from judge

August 29, 2011

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

SUBJECT: CITY OF LAGUNA BEACH RESPONSE TO THE 2010-11 ORANGE COUNTY GRAND JUST REPORT: "COMPENSATION STUDY OF ORANGE COUNTY CITIES"

Dear Judge Borris:

Per your request, and in accordance with Penal Code 933.05, please find the City of Laguna Beach response to above titled report as approved by the City Council on August 16, 2011.

Finding F.4: *Public disclosure of municipal compensation levels is widely inconsistent, ranging from good to non-existent.*

City Response: The City partially disagrees with the finding. The issue of compensation disclosure has been recently addressed with the release of the State Controllers searchable database of Government Compensation in California. This internet accessible database discloses compensation in a statewide disclosure model of all public employee positions for all cities, counties and special districts. The database also includes compensation for employee positions in state government that are paid by the State Controller, including: state employees, the California State University, and state-wide elected officials.

While most, if not all, of the requested compensation information is available on the City's website, the City has taken additional steps to reformat its website including providing salary and benefit information in an easily accessible single-page format, improved search functionality so that compensation information is easily located, and added hyperlinks that will help navigation website visitors to the salary and benefit information. That City has also added a link to the State Controllers database on Government Compensation in California.

Finding F.5: *With the exception of Laguna Beach and Newport Beach, the number of high-level positions in each city is generally commensurate with its population.*

City Response: The City disagrees with the finding. It is important to question the amount spent on personnel and municipal services to ensure that they are appropriate in light of the City's particular service demands, the market, local economy, and preferences in the community. However, in order to effectively compare personnel costs, the Grand Jury would need to undertake a more in-depth analysis of the services provided by each city in Orange County.

505 FOREST AVE. • LAGUNA BEACH, CA 92651 • TEL (949) 497-3311 • FAX (949) 497-0771

RECYCLED PAPER

Finding F.7: *There is currently no disclosure of written employment contract on the majority of cities' websites.*

City Response: The City disagrees with the finding. Only the City Manager has an employment agreement, and this agreement is accessible using the City's online public records search feature that can be accessed by clicking the appropriate icon on the City's website homepage.

However, to improve the disclosure of employment contracts, the City has consolidated access to salaries and benefit information for all employees, memorandums of understanding with all four bargaining groups, and the City Manager's employment agreement into one webpage. Improvements have also been made to the website search and navigation tools that can assist the public in locating employee compensation information.

Recommendation R.1: *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.*

City Response: The recommendation will not be implemented. The City of Laguna Beach understands the importance of transparency, disclosure and accessibility of compensation information. To that end the City believes the public would benefit more from a uniform statewide compensation model compared to a model that is specific to cities in Orange County.

The State Controller's Local Government Compensation Report already provides the public with an easily accessible statewide compensation model comparing government employee compensation for all cities, counties and special districts. This compensation report is updated annually, provides a standard compensation disclosure model for all cities, and is easily accessible on the internet.

Recommendation R.2: *Employment Contracts – Each city reveal any individual employment contracts in an easily accessible manner.*

City Response: - The recommendation has been implemented. The information was previously available using the online public records search feature. In response to the Grand Jury recommendation and in its effort to continue improving the disclosure and accessibility of employee compensation the City has consolidated into a single webpage the salaries and benefit information for all employees; memorandums of understanding with all four bargaining groups; and the City Manager contract. This same information can also be found using the website search feature or using newly added navigation links strategically placed throughout the website.

Recommendation R.3: *Compensation Levels – The cities of Newport Beach and Laguna Beach conduct a review of their organizations to reconcile the necessity of maintaining a relatively large number of upper level positions in relation to their populations.*

City Response:-The recommendation has been implemented. The City of Laguna Beach evaluates staffing and service levels through the annual budget review and adoption process. Over the last three years, 10 positions have been eliminated, including three positions making $95,000 a year or

more. During this same time period, the City has increased reserves and avoided any layoffs or furloughs while minimizing the reduction in services to the community. The "Compensation Study of Orange County Cities" attempts to evaluate municipal staffing levels based solely on residential population without taking into account the number and types of services provided or the number of visitors to a community. The City feels that this is not an adequate evaluation of staffing levels for the reasons described below.

The Cities provide vastly different services. Laguna Beach is a full service city and in addition to police, fire and marine safety services, the City provides many services not provided by other cities such as: year-round transit, summer shuttles, maintenance of unique beaches and parks, street sweeping, fleet maintenance, operation of a community center, wastewater collection, operation of an animal shelter, sidewalk sweeping, water quality enforcement, and support services (finance, personnel and information technology) for all of these services and more. Many cities do not provide most of these services and therefore have fewer personnel. Alternatively, these services, if provided at all, are handled by special districts, service contracts, or homeowner associations which were not considered in the report.

"Residential" population does not represent "Service" population. Laguna Beach has a significant amount of year-round tourism and frequently serves over 100,000 people a day.

Cities have unique characteristics. The cost of living in Laguna Beach is more expensive than most other cities and commuting to Laguna Beach can be difficult. Laguna Beach also has its own design review board in addition to eight standing committees and a variety of ad hoc advisory groups. These groups are an integral part of the governance and policy structure in Laguna Beach and many of them require personnel support to function.

In order to effectively compare personnel costs, the Grand Jury would need to undertake a more in-depth analysis of the services provided by each city.

The City of Laguna Beach would like to thank the Grand Jury for the opportunity to respond to this report.

Sincerely,

John Pietig
City Manager

cc: City Council
City Attorney