris:

Thank you for the opportunity to comment on the Orange County Grand Jury report: "Compensation Study of Orange County Cities". On behalf of the San Clemente City Council, we respect your efforts to examine the various aspects of compensation in Orange County cities and in doing so we are pleased that your findings concluded that there are no individual instances of abusive compensation within the city organizations.

I have compiled responses to findings F.4 and F.7, in addition to recommendations R.1 and R.2.

Finding F.4 *RE: Public disclosure of municipal compensation levels is widely inconsistent, ranging from good to non-existent.* We agree with this finding. With the Grand Jury grading the City of San Clemente a "D" in content, clarity and accessibility, we have taken this opportunity to improve the transparency of senior level officials and upper level employees of the City of San Clemente. We have posted a list of the positions with base salaries in excess of \$100,000 per year. We have previously included pay for elected officials and that information remains on the City's website. We have implemented the Grand Jury's directive to ensure this information can now be easily found by logging onto www.san-clemente.org. The information can be accessed a variety of ways: 1) by selecting the Employment link along the top of the page, and clicking on the drop down menu entitled "Employee Benefits & City Compensation"; 2) on the Home Page under "Hot Topics" clicking the "City Compensation" link; and 3) using the drop down "I Need Info On..." area and selecting "City Compensation". This information will be updated on an annual basis.

Finding F.7 *RE: There is currently no disclosure of written employment contracts on the majority of cities' websites.* We agree with this finding. We have posted the employment contract for the City Manager and two amendments to his contract on the City website in the same section the benefits and compensation information is posted (see F.4). Also included here is the Memorandum of Understanding (MOU) between the City of San Clemente and the San

Clemente City Employees Association. Although the City's website shows the MOU effective through June 30, 2011, this MOU is still in effect as the City is in negotiations for a successor MOU, so this MOU carries over for the time being.

Recommendation R.1 RE: Transparency - All cities in Orange County report their compensation information to the public on the Internet in an easily accessible manner. The Compensation Disclosure Model (Appendix 4) provides a sample as to the items that should be included in determining total compensation. We support this recommendation for the upper level employees within the City organization and the elected officials as shared in our response to Finding 4 (above). We have implemented the recommendation for these positions.

Recommendation R.2 RE: Employment Contracts - Each city reveal any individual employment contracts in an easily accessible manner. We support this recommendation and have implemented the recommendation. As indicated in Finding 7 (above), an employment contract is in place only for the City Manager position. The MOU between the City and Employees Association is also posted in its entirety here.

With our changes, we believe we have implemented an effective means of openness with the public, while addressing the concerns of the Grand Jury, including:

- Transparency - City should report their compensation information to the public on the Internet in an easily accessible manner.
- Employment Contracts - Each city should reveal any individual employment contract in an easily accessible manner. The City summarized the compensation for the City Manager and the Department Heads for additional disclosure related to compensation and benefit costs.

I wish to commend you and your fellow members of the Orange County Grand Jury for your work to ensure transparency in government on behalf of the citizens of Orange County. Please be assured that the City of San Clemente goes through great lengths to establish proper classification, salaries, and benefits for employees by periodically contracting with a third party to complete a comprehensive, city-wide classification and compensation study. This enables us to ensure that we avoid excessive compensation, and remain competitive to attract qualified, competent employees. The last study in 2008 surveyed 17 cities and 3 special districts that had characteristics similar to the City of San Clemente in numerous areas including: population, services provided, as well as demographics, employee population, proximity to San Clemente, areas that San Clemente attracts employees from and agencies which San Clemente loses employees to. We will continue to conduct periodic studies going forward for the reasons stated.

Again, we thank you for allowing us to respond to the findings and recommendations listed in the Grand Jury's report.

Sincerely,



Lori Donchak
Mayor

cc: City Council
Orange County Grand Jury