

CONTRA COSTA COUNTY GRAND JURY REPORT NO. 1104

Elected Board Membership

FINDINGS AND RECOMMENDATIONS

Finding # 1: Sixteen cities and eighteen special districts provide benefits to their elected leaders in some fashion. These benefits may include salary, meeting fees, health care insurance costs, pension or deferred compensation, life insurance premiums, cell phone usage, and internet connections.

Response:

<i>Responding Agency</i>	<i>Response</i>	<i>Comments</i>
City of Antioch	<i>Agree</i>	<i>Although Antioch cannot speak to the policies in other jurisdictions, we do not have a reason to disagree that these benefits are provided in various jurisdictions including the City of Antioch.</i>
City of Brentwood	<i>Agree</i>	
City of Clayton	<i>Agree</i>	<i>Although Clayton did not conduct an independent verification of the Grand Jury's data contained in Report No. 1104, it does not have any reason to disbelieve or disagree that identified elected official benefits and compensation are provided in varying degrees in various public entities, including that of the City of Clayton.</i>
City of Concord	→	<i>The City of Concord has no independent information to verify this finding. However, with respect to the City of Concord, some of these benefits are provided to elected officials. With respect to the City of Concord, the City agrees with this finding. However, Concord Council members do not receive deferred compensation, cell phone usage or stipends, nor free or reimbursed internet connections.</i>
Town of Danville	<i>Agree</i>	<i>Danville cannot address the practices of other jurisdictions, and has not independently verified information presented in the Grand Jury report. Based upon the report these benefits are being provided in various jurisdictions including Danville.</i>
City of El Cerrito	<i>Agree</i>	
City of Hercules	<i>Agree</i>	
City of Martinez	<i>Agree</i>	<i>Although Martinez cannot speak to the policies in other jurisdictions, we do not have a reason to disagree that these benefits are provided in various jurisdictions including the City of Martinez.</i>

<i>Responding Agency</i>	<i>Response</i>	<i>Comments</i>
City of Oakley	→	<i>The Oakley City Council does receive a pension benefit (PERS) and that amount totaled \$4,071 for last fiscal year.</i>
City of Pinole	<i>Agree</i>	<i>The City of Pinole appreciates the work that the Grand Jury undertook, and we agree with the statements in the Report that our community should be aware of the compensation and benefits provided to elected officials.</i>
City of Pittsburg	<i>Agree</i>	
City of Pleasant Hill	<i>Agree</i>	<i>The City of Pleasant Hill provides some benefits to their elected officials</i>
City of Richmond	<i>Agree</i>	<i>The City of Richmond agrees with this finding.</i>
City of San Pablo	<i>Agree</i>	<i>San Pablo cannot speak to the policies in other jurisdictions. Although San Pablo council members receive salary, health insurance, and life insurance coverage, as authorized by the Government Code, we do <u>not</u> subsidize council members' cell phones or internet connections, nor do we make city contributions to any individual's deferred compensation account (other than for payments "in lieu of" health coverage, discussed below). San Pablo has paid for fax lines for two council members, a practice which we believe leads to more efficient public service; each fax line is \$40 per month. However, we have eliminated this benefit as of June 30, 2011. San Pablo council members receive \$30 per meeting for meetings of the Redevelopment Agency, as authorized by ordinance and the California Health and Safety Code, but receive no stipend or other payment for memberships on any other boards or commissions.</i>
City of San Ramon	<i>Partially disagree</i>	<i>In the report three different types of payments have been commingled into a general categorization called "benefits". Reimbursements for example, are not benefits, in law or in fact. Similarly, retirement, health and welfare payments are identified as separate items as described in the California Government Code which creates the legal authority for municipalities to make payments to elected officials. The Government code defines and authorizes salary in Section 36516, it defines reimbursements in Section 36514.5 and defines payments for retirement, health and welfare in Section 36516(4)(D). The authorization for, definition of, and limitations to these types of payments has been in place for many years. The finding made in the report implies a new definition for all payments to elected officials as "benefits" which is not supported by existing law. It can also be misleading to characterize the reimbursement for expenses, such as for</i>

<i>Responding Agency</i>	<i>Response</i>	<i>Comments</i>
		<i>traveling on City business, as a “benefit” as was done in the report. Reimbursable expenses such as travel and cell phone usage are not compensation and should the Grand Jury desire to study these expenditures we recommend a separate investigation be performed.</i>
City of Walnut Creek	<i>Agree</i>	<p><i>To assist the Grand Jury in determining reasonableness we would like to start off by offering some legal and historical perspective. We realize that it would have been impractical to include such information in the Grand Jury report that reported on 19 cities and 27 special districts, but we believe that this information provides a necessary context to both the report and our responses to the findings and recommendations.</i></p> <p><i>In the past 25 years, the Walnut Creek City Council has had a single, \$150 increase in its monthly salary. State law governs the compensation that a general law city such as Walnut Creek can pay its councilmembers. Government Code section 36516 sets up a schedule for city council salaries based on the population of the city. In addition, salaries could be increased by an amount not to exceed 5 per cent per year for each calendar year since the last adjustment. Prior to 1985, state law provided that in cities with populations over 50,000 and up to and including 75,000, the council could receive a salary of \$250 per month. In 1984, the state legislature increased the dollar amount for the 50,000 – 75,000 population category to \$500. In 1985 the City Council increased its salary to this amount. Sixteen years later, in 2001, the Council raised its salary to \$650. That amount has remained unchanged for the last 10 years (the voluntary 10% reductions in salary taken by the Council are discussed separately at the end of this letter.)</i></p>
Ambrose Recreation and Park District	<i>Agree</i>	
Byron-Bethany Irrigation District	<i>Agree</i>	<i>Although the table summarizing the compensation data collected for the 27 special districts does not accurately reflect the Byron Bethany Irrigation District (BBID or District), BBID agrees with the “spirit” of the report and concurs with the Grand Jury’s findings and recommendations in the subject report.</i>
Byron Sanitary District	→	<i>The Byron Sanitary District concurs with the Grand Jury’s findings and recommendations in the subject report.</i>

<i>Responding Agency</i>	<i>Response</i>	<i>Comments</i>
Central Contra Costa Sanitary District	<i>Agree</i>	
Contra Costa Water District	<i>Agree</i>	
Diablo Water District	<i>Agree</i>	
Discovery Bay Community Services District	<i>Agree</i>	<p><i>The TODBCSD fully complies with and adheres to California Government Code Section 61047(a) which states “The board of directors may provide by ordinance or resolution, that each of its members may receive compensation in an amount not to exceed one hundred dollars (\$100) for each day of service. A member of the board of directors shall not receive compensation for more than six days of service in a month.”</i></p> <p><i>In addition, the TODBCSD provides an amount not to exceed \$527/month for various health care premiums. Pursuant to GC§6107(c), the TODBCSD also reimburses travel, mileage and incidental expenses while representing the district on official business.</i></p>
East Contra Costa Irrigation District	→	<i>No response to Finding. See comments in Recommendation below.</i>
Ironhouse Sanitary District	→	<p><i>Ironhouse has not independently verified Finding #1, and, if accurate, has no reason not to agree with it. With respect to Ironhouse, its Directors do not receive a salary and are compensated in the amount of \$170.00 for each meeting attended by the Director, up to a maximum of six meetings in any calendar month. (Health & Safety Code §6489). Please see the attached Local Government Compensation Report for Calendar Year 2009, State Controller’s Office – Division of Accounting and Reporting, which is the most recent year available and lists Director Wages Subject to Medicare.</i></p> <p><i>Directors have the option to receive Health, Dental & Vision benefits, as listed in the above referenced report. Finally, Directors have the option to participate in a Deferred Compensation Program, as is also shown in the above referenced report.</i></p> <p><i>Directors do not receive life insurance premiums payments, cell phone usage, and internet connections benefits.</i></p>

<i>Responding Agency</i>	<i>Response</i>	<i>Comments</i>
Los Medanos Community Healthcare District	<i>Partially disagree</i>	<p><i>The District agrees that, per Section 32103 of The Local Health Care District Law, LMCHD provides compensation to its elected Board members – under the LMCHD Bylaws, Board members receive a stipend of \$100.00 per meeting, not to exceed \$400.00 a month (\$100.00 lower than the \$500.00 maximum set forth in The Local Health Care District Law).</i></p> <p><i>However, not all special districts are alike. Both in terms of the populations served and the scope of their activities, special districts require very different levels of involvement and expertise from their elected leaders.</i></p> <p><i>Healthcare districts, because of the complex and needs-sensitive nature of their activities, demand more from their board members than most other special districts. As the Association of California Healthcare Districts recently pointed out, “[t]he public work of a prepared and informed director is simply too demanding to be consistently and effectively performed without some compensation.”</i></p> <p><i>Http;://www.achd.org/resources/achdconnection2010issue1cmp.pdf.</i></p> <p><i>Even among healthcare districts, LMCHD plays an integral role in the policy, delivery, and funding of healthcare in the community, and therefore demands a higher level of commitment, expertise and involvement from its board members than most other healthcare districts. For a graphical representation of LMCHD’s role in Los Medanos, please see page 4 of the District’s 2011-2016 Strategic Plan, at http://lmchd.org/down/LMCHD.StrategicPlan.AdoptedOct10.pdf.</i></p> <p><i>LMCHD’s Board members perform a critical role in the operation of the District. Board members not only meet monthly to handle Board business, implement the District’s Strategic Plan, and actualize the LMCHD’s strategic vision, but they also serve on the District’s four subcommittees – District Program and Activities, Finance, Grants and Policy, and Real Estate, Administration and Legal – to provide oversight, guidance, and recommendations on the District’s core operational and administrative functions.</i></p> <p><i>In addition, LMCHD performs time-intensive functions that require Board member guidance and oversight, such as dispensing health and wellness grants to local community-based organizations, operating District-direct programs including an</i></p>

<i>Responding Agency</i>	<i>Response</i>	<i>Comments</i>
		<p><i>eyeglasses distribution program, an annual Fitfest event, and a community garden on LMCHD property, and providing direct health services (in cooperation with local providers) at schools within the District. Each of these activities requires a significant commitment of time and resources by the Board members.</i></p> <p><i><u>In summary</u>, the District agrees with the statement that eighteen special districts in Contra Costa County provide benefits to their elected leaders in some fashion, and that LMCHD is one of those eighteen special districts. However, because of the varied nature and scope of activities among special districts (and among healthcare districts), the District finds that a blanket comparison of compensation levels across all special districts in Contra Costa County is inappropriate.</i></p>
Mt. Diablo Healthcare District	<i>Agree</i>	<i>The District provides a meeting stipend if the Board member elects to collect. The District also pays the OPEB required payment in accordance (sic) California Code Section 53201. No other benefits are provided any Board member.</i>
Mt. View Sanitary District	<i>Agree</i>	
Pleasant Hill Recreation and Park District	<i>Agree</i>	
Rodeo Sanitary District	<i>Agree</i>	
San Ramon Valley Fire Protection District	→	<i>No response to Finding. See comments in Recommendation below.</i>
Stege Sanitary District	<i>Agree</i>	
West Contra Costa County Healthcare District	<i>Agree</i>	<i>In our review of the report provided and a review of the original survey response to the Grand Jury, we have determined that there was an error in data reporting. That error relates to the cost of health benefits, which are outlined in an attached corrected data report. (Correction reflects an increase in health benefits from \$4,188 to \$55,282)</i>
West County Wastewater District	<i>Agree</i>	

Recommendation # 1: All cities and special districts should conduct an annual public review of compensation provided to their respective elected Councils and Boards. This review should include such items as salary, meeting fees, health care insurance costs, pension deferred compensation, life insurance premiums, cell phone usage, and internet connections. The public review should address whether or not changes in compensation are warranted.

Response:

<i>Responding Agency</i>	<i>Response</i>	<i>Comments</i>
City of Antioch	<i>Will implement</i>	<i>Antioch's overall budget process is a transparent one, with several study sessions held each year and documents available on the City's website. There is a specific account established within the City's general fund to account for City Council expenditures. Also, policies regarding Council compensation and benefits are approved in open meetings. However, to increase governmental transparency, the City will combine those policies into a single document that addresses all Council compensation and benefit issues and include that document in its annual budget review for the following fiscal year.</i>
City of Brentwood	<i>Implemented</i>	<p><i>The City adopts its operating budget biannually. Included in the budget is a division set up for the City Council which details the amounts spent by individual expense item (e.g. salary, health insurance, pension, travel, etc). The budget and these items, are reviewed first at a public workshop and then adopted at a separate public meeting. All budget documents are also available on the City's website.</i></p> <p><i>The City then conducts regular reviews of the operating budget at public meetings every six months. A mid-year budget update and review occurs each December, and a mid-term budget update and review is conducted prior to the start of the second year of the biannual budget.</i></p> <p><i>City Council compensation also receives a public review whenever it is increased. City Council salary is established and amended after a public hearing and the adoption of an ordinance. In addition, it should be noted that any changes to the compensation ordinance would not take effect until after the next election cycle. It should be further noted that the last time the City Council salary ordinance (2.08.10 of the Brentwood Municipal Code) was amended was September 18, 2001.</i></p> <p><i>Finally, the City includes City Council salary information in its published salary plan which is available on the City's website.</i></p>

<i>Responding Agency</i>	<i>Response</i>	<i>Comments</i>
City of Clayton	<i>Will implement</i>	<p><i>Clayton’s overall budget process is a readily transparent one, with data and actual dollar numbers calculated to the nearest dollar. At a minimum, an introductory session of the proposed City Budget and a subsequent public hearing for consideration and adoption of its budget are held each year, plus a mid-year review, each conducted at an open public meeting of the City Council. Further, budget documents and data are available on the City’s public website.</i></p> <p><i>There are specific accounts established within the City’s General Fund (Legislative Dept. 01) that itemize elected official compensation and associated benefits each year in the aggregate for the full council. Policies regarding City Council compensation and benefits, by law, must be and are approved in open public meetings.</i></p> <p><i>However, to enhance governmental transparency, the City will combine its elected official compensation and benefits policies into a single document that clearly illustrates all Council compensation and benefit categories. That prospective document will then be included in Clayton’s annual budget and review process commencing the following fiscal year (FY 2012-13).</i></p>
City of Concord	<i>Implemented</i>	<p><i>This recommendation is already a practice in the City of Concord. The Concord City Council Policy Development and Internal Operations Committee reviews the Council’s portion of the City’s budget every year at a public meeting, prior to the Council acting on the City’s proposed budget. The Council as a whole reviews and acts on the entire city operating budget, including the Council’s operating budget, at public meetings.</i></p>
Town of Danville	<i>Will implement</i>	<p><i>The Town Council does not receive meeting fees, life insurance premiums or cell phone stipends. Town Council costs, including salaries and all related expenses, are included in a separate “Town Council” budget, which is contained within the annual Operating Budget. As referenced in the response to Finding #2, individual Council members receive monthly amounts of \$675 for salary, \$250 for health care reimbursement and a \$25 deferred compensation contribution.</i></p> <p><i>Danville’s budget process is a transparent one that includes four public study sessions and one public hearing annually. The Town Council budget is subject to annual public review, and budget information is available both in hard copy and electronically on line. The public review provides the opportunity to address whether or not changes in compensation are warranted.</i></p>

<i>Responding Agency</i>	<i>Response</i>	<i>Comments</i>
		<p><i>Town Council expenditures are accounted for and tracked separately and Town Council compensation is included as part of Town salary and compensation information posted on the Town website and reported to the State Controller. Town Council salary is set by ordinance, and consideration of any changes can only occur at a duly noticed public meeting.</i></p> <p><i>It should be noted that while the Town, as a general law city, can conduct an annual review of Town Council compensation, the Town can only adjust such compensation at the end of each council members (sic) term of office. 80 Ops.Cal.Atty.Gen. 119 (1997); Government Code Section 36516.5.</i></p> <p><i>In order to further address this recommendation, by September 30, 2011, the "Town Council" budget format will be further itemized to coincide with applicable categories included in the recommendation, including: salary, meeting expenses, health expense reimbursement and deferred compensation contribution.</i></p>
City of El Cerrito	<i>Implemented</i>	<p><i>In response to both recommendations (1 & 5), the City Council reviews its compensation annually as part of the budget public hearing process. That process also includes public review by the City's Financial Advisory Board. As the Grand Jury learned during its investigation, the City Council's salary has not changed since 1991 and any change to salaries would require adoption of an ordinance. Although the City believes it is already satisfying Recommendation #10 and #5, it may in the future enhance the information about City Council compensation included in the public budget process.</i></p>
City of Hercules	<i>Implemented</i>	<p><i>Hercules implemented a process that is compliant with the Grand Jury's recommendation several years ago. On July 12, 2012 (sic), the City Council reviewed Council member compensation and benefits and directed staff to bring forward a resolution terminating all health and welfare benefits and CalPERS benefits for Council members. On July 26, 2011, the City Council adopted such a resolution rescinding all CalPERS and health and welfare benefits for Council members.</i></p>
City of Martinez	<i>Will implement</i>	<p><i>The overall budget process in Martinez is a transparent one, with several public meetings and documents available on the City's website. There is a specific page in the budget document that provides the total expenditures for the City Council. Those expenditures, along with all of the others in the budget, are part of the budget review and approval conducted at a public meeting. However, to increase transparency, the City will conduct a</i></p>

<i>Responding Agency</i>	<i>Response</i>	<i>Comments</i>
		<i>specific discussion on whether or not changes in Council compensation are warranted during the budget adoption process.</i>
City of Oakley	→	<i>Relative to Finding #1, the City of Oakley does conduct an annual review of the compensation provided to its City Council as each upcoming fiscal budget is prepared, discussed and approved. As your report noted, the compensation is amongst the lowest in the County.</i>
City of Pinole	→	<i>The City of Pinole will on an annual basis publicly review the elected City Council and City Treasurer compensation packages. This will be done concurrently with our annual budget review and adoption process. The current compensation totals \$300 per month and is based on the government code and includes \$250 per month for serving and attending City Council meetings, which more often than not are more than twice a month as well as \$50 per month for serving and attending as the Executive Board for the Pinole Redevelopment Agency. Our elected officials do not receive a City provided cell phone or computer nor do they receive reimbursement for use of their personal cell phones and computers.</i>
City of Pittsburg	<i>Implemented</i>	<i>This recommendation is already implemented at the City of Pittsburg. The City Council reviews the Council's portion of the annual budget every year at a public meeting, prior to the Council's actions on the City's proposed budget.</i>
City of Pleasant Hill	<i>Will implement</i>	<i>Pleasant Hill's overall budget process is a transparent one, with the biennial (sic) budgets being adopted at open and public City Council meetings and documents available on the City's website. A specific departmental budget was established within the City's general fund to account for City Council salaries, benefits and expenditures. However, to increase governmental transparency, the city will specifically address all Council compensation and benefits during its annual budget review for the following fiscal year, as well as address this issue, as required, within six months of the date of the Civil Grand Jury report.</i>
City of Richmond	<i>Will not implement</i>	<i>The City of Richmond's overall budget process is a transparent one, with several study sessions held each year and documents available on the city's website. Council member salaries are publicly displayed on the City of Richmond's website. There is a specific account established within the city's general fund to account for City Council expenditures. Also, policies regarding council compensation and benefits are approved in an open meeting that includes a public discussion and two public meetings. Therefore, the city is already conducting a periodic public review of compensation provided to elected council members, and an annual review is unnecessary.</i>

<i>Responding Agency</i>	<i>Response</i>	<i>Comments</i>
City of San Pablo	<i>Will implement</i>	<p><i>The City reviews City Council compensation annually as part of its budget process. This includes several study sessions and culminates in a public hearing. The draft and final budgets are public documents and are available electronically. The budget includes specific accounts within the City's general fund to account for City Council expenditures. Any policies regarding Council compensation and benefits are reviewed and approved in open meetings.</i></p> <p><i>However, to increase governmental transparency, the City will combine those policies into a single document that addresses all Council compensation and benefit issues and include that document in its annual budget review for the following fiscal year.</i></p>
City of San Ramon	<i>Will not implement</i>	<p><i>The recommendation will not be implemented because it is not necessary. The City of San Ramon compensates elected officials based on a publicly approved Ordinance. The Ordinance No. 365 was adopted in 2004 after conduction public hearings and a public noticing process. Changes to the existing compensation structure cannot happen without the same public process occurring and a new Ordinance being adopted. Although the City of San Ramon is a Charter City and can exempt itself from the Government Codes limits on elected official compensation levels, the City of San Ramon has chosen to voluntarily set compensation within the limits of the Government Code as it pertains to General Law cities. The process recommended in the report to hold additional public reviews of compensation is redundant to the current process of holding public hearings before an Ordinance is adopted and ignores the limits placed on compensation by those agencies that are following the Government Code. We suggest this recommendation could have been that changes in compensation be consistent with Sate Law, are publicly noticed, and provide for public comment.</i></p>
City of Walnut Creek	<i>Will not implement</i>	<p><i>The City of Walnut Creek has, since 1980, adopted two year budgets and has recently engaged in a mid-year budget review with its Council. As part of the budget process, the costs for the City Council are reviewed in the format shown in Exhibit A. This budget format is similar to the annual figures the Grand Jury used. The Walnut Creek Municipal Code requires a public hearing be held prior to the adoption of the budget. The Grand Jury Report does not contend that a biennial review is inadequate. The Grand Jury recommendation for annual review will not be implemented because it is not consistent with the two-year cycle under which the City of Walnut Creek reviews all</i></p>

<i>Responding Agency</i>	<i>Response</i>	<i>Comments</i>
		<i>budgets and that the City believes ensures that Council compensation is reasonable.</i>
Ambrose Recreation and Park District		<i>ARPD set a Board agenda item for its June 9th Board meeting (Attached) and did discuss in open session compensation of the Board. The accompanying staff report listed compensation for area agencies and included ARPD. The Board agrees with the finding and have left its current compensation package in place as ARPD is (sic) has one of the smallest compensation packages in the County.</i>
Byron-Bethany Irrigation District	<i>Will implement</i>	<i>The District will comply with Recommendations No. 1 and No. 4 and will review such items as salary, meeting fees, health care insurance costs, pension/deferred compensation, life insurance premiums, cell phone usage, internet connections; and, determine whether the practice of paying health care insurance for Board members is appropriate, during the annual public review of the District's budget process.</i>
Byron Sanitary District	<i>Will implement</i>	<i>The Byron Sanitary District will comply with Recommendation No. 1 and review such items as salary, meeting fees, health insurance costs, pension/deferred compensation, life insurance premiums, cell phone usage, and internet connections during the annual public review of the District's budget process.</i>
Central Contra Costa Sanitary District	<i>Will implement</i>	<i>The Central Contra Costa Sanitary District will conduct an annual public review of compensation and benefits provided to Board members.</i>
Contra Costa Water District	<i>Implemented</i>	<p><i>The annual public review of CCWD Board members compensation recommended in Report #1104 has already been implemented and has been integral to the review of District finances and the Board's adopted procedures for decades.</i></p> <ul style="list-style-type: none"> <i>• The Board of Director's compensation is budgeted as an individual department clearly delineated within the overall District budget and is reviewed annually as part of a publicly noticed presentation of the budget and mid-cycle review. The Board of Director's budget includes a review of the actual expenditures compared to budget to a level of detail that allows review of compensation and benefits cost per board member; and</i> <i>• In addition, at each Board meeting (two per month) as part of an agendized item titled "Approve Director's Service/Business and Travel Expenses" each Director's compensable meeting and travel expenses are presented in written form and are reviewed as to their business purpose and reasonableness and are approved as part of the publicly noticed meeting; and</i>

<i>Responding Agency</i>	<i>Response</i>	<i>Comments</i>
		<ul style="list-style-type: none"> • <i>Lastly, each Director verbally forecasts the compensable meetings they plan to attend in the prospective two week (or longer) period as part of the bi-weekly Board meeting to allow fellow Directors and the public an opportunity to confirm the business purpose.</i>
Diablo Water District	<i>Implemented</i>	<i>Respondent has historically conducted a public review of total compensation provided to the Board of Directors each year during review of the District's annual budget at a public meeting. The District will expand its current annual public review of Director Compensation to address whether or not changes in compensation are warranted.</i>
Discovery Bay Community Services District	→	<p><i>The TODBCSD partially agrees with Recommendation #1 in that compensation should be reviewed by its Board of Directors but disagrees that it should be done annually.</i></p> <p><i>All of California's Independent Special Districts are subject to California Government Code Sections 61000 et seq., including the Town of Discovery Bay Community Services District. Board member compensation, and the narrow manner in which it is permitted, is specifically acknowledged in the aforementioned Government Code sections.</i></p> <p><i>The TODBCD has an established meeting structure for its official Board Meetings. The TODBCSD Board of Directors meets on the first and third Wednesdays of each month at 7:00 pm. Regularly scheduled Board meetings provide the opportunity to conduct the business of the district and to carry out the duties of their position. Additionally, it is at times necessary to call for a special meeting, to conduct a community workshop, or to attend a meeting that qualifies for a stipend pursuant to California Government Code Sections 61047(a) and 61047(e). At virtually each regular meeting the items of compensation for each Board member are contained in the warrants which are available to the public and reviewed by the Board of Directors before approving the expenditure. Thus an annual review is unnecessary.</i></p> <p><i>Any interested member of the public can review compensation of any TODBCSD Board member for compliance and conformity with California GC§§61047.</i></p>
East Contra Costa Irrigation District	→	<i>The East Contra Costa Irrigation District provides a monthly stipend to its Directors in the form of meeting fees and mileage reimbursement. The compensation for meeting attendance has not changed in over a decade and is believed to be appropriate. The monthly stipend is reviewed annually during the budget</i>

<i>Responding Agency</i>	<i>Response</i>	<i>Comments</i>
		<i>process. On June 14, 2011, the Board of Directors considered the Findings and Recommendations made by the Grand Jury and determined that no changes are warranted at this time.</i>
Ironhouse Sanitary District	→	<i>As part of its standard annual budgeting process, the Board of Directors of Ironhouse complies with Recommendation #1. The Ironhouse annual budgeting process is open to the public and is publicized through public hearings noticed in accordance with the Brown Act. At these meetings all compensation provided to the members of the Board of Directors is reviewed and discussed by the Board, staff and members of the public in attendance.</i>
Los Medanos Community Healthcare District	<i>Implemented</i>	<i>While the LMCHD partially disagrees with Grand Jury Finding 1, and finds that a blanket comparison of compensation across all special districts in Contra Costa County is inapplicable and of limited value, the District already conducts an annual review of all of its expenses at the beginning of each fiscal year, including meeting fees paid to its Board Members.</i>
Mt. Diablo Healthcare District	→	<i>The Board reviews all expenditures during the annual budget process. Every item is reviewed, including stipends and the OPEB expenditures, and any item found to require further review is researched for alternatives and implemented appropriately.</i>
Mt. View Sanitary District	<i>Will implement</i>	<i>The recommendation has not yet been implemented, but will be implemented by an amendment to the Board Policies and Procedures on or before August 18, 2011.</i>
Pleasant Hill Recreation and Park District	<i>Implemented</i>	<i>The following policy has been adopted as Pleasant Hill Recreation & Park District Policy #4025.40.2 – The Board of Directors will review the stipends of the elected Board Members on an annual basis. This will take place at the second board meeting in July as a separate agenda item. The Board of Directors will determine whether any proposed changes are warranted. The results will be posted on the District’s website and be included in the official board minutes. The Board of Directors of the Pleasant Hill Recreation & Park District receives \$100 per meeting at a maximum of \$200 per month. There are no other benefits that the Board Members receive such as Health or retirement or any related medical benefits. Occasionally, Board Members do attend conferences on behalf of the District while representing the District and do receive reimbursable expenses for travel and accommodations.</i>
Rodeo Sanitary District	<i>Will not implement</i>	<i>Total cost for meeting fees by this agency are some of the smallest in the county. No increase or addition to benefits or meeting fees can be made without a public hearing as required by the Government Code.</i>

<i>Responding Agency</i>	<i>Response</i>	<i>Comments</i>
San Ramon Valley Fire Protection District	<i>Will not implement</i>	<i>The recommendation will not be implemented because it is not warranted or is not reasonable. The San Ramon Valley Fire Protection District agrees that public review of compensation is appropriate. However, unless there are changes recommended to the compensation structure, it is not necessary to conduct an annual review and analysis until such time as a change might be considered. The San Ramon Valley Fire Protection District has in the past, and will in the future, to agendize for public review any and all changes to Director compensation. The District's website has in the past and will continue to contain all information regarding Director compensation/benefits. The information is always available for public review.</i>
Stege Sanitary District	<i>Implemented</i>	<i>The Stege Board annually reviews its compensation at a public meeting and has done so since 2001. The Board plans to continue to conduct this annual review in the future.</i>
West Contra Costa County Healthcare District	→	<i>At its Board meeting of May 25, 2011, the West Contra Costa Healthcare District conducted a public review of all compensation provided to the elected Board members, and also reviewed the policy for provisions of that compensation. Annual reviews will be conducted in the future.</i>
West County Wastewater District	<i>Implemented</i>	<p><i>The District implemented a process that is compliant with the Grand Jury's recommendation more than a decade ago. Effective January 1, 2001, Health and Safety Code §6489 was amended by SB 1559 to allow annual increases in Director compensation. Director compensation had remained fixed January 1, 1987. The District adjusted Director compensation in accordance with SB 1559 effective January 1, 2001. It has reviewed Director compensation and benefits in a public forum at least once each year since then. There have been no increases in Director compensation since January 1, 2006.</i></p> <p><i>On April 5, 2005, the District adopted an ordinance establishing the procedure for annually fixing and determining Director compensation. That ordnance (sic) requires the Board to annually establish the maximum compensation to which a Director is entitled for each day of his/her attendance at meetings, or for each day of service as a Director. Each Director must then select the amount of his/her compensation which can be no greater than the maximum compensation established by the Board of Directors. This requires the entire Board of Directors to review their salary and benefits in a public forum at least once each year to ensure that their compensation is reasonable and within legal limits.</i></p>

<i>Responding Agency</i>	<i>Response</i>	<i>Comments</i>
		<i>In addition to the annual process for determining Director compensation and benefits, the Board of Directors and District staff annually review all Director, management and employee compensation and benefits during the annual budget cycle. This involves a detailed examination of every budget line item, including compensation and benefits. This process has been followed for decades.</i>

Finding # 2: Eight cities spend more than the county-wide average (\$39,377) for salary and meeting fees. They are: Antioch, Concord, Danville, Hercules, Martinez, Richmond, San Pablo and San Ramon.

Response:

<i>Responding Agency</i>	<i>Response</i>	<i>Comments</i>
City of Antioch	<i>Partially agree</i>	<p><i>Although we have not expended limited city resources to verify the information provided by the various jurisdictions or the mathematical calculations, we do question the value of a simple mathematical average as determinative as to what salaries and meeting fees are questionable.</i></p> <p><i>As the report indicates these are cities of differing sizes. In addition, these city councils have differing meeting schedules and responsibilities, some cities have budgets of \$50,000,000 and some budgets of \$10,000,000; some cities provide all services in-house and other cities have contracted significant responsibilities to the County or other entities; and some city councils also serve as boards of redevelopment agencies and other entities. A simple mathematical average takes none of these variables into account in considering what may be appropriate compensation for city council members.</i></p> <p><i>To this end, Government Code section 36516, which establishes salary caps for general law cities, has different caps depending on the population of the city. For example, the California Legislature set a different salary cap for cities with populations of 75,000-150,000 compared to cities with less than 35,000 in population and cities with over \$250,000 in population. Further, increases to compensation are limited to 5% per calendar year and must be specifically approved by the city council pursuant to an ordinance in open session, unless approved by the electorate at a municipal election.</i></p>

<i>Responding Agency</i>	<i>Response</i>	<i>Comments</i>
City of Concord	→	<i>The City of Concord has no independent information to verify this finding. With respect to Concord, the City agrees with this finding.</i>
Town of Danville	<i>Agree</i>	<p><i>Based upon the information contained in the report, eight cities spend more than the mathematical countywide average of \$39,377 for salary and meeting fees. Danville cannot address the practices of other jurisdictions, and has not independently verified information presented in the Grand Jury report.</i></p> <p><i>Based upon population, Danville is the eight (sic) largest city in the Contra Costa County. According to the information cited in the report, Danville ranks twelfth in Total Compensation and eighth in Total Salary and/or Meeting Fees.</i></p> <p><i>The report identifies mathematical averages for Total Council Compensation, and Salary and/or Meeting Expense. Danville's Total Compensation of \$54,998 is significantly less than the mathematical average of \$77,895 identified in the report. Danville's Salary and/or Meeting Fees of \$40,064 exceed the mathematical annual average by \$687. The amounts cited represent the sum total amount that was paid for all five Town Council members for the year.</i></p> <p><i>The Grand Jury report does not cite or address Government Code Section 36516, which sets forth the methodology by which salaries are to be set for city/town council members in general law cities. Per this code section, salary levels are determined through a two-step process, which ties a base salary amount to the population of the city, and allows for adjustments of up to 5% per year. Individual Council members receive monthly amounts of \$675 for salary, \$250 for health care reimbursement and a \$25 deferred compensation contribution.</i></p> <p><i>Town Council salary is set by ordinance, at a duly noticed public meeting, and salary adjustments may only occur when a new term of office begins. As a practical matter, this means that the salary can only be adjusted very two years after a municipal election. As a General Law city, Danville is in full compliance with Government Code Section 36516.</i></p>
City of Hercules	<i>Agree</i>	
City of Martinez	<i>Partially agree</i>	<i>Before responding, we would like to provide clarification on the findings. The Grand Jury report states "The Martinez City Council compensation is \$131,326." In September of 2010, the</i>

<i>Responding Agency</i>	<i>Response</i>	<i>Comments</i>
		<p><i>City responded to the Grand Jury's request for public records. The request asked for salary and benefits provided to <u>elected officials</u> for Fiscal Year 2008-2009 and Fiscal Year 2009-2010, not City Council members only. The City provided information on the five Council members and the elected City Clerk and the elected City Treasurer. The information provided to the Grand Jury labeled the names and titles of each Council member, as well as the City Clerk and the City Treasurer. The total compensation of \$131,326 was derived from the seven elected officials. The total compensation for the five Council members was \$97,921.</i></p> <p><i>We are only able to verify the information provided by Martinez and the mathematical calculations used for arriving at the total compensation for Martinez elected officials. All of the cities listed above are of differing sizes and budgets. Using population only as a basis for comparison between cities is somewhat limiting, because of varying budgets, council meeting schedules, and ancillary committee responsibilities. Population should be one of several factors used to compare cities when discussing appropriate levels of compensation.</i></p> <p><i>Government Code Section 36516, which establishes salary caps for general law cities, has different caps depending on the population of the city. Increases to council compensation are limited to 5% per calendar year and must be specifically approved by the city council pursuant to an ordinance in open session, unless approved by the electorate at a municipal election.</i></p>
City of Richmond	<i>Partially disagree</i>	<p><i>The City of Richmond disputes simply taking a county-wide average for salary and meeting fees without considering other variables. Contra Costa County is comprised of cities that vary in size, complexity and composition of its city councils. For instance, the City of Richmond, with a population of over 100,000 people, does not contract significant responsibilities to the county or other entities. Rather, the City of Richmond provides all significant services in-house, including the Richmond Fire Department, the port, library, and employment and training. Providing all significant services in-house places greater time demands on the Richmond City Council members. A simple mathematical average fails to take any of these variables into consideration.</i></p>
City of San Pablo	<i>Partially agree</i>	<p><i>We assume the Grand Jury's figure of \$39,377 is correct. San Pablo city council members receive \$702 per month for service on the Council. This equates to \$8,424 per year, or \$42,120 per</i></p>

<i>Responding Agency</i>	<i>Response</i>	<i>Comments</i>
		<p><i>year for the entire Council, only slightly higher than the quoted average, and well within the average range. In fact, as of November, 2011 the salaries of San Pablo councilmembers will be 15% less than allowed by law, and there is no current intent to increase those salaries.</i></p> <p><i>San Pablo cannot comment on the reasons why council salaries are higher in some cities and lower in others. Much depends on each city's size, fiscal condition, meeting schedules and responsibilities, budgets, services provided and service on other entities. A simple mathematical average takes none of those variables into account in considering what may be appropriate compensation for city council members.</i></p>
City of San Ramon	<i>Agree</i>	<i>By definition, in any computation of an average some must be above the average and some must be below the average.</i>

Recommendation # 2: These cities, as part of the annual review in Recommendation 1, should consider whether it would be appropriate to implement reductions of salary and meeting fee expenditures to bring them in line with other cities.

Response:

<i>Responding Agency</i>	<i>Response</i>	<i>Comments</i>
City of Antioch	<i>Will implement</i>	<p><i>Certainly, an annual review of council compensation and benefits discussed above would consider whether reductions (or possibly increases) are appropriate and follow whatever statutory procedures may apply to such actions. As a point of interest, since 2009, the Antioch City Council has adopted a resolution encouraging elected officials to decrease their compensation given the economic challenges facing the City and the sacrifices made by Antioch employees and residents.</i></p> <p><i>However, as indicated above, bringing salary and meeting fee expenditures "in line with other cities" should not simply be based on a mathematical average that fails to take into account the responsibilities of council members for cities of varying sizes and services. Therefore, as to this part of the recommendation, we would suggest further analysis to determine what should be considered in looking at salary and meeting fee expenditures "in line with other cities" beyond simply an average of salaries provided in a wide variety of cities.</i></p>
City of Concord	→	<i>As part of their annual review of the City's operating budget, including the Council's operating budget, Concord City Council members have individually decided to voluntarily reduce their</i>

<i>Responding Agency</i>	<i>Response</i>	<i>Comments</i>
		<p><i>pay & benefits, matching the sacrifices that regular employees have made in each of the last two years. Council members are continuing this practice into Fiscal Year 2011-12. The Grand Jury's recommendation that the "appropriate" pay and benefit level for Council members would be the average level of all cities in the county, is not supported by the Concord City Council. Each city within the County has differing levels of budget, population, and service responsibilities; therefore a "one-size-fits-all" solution hardly seems appropriate. As the Grand Jury's information mentions, Concord is the largest City in the County by population but its Council members are not the highest paid/benefited council members. Concord's City Council will continue to consider their individual pay and benefit levels at its annual budget reviews, and will continue to evaluate the appropriateness of those pay and benefit levels in light of prevailing fiscal conditions.</i></p>
Town of Danville	<i>Will implement</i>	<p><i>Based upon population, Danville is the eight (sic) largest city in Contra Costa County. According to the information cited in the report, Danville ranks twelfth in Total Compensation and eighth in Total Salary and/or meeting Fees. The sum Total Compensation amount that was paid for all five Town Council members in 2010 was \$54,998, significantly less than the average of \$77,895 cited in the report. On this basis, Danville's compensation is not "out of line" with other cities.</i></p> <p><i>Danville is in full compliance with Government Code Section 36516 which sets forth the methodology by which salaries are to be set for city/town council members in general law cities, and the compensation level based upon city/town population size.</i></p> <p><i>As noted in the response to Recommendation #1, by September 30, 2011, the Town Council budget format will be further itemized to coincide with applicable categories included in the recommendation, including salary and meeting expenses.</i></p>
City of Hercules	<i>Implemented</i>	<p><i>On July 12, 2011, the City Council examined its salaries and benefits. At its July 26, 2011 regular meeting, the City Council adopted a resolution terminating all health and welfare benefits and CalPERS benefits for Council members while leaving Council salary at its present level.</i></p>
City of Martinez	<i>Will implement</i>	<p><i>Certainly, an annual review of council compensation and benefits discussed above would consider whether changes are appropriate and follow whatever statutory procedures may apply to such actions. The Council has already begun to have such a discussion, as evidenced during a recent public meeting to adopt</i></p>

<i>Responding Agency</i>	<i>Response</i>	<i>Comments</i>
		<p><i>the budget for FY 2011-12 and 2012-13. Changes in salary and benefits were not implemented, but the Council started the dialogue on the topic.</i></p> <p><i>However, as stated earlier, bringing salary and meeting fee expenditures “in line with other cities” should not simply be based on a mathematical average that fails to take into account the responsibilities of council members for cities of varying sizes and services. Therefore, as to this part of the recommendation, we would suggest further analysis to determine what should be considered in looking at salary and meeting fee expenditures “in line with other cities” beyond simply an average of salaries provided in a wide variety of cities.</i></p>
City of Richmond	<i>Will not implement</i>	<p><i>A review of council compensation and benefits, as explained above, would consider whether reductions are appropriate and follow whatever statutory procedures may apply to such actions.</i></p> <p><i>As indicated above, bringing salary and meeting fee expenditures “in line with other cities” should not simply be based on a mathematical average that fails to take into account the responsibilities of council members for cities of varying sizes and services.</i></p>
City of San Pablo	<i>Will implement</i>	<p><i>Annual review of council compensation and benefits discussed above can consider whether adjustments are appropriate and follow whatever statutory procedures may apply to such actions. It should be noted that, other than a small stipend for meetings of its Redevelopment Agency, San Pablo city council members receive no additional payment for service on any other boards or commissions, whether local or regional. This is true, most recently, for the City’s newly created Economic Development Commission, where the City Council sits as the Board of Directors.</i></p>
City of San Ramon	<i>Will not implement</i>	<p><i>The recommendation will not be implemented because it is not reasonable and does not seem to recognize the existence of California Government Code Section 36516. Suggesting that agencies reduce salaries to the average of the County not only ignores differences in agency size and operations, but it ignores the statistical reality that unless all agency salaries are identical, there will always be agencies above and below the average. Many years ago, the State legislature acknowledged that population size of an agency should have a bearing on salary levels for elected municipal officials when they established a base salary scale for elected officials that becomes higher depending on population of a City. The need for increasing these salaries</i></p>

<i>Responding Agency</i>	<i>Response</i>	<i>Comments</i>
		<i>over time to help account for inflation was also recognized and the law provides for 5% periodic increases in the base amount of the salaries. We suggest that this recommendation could have been to have cities periodically review if compensation levels conform to State Law and are not unreasonably above the levels paid in similar jurisdictions.</i>

Finding # 3: Eight special districts spend more than the county-wide average (\$13,313) for salary and meeting fees. They are: Central Contra Costa Sanitary District, Contra Costa Water District, Discovery Bay Community Services District, Ironhouse Sanitary District, Los Medanos Community Healthcare District, Mt. View Sanitary District, Stege Sanitary District and West County Wastewater District.

Response:

<i>Responding Agency</i>	<i>Response</i>	<i>Comments</i>
Central Contra Costa Sanitary Dist.	<i>Agree</i>	
Contra Costa Water District	<i>Agree</i>	
Discovery Bay Community Services District	<i>Agree</i>	<i>The TODBCSD agrees with the information relative to Finding #3, however, and as explained in the response to Finding and Recommendation #1, it should yet again be acknowledged that the district fully complies with CSD Law and its associated California Government Codes 61000 et seq. relative to elected Board member compensation practices. A mean average, while simplistic, does not accurately reflect the amount of compensation a board receives in connection with the work that it does as compared to other districts with similar duties or the policy of the amount of payment in a particular district may decide to implement. The TODBCSD is a community services district with a broad range of duties including sewer, water, recreation, and lighting/landscaping for the residents of Discovery Bay. In order to fulfill its obligations as a Board, it meets twice a month and requires its members to participate in committees and attending meetings of other public bodies. While the TODBCSD does not know how many meetings and what responsibilities each of the other special districts have that were used for arriving at the mean average, the TODBCSD believes that the compensation it is providing to Board members is in conformance with law and reasonable.</i>

<i>Responding Agency</i>	<i>Response</i>	<i>Comments</i>
Ironhouse Sanitary District	→	<i>Ironhouse has not independently verified Finding #3, and again, if accurate, has no reason not to agree with it.</i>
Los Medanos Community Healthcare District	<i>Partially disagree</i>	<p><i>The District agrees that, per Section 32103 of The Local Health Care District Law, LMCHD provides \$20,500 in meeting fees to its elected Board members in FYI 2009-2010. The District disagrees that the District spends more than the County-wide average for salary and meeting fees, however, for three reasons.</i></p> <p><i><u>First</u>, simply comparing the total amount spent on compensation across all special districts is of limited value, as it fails to take into consideration the varied functions and levels of service provided by different special districts. <u>Second</u>, as the Grand Jury pointed out on page 4 of Report #1104, compensation to elected members includes not just salary and meeting fees but also health care insurance premiums, pension contributions, and other costs; based on the chart on page 4, the average compensation expense for Contra Costa special districts is \$34,784, not \$13,313. <u>Third</u>, the county-wide average for salary and meeting fees itself is inaccurate, as it doesn't account for the fact that California state statutes cap the total level of compensation to elected members for certain types of special districts, and prohibit compensation altogether for others.</i></p> <p><i>(1) Special districts have a wide variety of functions and scopes of activity, which determine the level of involvement and expertise required from their elected members. Therefore, simply comparing the total amount spent on salaries and meeting fees across all special districts amounts to comparing apples to oranges.</i></p> <p><i>To provide an accurate measurement of the reasonableness of the compensation paid to Special Districts or City Councils, Grand Jury Report #1104 could have measured compensation to elected members relative to the total level of services provided to its residents and the level of involvement required of its elected members. Barring that level of detail, the Grand Jury could have looked to other indicators that provide an approximation of the reasonableness of the compensation paid to elected members – e.g., the level of compensation per number of residents served.</i></p> <p><i>In fact, Grand Jury Report #1104 already utilized such a metric when it “looked at the use of funds and if the total amounts spent by these agencies for elected officers’ compensation seemed</i></p>

Responding Agency	Response	Comments
		<p><i>reasonable.” Grand Jury Report #1104, p.1. In order to illustrate the compensation disparities among Contra Costa County’s elected Boards and Councils, the Report compared only communities with approximately the same number of residents: “[w]hile Martinez and Oakley both have similar populations of about 35,000 residents, the Martinez City Council total compensation is \$131,326, while Oakley’s is only \$28,544... San Ramon with 60,000 residents pays \$163,190 to its entire Council while Pittsburg, with slightly more residents, pays its Council \$40,035... [and] Richmond and Antioch, both with around 100,000 residents, pay their entire Councils \$267,139 and \$112,591 respectively.” Grand Jury Report #1104 at 1.</i></p> <p><i>If one examines the compensation provided to elected members of Contra Costa County’s special districts per number of residents served, it quickly becomes apparent that LMCHD’s compensation level is far below the average. The average cost of compensation of elected members per resident among special districts is \$1.95, and LMCHD’s cost of compensation per resident is only \$0.25, far below the average cost.</i></p> <p><i>(2) The District also disagrees with the finding because the \$13,313 average cited in Grand Jury Finding #3 is inaccurate. That figure does not account for non-salary compensation such as health care insurance costs, pension contributions, and other costs, which results in inaccurate and sometimes nonsensical findings. For example, Mt. Diablo Healthcare District does not provide its elected members with any salaries or meeting fees, but provides a total of \$42,498 in health care insurance costs; and Byron-Bethany Irrigation District provides only \$5,360 in salaries and meeting costs but \$99,684 in health care insurance costs. Under Grand Jury Finding #3, these two special districts with higher-than-average compensation expenses are considered to fall below the County-wide average (and in the case of Mt. Diablo Healthcare District, to have no compensation expenses).</i></p> <p><i>As noted in page 4 of Grand Jury Report #1104, the average compensation level of Contra Costa County Special Districts when non-salary costs are included is \$34,784, not \$13,313. Based on total compensation expenses, therefore, LMCHD’s compensation level of \$20,500 is far below the average.</i></p> <p><i>(3) Finally, District disagrees with the finding because the average compensation levels listed in the Grand Jury Report</i></p>

<i>Responding Agency</i>	<i>Response</i>	<i>Comments</i>
		<p><i>(whether based on total compensation or salary and meeting fees alone) fail to take statutory restrictions into account. Compensation to elected members of special districts is circumscribed by California state law. Some special districts, such as police protection districts, are prohibited from providing any compensation to its elected members. See Cal. Health & Safety Code §20069. Other special districts, such as fire protection districts, are prohibited from providing more than \$400 a year to each elected member. See Cal. Health & Safety Code §13857.</i></p> <p><i>If one excludes police and fire protection districts, as well as special districts serving less than 5,000 residents that do not provide compensation to its members, the average level of compensation is \$54,548, not \$34,784.</i></p> <p><i>In summary, the District agrees with the statement that LMCHD provided \$20,500 in meeting fees to its elected Board members in FY 2009-2010. However, the District disagrees with the finding that \$13,313 is the County's average compensation level and that LMCHD's compensation levels are above the average. Not only does this amount fail to consider the varied nature and scope of activities among special districts, it is also inaccurate because it does not measure non-salary and meeting fees expenses such as health care insurance and pension costs, and does not account for statutory restrictions which cap or even prevent compensation to members of certain types of special districts.</i></p>
Mt. View Sanitary District	<i>Agree</i>	
Stege Sanitary District	<i>Agree</i>	
West County Wastewater District	<i>Agree</i>	

Recommendation # 3: These special districts, as part of the annual review in Recommendation 1, should consider whether it would be appropriate to implement a reduction of salary and meeting fee expenditures to bring them in line with other special districts.

Response:

<i>Responding Agency</i>	<i>Response</i>	<i>Comments</i>
Central Contra Costa Sanitary District	<i>Will implement</i>	<i>The Central Contra Costa Sanitary District will consider whether it would be appropriate to implement a reduction of salary or meeting fee expenditures for Board members, while recognizing the amount of time spent by Board members in service to the District community (an average of 24 scheduled Board meetings and as many as 48 Committee meetings in the course of a year), the size of the District, and in comparison with other agencies.</i>
Contra Costa Water District	→	<i>The review will be completed no later than the Board’s consideration of the proposed 2013-2014 budget in May 2012. Board compensation was established by Water Code Section 30507.1 (a provision of the County Water District Law) in 1987 (revising Water Code Section 30507 which was originally enacted in 1949) and were further amended in 2005 pursuant to Article 2.3 (commencing with Section 53232) of Chapter 2 of Part 1 of Division 2 of Title 5 of the Government Code. The amount, which includes no inflationary adjustments, was predicated on the scale and complexity of the District having a service area comprised of greater than 75,000 registered voters and assessed valuation of District assets of greater than \$40,000,000. See attached copy of California Water Code Section 30507.</i>
Discovery Bay Community Services District	<i>Will not implement</i>	<i>The TODBCSD will not implement Recommendation #3 by implementing a salary reduction for elected members of the board since it is providing its board member compensation at each regular meeting. Elected board members of Independent Special Districts in California do not receive a salary. Pursuant to GC§61047(a), board members are paid a stipend for a “day of service”. Elected officials are required by their oath of office to uphold and defend the laws of the state of California and the Constitution of the United States of America. In carrying out their offices, it is necessary to meet and conduct the business of the district, either at a regularly scheduled meeting, a special meeting of the board, a community workshop, or any other type of meeting that warrants their participation. Elected members of boards and city councils work tirelessly and attend a number of public events. Some of these meetings are not compensated, yet as a result of their</i>

Responding Agency	Response	Comments
		<p><i>elected position, officials are expected to attend these events in order to be effective leaders. The types of meetings that a special district board member receives compensation for are clearly defined in California Government Code Section 61047(e) and are narrowly construed. Board members of Independent Special Districts are compensated by the number of meetings they attend, however, those meetings must fall into those specific categories that are defined in GC§61047(e).</i></p> <p><i>The Town of Discovery Bay Community Services District Board of Directors is in full compliance and executes their obligations consistent with laws of the state of California.</i></p>
Ironhouse Sanitary District	→	<p><i>Finding #3 and its resulting Recommendation #3 are “comparative” or “relative” in that they are based on a survey of 27 special districts of all kinds located in Contra Costa County. Ironhouse notes that this survey includes districts ranging from community service and fire protection districts which have zero elected official salary & meeting fees costs to water and wastewater treatment districts which have relatively higher elected official salary & meeting fees costs. Of these 27 special districts, seven are sanitary districts and their elected official salary & meeting fees costs range from \$4,425 to \$175,254, for an average of \$32,797. Ironhouse notes that it’s elected official salary & meeting fees are \$28,220, which is below the average for all seven sanitary districts. In other words, Ironhouse’s salary & meeting fees costs appear to be “in line” with the other six sanitary districts in Contra Costa County.</i></p> <p><i>Ironhouse further notes that currently the District is, and has been for some time, substantially upgrading its facilities to accommodate increasingly stringent water quality standards and the growth anticipated within its service area. As such, the Directors have devoted, and must continue to devote significant time, attention and oversight to ensure that these facility upgrades are accomplished in a cost-effective manner (overall costs related to the new facilities are around \$68 million) which complies with state water quality standards that are becoming increasingly more stringent over time. As an example, the District was successful, through the Board of Directors and Management staff, in improving the District’s financial position over the last six years. The District’s strong financial position allowed it to qualify for, and receive, a no-interest (0%) loan from the State of California to construct its new wastewater</i></p>

<i>Responding Agency</i>	<i>Response</i>	<i>Comments</i>
		<p><i>treatment facility. This no-interest loan means the Directors were able to save the District rate payers approximately \$900,000 a year (approximately \$18,000,000 over the 20 year life of the loan) in interest payments alone. Savings like these do not come from low level involvement of the Directors; they come from a Board that is very involved in shaping the future of the District, in the best interest of its ratepayers.</i></p> <p><i>Notwithstanding the above response to Finding #3, through its annual budgeting process Ironhouse will continue to annually review the meeting fees it pays to its elected Directors. As long as they remain below the county-wide average for other sanitary districts, they are expected to remain unchanged.</i></p>
Los Medanos Community Healthcare District	<i>Will not implement</i>	<p><i>The recommendation will not be implemented because it is unwarranted.</i></p> <p><i>As indicated above, the District finds of limited value: (1) a comparison of Contra Costa special districts without regard to their function and scope of their activities; and (2) a comparison of the total costs of compensation without regard to the level of commitment/expertise required of its elected members.</i></p> <p><i>In addition, the cited County-wide average of \$13,313 is itself inaccurate. As noted above, this figure fails to take into consideration: (1) non-salary expenses like health care insurance and pension costs, and (2) California state statutes that cap or prohibit compensation to members of certain types of special districts (such as police and fire protection districts). Once these factors are incorporated, it quickly becomes apparent that LMCHD's compensation levels are far below the County-wide average.</i></p>
Mt. View Sanitary District	<i>Will implement</i>	<i>The recommendation has not yet been implemented, but will be implemented by an amendment to the Board Policies and Procedures on or before August 18, 2011.</i>
Stege Sanitary District	<i>Will implement</i>	<p><i>Recommendation #3, that special districts should consider as part of its annual review whether it would be appropriate to implement a reduction of salary and meeting fee expenditures to bring them in line with other special districts, has not yet been implemented but will be in July 2011 as part of the Stege Board's next annual review of Board compensation.</i></p> <p><i>Senate Bill 1559 became effective on January 1, 2001 and this allowed an increase in the meeting fee compensation of sanitary</i></p>

<i>Responding Agency</i>	<i>Response</i>	<i>Comments</i>
		<i>district directors. The Stege Board reviewed cost-of-living data and increased its meeting fee compensation in February 2001 in accordance with Senate bill 1559 and cost-of-living data. Similarly, increases since that time have been limited to amounts less than cost-of-living figures for the San Francisco Bay area.</i>
<i>West County Wastewater District</i>	<i>Implemented</i>	<p><i>The District has examined its Director salaries and benefits for many years so this recommendation has already been implemented. As part of its annual review of Director compensation and benefits, the District typically compares the salary and benefits of its Directors to that received by directors of other local agencies.</i></p> <p><i>In determining whether to increase or reduce Director compensation and benefits, the Board takes into account the amount of time Board members spend in service to District constituents. This includes at least 24 regularly scheduled Board meetings, special meetings, committee meetings and other activities of benefit to the District during the course of a year. Directors are compensated for a maximum of six days of service to the District each month. Every member of this District's Board of Directors exceeds the number of compensable days of service almost every month. No compensation is pad for those excess days of service. Much of the time spent by this District's Board of Directors is not compensated.</i></p> <p><i>The West County Wastewater District continues to have one of the lowest rates in Northern California. It is completely debt-free and has substantial capital reserves. It has remained in compliance with its environmental permits for almost 10 consecutive years, without a violation. This is a direct result of having a stable, engaged Board of Directors.</i></p>

Finding # 4: Health care benefits are provided to elected Board members by twelve cities and nine special districts.

Response:

<i>Responding Agency</i>	<i>Response</i>	<i>Comments</i>
City of Antioch	<i>Agree</i>	<i>Although Antioch cannot speak to the policies in other jurisdictions, we do not have a reason to disagree that health care benefits are provided in various jurisdictions including the City of Antioch.</i>
City of Brentwood	<i>Agree</i>	
City of Concord	<i>Agree</i>	<i>The City of Concord has no independent information to verify this finding. With respect to the City of Concord, the City agrees with this finding.</i>
Town of Danville	<i>Agree</i>	<i>Danville cannot address the practices of other jurisdictions, and has not independently verified information presented in the Grand Jury report. Based upon the report these benefits are being provided in various jurisdictions including Danville.</i>
City of Hercules	<i>Agree</i>	
City of Martinez	<i>Agree</i>	<i>Although Martinez cannot speak to the policies in other jurisdictions, we do not have a reason to disagree that health care benefits are provided in various jurisdictions including the City of Martinez.</i>
City of Pinole	<i>Agree</i>	<i>The City of Pinole currently provides for health care insurance for elected City Council members/Redevelopment Agency Board of Directors and our City Treasurer. The City provides the same coverage for elected officials as our regular full time employees. The elected members also receive dental, vision and term life insurance equal to that of all full time employees. However, they do not receive any pension benefits.</i>
City of Pittsburg	<i>Agree</i>	
City of Pleasant Hill	<i>Agree</i>	<i>The City of Pleasant Hill provides health care benefits to their elected officials.</i>
City of Richmond	<i>Agree</i>	<i>Although the City of Richmond does not know the policies of the eleven other cities and nine special districts, the City of Richmond does provide health care benefits to its seven City Council members.</i>
City of San Pablo	<i>Agree</i>	<i>San Pablo also believes that health care benefits are provided in various jurisdictions, including the City of San Pablo.</i>

<i>Responding Agency</i>	<i>Response</i>	<i>Comments</i>
City of San Ramon	<i>Agree</i>	<i>Health care benefits are provided as described and limited in California Government Code Section 36516(4)(D).</i>
Byron-Bethany Irrigation District	<i>Agree</i>	<i>Although the table summarizing the compensation data collected for the 27 special districts does not accurately reflect the Byron Bethany Irrigation District (BBID or District), BBID agrees with the “spirit” of the report and concurs with the Grand Jury’s findings and recommendations in the subject report.</i>
Central Contra Costa Sanitary District	<i>Agree</i>	
Contra Costa Water District	<i>Agree</i>	
East Contra Costa Irrigation District	→	<i>No response to Finding. See comments under Recommendation below.</i>
Ironhouse Sanitary District	→	<i>Ironhouse has not independently verified Finding #4, and again, if accurate, has no reason not to agree with it.</i>
Mt. Diablo Healthcare District	<i>Agree</i>	<i>The District pays the OPEB health care in accordance with California Government Code Section 53201. This OPBE was instituted during the time when the Mt. Diablo Hospital was being run by the District. This policy was rescinded before the merger in 1992 and health care insurance has not been offered to any Board member since that time. The health care in the statistic section of this report is the OPEB payment, not current health care benefits.</i>
Mt. View Sanitary District	<i>Agree</i>	
West Contra Costa County Healthcare District	<i>Agree</i>	
West County Wastewater District	<i>Agree</i>	

Recommendation # 4: The policy of paying health care insurance costs for Council and Board members should be reviewed to determine whether this practice is appropriate. The agencies following this practice are: Cities: Antioch, Brentwood, Concord, Danville, Hercules, Martinez, Pinole, Pittsburg, Pleasant Hill, Richmond, San Pablo and San Ramon. Special Districts: Byron-Bethany Irrigation District, Central Contra Costa Sanitary District, Contra Costa Water District, East Contra Costa Irrigation District, Ironhouse Sanitary District, Mt. Diablo Healthcare District, Mt. View Sanitary District, West Contra Costa Healthcare District and West County Wastewater District.

Response:

<i>Responding Agency</i>	<i>Response</i>	<i>Comments</i>
City of Antioch	<i>Will implement</i>	<i>As noted above, an annual review of the compensation and benefits should include information about health insurance benefits provided to council members.</i>
City of Brentwood	<i>Implemented</i>	<i>Like many cities in California, Brentwood contracts with California Public Employee Retirement System (CalPERS) for employee health care benefits. CalPERS requires the City to offer "optional" membership in the retirement system to elected officers under Government Code Section 20322. As such, for Council members that elect "Optional" membership, the City cannot arbitrarily elect to discontinue the practice of offering health care benefits, while concurrently maintaining its contractual relationship with CalPERS for health care benefits for other City staff. The City regularly reviews the appropriateness of its compensation and benefit packages, and has determined that the package offered in conjunction with our relationship with CalPERS is appropriate.</i>
City of Concord	<i>Implemented</i>	<i>This recommendation has been implemented, in that the Concord City Council reviews its own and the entire City's operating budget annually through the budget adoption process. Concord continues to provide this benefit to its Council members because it is viewed as an appropriate Council benefit.</i>
Town of Danville	<i>Will implement</i>	<i>The Town does not pay "health care insurance costs" for Town Council members. Government Code Sections 53200-53210 allow cities to provide health and welfare benefits to members of the city council. In 1995, the Town Council adopted Resolution No. 167-95, which provided that the Town would set aside a health benefit allotment of up to \$250 per month for Town Council members. This monthly amount is held in the name of each councilmember in the Town's cafeteria plan and may be used towards the cost of purchasing health insurance through the Town or for reimbursement of medical expenses as allowed by the IRS through the Town's flexible spending plan. Any amounts not used at the end of the calendar year or forfeited and returned to the Town. This benefit meets all applicable requirements of</i>

<i>Responding Agency</i>	<i>Response</i>	<i>Comments</i>
		<p><i>the Government Code.</i></p> <p><i>Parallel to the comment made in response to Recommendation #1, the Town, as a general law city, can conduct an annual review of Town Council health and welfare benefits, but can only adjust such benefits at the end of each Council member's term of office. 80 Ops.Cal.Atty.Gen 119 (1997).</i></p> <p><i>As noted in the response to Recommendation #1, by September 30, 2011, the Town Council budget format will be further itemized to coincide with applicable categories included in the recommendation including health expense reimbursement.</i></p>
City of Hercules	<i>Implemented</i>	<i>At its July 26, 2011 regular meeting, the City Council adopted a resolution terminating all health and welfare benefits and CalPERS benefits for Council members.</i>
City of Martinez	<i>Will implement</i>	<i>As mentioned above, a regular review of the compensation and benefits should include information about health insurance benefits provided to council members.</i>
City of Pinole	→	<p><i>Effective July 1, 2011, the City Council has taken a reduction in their health benefits as all of our employees will be doing as well. The City has rolled back our medical coverage to cap at the 2011 rates based on family status.</i></p> <p><i>In addition to the above, our City Council currently pay for their own attendance at community dinners and events with the exception of the Contra Costa Mayor's Association in which we pay dues that include two dinners at the meeting. This includes the Mayor and the City Manager. We have inquired about eliminating the dinner portion of the meeting in order to reduce costs, however, the Conference has mandated every city and agency participating to pay in order to be a member.</i></p> <p><i>The City Council <u>does not</u> get reimbursed for expenses and/or mileage to attend City business meetings or events. Unlike many of our counterparts in the County, Pinole is a full service City with Police, Fire and Wastewater as well as an active role in the West Contra Costa Unified School District and LAFCO which requires that Council members attend numerous additional meetings to discuss very complex issues.</i></p> <p><i>This is all accomplished at their own expense with no reimbursement for mileage or additional expenses. The City Council does not have an expense allowance for travel or training as well.</i></p>

<i>Responding Agency</i>	<i>Response</i>	<i>Comments</i>
City of Pittsburg	<i>Implemented</i>	<i>This recommendation is already implemented at the City of Pittsburg as the City Council annually reviews the Council's portion of the annual budget, prior to the Council's actions on the City proposed budget. The City of Pittsburg continues to provide this benefit, with caps on the City's contribution, to its Council members because it is viewed as an appropriate Council benefit.</i>
City of Pleasant Hill	<i>Will implement</i>	<i>As noted above, an annual review of the compensation and benefits should include information about health insurance benefits provided to council members, and the issue also will be addressed, as required, within six months of the date of the Civil Grand Jury report.</i>
City of Richmond	<i>Implemented</i>	<i>An evaluation of health care insurance costs for Richmond City Council members is already taking place. Any change in compensation for the council members (that always takes place over the course of two open, public council meetings) takes into account the health care costs as well.</i>
City of San Pablo	<i>Part has been implemented, and part will be implemented</i>	<i>The City Council recently adopted an ordinance that contains a "cap" on the amount of "in-lieu pay" that the City will contribute to the deferred compensation account of city council members. "In-lieu pay" occurs when the employee is able to verify to the City that he or she has full health coverage from another source, usually a spouse or, in the case of elected officials, a full-time job elsewhere. In such a case, it saves the City money to pay a lower percentage of the monthly premiums the City would otherwise pay directly to the employee, rather than having to pay the full premium for coverage the employee may not need. In-lieu pay will now be capped at \$500 for family or two party coverage, and \$300 for individual coverage. The issue of whether or not council members should receive health insurance coverage can be scheduled during the upcoming fiscal year.</i>
City of San Ramon	<i>Will not implement</i>	<i>The recommendation will not be implemented because it is not warranted. The implication of Recommendation #4 is that the practice of paying for health care is inappropriate. There is no basis in law or historical precedent to conclude that paying for health care insurance is inappropriate. Rather, it is entirely appropriate and provided for in State Law that has been in existence for decades. We suggest that the recommendation could have been that board members should review the policy of paying for health care insurance costs periodically to insure that payments and benefits are consistent with California Government code Section 36516(4)(D).</i>

<i>Responding Agency</i>	<i>Response</i>	<i>Comments</i>
Byron-Bethany Irrigation District	<i>Will implement</i>	<i>The District will comply with Recommendations No. 1 and No. 4 and will review such items as salary, meeting fees, health care insurance costs, pension/deferred compensation, life insurance premiums, cell phone usage, internet connections; and, determine whether the practice of paying health care insurance for Board members is appropriate, during the annual public review of the District's budget process.</i>
Central Contra Costa Sanitary District	<i>Implemented</i>	<i>After recent review, an alternative to medical coverage and premiums has been developed and offered to District Board members. A Board member can elect to participate in a medical expense reimbursement program, limited to \$5,000 per year, rather than the District paying the \$20,000 to \$35,000 in annual healthcare premiums. This alternative is expected to yield significant cost savings to the District.</i>
Contra Costa Water District	→	<i>The review will be completed no later than the Board's consideration of the proposed 2013-2014 budget in May 2012. The review will include a market-based comparison to other regional utility special districts with elected Boards having comparable service area populations, number of registered voters and total assessed valuation of assets.</i>
East Contra Costa Irrigation District	→	<i>While the District provides health care insurance for the members of the Board, the resolution accompanying this letter was adopted in 2004 capping the level of compensation contributed by the District at \$1,001.53 per month. The table on Compensation Expenses reflects Health Care Insurance Costs of \$72,192; the actual amount paid by the District for Director's health care for FY 2011 will be \$55,247. The balance of the insurance premium is paid by the individual Director.</i> <i>On June 14, 2011, the Board of Directors considered the Findings and Recommendations made by the Grand Jury and determined that no changes are warranted at this time.</i>
Ironhouse Sanitary District	→	<i>As noted above in the response to Recommendation #1, as part of its standard annual budgeting process the Board of Directors of Ironhouse complies with Recommendation #1. The Ironhouse annual budgeting process is open to the public and is publicized through noticed public hearings in accordance with the Brown Act. On an annual basis, Ironhouse will continue to review the appropriateness of its policy of offering to pay health care insurance premium costs for its Directors and allowing each Director to make the decision of whether or not to accept based on her/his family and other circumstances.</i>

<i>Responding Agency</i>	<i>Response</i>	<i>Comments</i>
Mt. Diablo Healthcare District	<i>Implemented</i>	<i>The District does not pay health care insurance costs for its Board members. The District does pay the current OPEB health insurance coverage in accordance with California Government Code Section 53201. The District can only act to reduce or mitigate the costs where possible. The application of California Government Code Section 53201 was discontinued prior to the merger in 1992.</i>
Mt. View Sanitary District	<i>Requires further analysis</i>	<i>The recommendation requires further analysis to determine its appropriateness and necessity. The analysis will include an analysis of its relationship to the time Directors devote to District business, the recruitment and retention of qualified directors, whether the benefit is comparable to other Special districts in the San Francisco Bay Area and any other significant factors that are identified during the analysis. This analysis will be completed on or before October 21, 2011.</i>
West Contra Costa County Healthcare District	→	<i>At its Board meeting of May 25, 2011, the West Contra Costa healthcare District conducted a public review of all compensation provided to the elected Board members, and also reviewed the policy for provision of that compensation. Annual reviews will be conducted in the future.</i>
West County Wastewater District	<i>Will implement</i>	<i>This policy is being implemented. Presently, three of the five Directors are participating in the health care program. The Board of Directors is discussing whether to reduce the benefits of the participating directors to correspond with reductions upon similar benefits available to District management and staff.</i>

Finding # 5: Pension benefits, with potential long-term financial implications for the agency, are provided to Council and Board members by twelve cities and three special districts.

Response:

<i>Responding Agency</i>	<i>Response</i>	<i>Comments</i>
City of Antioch	<i>Agree</i>	<i>Although Antioch cannot speak to the policies in other jurisdictions, we do not have a reason to disagree that pension benefits are provided in various jurisdictions including the City of Antioch. Antioch also agrees that pension benefits have long-term financial implications, which is the reason why those benefits are included as part of the City's overall pension liability reported annually in the City's financial statements.</i>
City of Brentwood	<i>Agree</i>	

<i>Responding Agency</i>	<i>Response</i>	<i>Comments</i>
City of Clayton	<i>Agree</i>	<p><i>Although Clayton cannot address policies set by other public agency jurisdictions listed in Report No. 1104, it does not have reason to disagree that pension benefits are provided in various jurisdictions within Contra Costa County, including the City of Clayton.</i></p> <p><i>Clayton further agrees that public pension benefits have long-term financial implications, which is one of the reasons why those benefits are included as part of the City's overall pension liability reported annually in the City's audited financial statement.</i></p>
City of Concord	<i>Agree</i>	<i>The City of Concord has no independent information to verify this finding. With respect to the City of Concord, the City agrees with this finding.</i>
Town of Danville	<i>Partially disagree</i>	<p><i>Danville cannot address the practices of other jurisdictions, and has not independently verified information presented in the Grand Jury report. Based upon the report these benefits were being provided in various jurisdictions.</i></p> <p><i>Changes enacted to federal law in 1990, required that all government employees not in the agency's pension system (typically part-time, temporary or seasonal workers) be included in Social Security or some alternative system. Because the Town does not participate in Social Security and excludes council members from the Town's 401(a) pension plan, council members were placed in the alternate plan along with the Town's part-time and temporary employees. This plan requires the Town to pay an amount equal to 3.75% of salary into a 457 deferred compensation plan. For council members this amount is \$25 per month. Given that this is a defined contribution amount, it cannot create an unfunded liability and does not present the Town with "long term financial implications."</i></p>
City of El Cerrito	<i>Agree</i>	
City of Hercules	<i>Agree</i>	
City of Martinez	<i>Agree</i>	<i>Although Martinez cannot speak to the policies in other jurisdictions, we do not have a reason to disagree that pension benefits are provided in various jurisdictions including the City of Martinez. Martinez also agrees that pension benefits have long-term financial implications, which is the reason why those benefits are included as part of the City's overall pension liability reported annually in the City's financial statements.</i>

<i>Responding Agency</i>	<i>Response</i>	<i>Comments</i>
City of Oakley	→	<i>Finding #5 relates to pension benefits. This benefit is also reviewed on an annual basis and the cost is minimal and does not include any retiree health or any other unfunded obligation.</i>
City of Pleasant Hill	<i>Agree</i>	<i>The City of Pleasant Hill elected officials receive pension benefits; however, those individuals pay the employee portion of the contribution (97%) for those benefits. Pleasant Hill agrees that pension benefits have long-term financial implications, which is the reason why those benefits are included as part of the City's overall pension liability reported annually in the City's financial statements.</i>
City of San Pablo	<i>Agree</i>	<p><i>San Pablo has no reason to disagree that pension benefits are provided in various other jurisdictions. Pension benefits do have long-term financial implications. Because of this, San Pablo does report this liability annually in its financial statements. Substantially all City employees, including council members, are eligible to participate in pension plans offered by California Public Employees Retirement System (CalPERS), an agent multiple employer defined benefit pension plan which acts as a common investment and administrative agent for its participating member employers. CalPERS provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service. Funding contributions are determined annually on an actuarial basis as of June 30 by CalPERS; the City must contribute these amounts.</i></p> <p><i>CalPERS determines contribution requirements using a modification of the Entry Age Normal Method. Under this method, the City's total normal benefit cost for each employee from date of hire to date of retirement is expressed as a level percentage of the related total payroll cost. Normal benefit cost under this method is the level amount the City must pay annually to fund an employee's projected retirement benefit. This level percentage of payroll method is used to amortize any unfunded actuarial liabilities. The actuarial assumptions used to compute contribution requirements are also used to compute the actuarially accrued liability. The city uses the actuarially determined percentages of payroll to calculate and pay contributions to CalPERS. <u>This results in no net pension obligations or unpaid contributions.</u></i></p> <p><i>As required by State law, effective July 1, 2005, the City's Miscellaneous and Safety Plans were terminated, and the employees in those plans were required by CalPERS to join new</i></p>

<i>Responding Agency</i>	<i>Response</i>	<i>Comments</i>
		<i>State-wide pools. One of the conditions of entry to these pools was that the <u>City true-up any unfunded liabilities in the former Plans</u>, either by paying cash or by increasing its future contribution rates through a Slide Find offered by CalPERS. The City satisfied its Miscellaneous Plan's unfunded liability at July 1, 2005 by making a lump sum contribution of \$3,694,076 on June 28, 2005. It satisfied its Safety Plan's liability at July 2, 2005 by making a lump sum contribution of \$5,097,831 on February 28, 2006.</i>
City of San Ramon	<i>Agree</i>	<i>Pension benefits are provided as described and limited in California Government Code Section 36516(4)(D).</i>
City of Walnut Creek	<i>Disagree</i>	<i>As discussed below, deferred compensation plans have no long-term financial implications for the City and the amounts involved in providing a pension benefit to Council members are too small to have significant long-term implications.</i>
Central Contra Costa Sanitary District	<i>Disagree</i>	<i>Central Contra Costa Sanitary District was included in this Finding in error and does not provide pension benefits to current or former Board members.</i>
Ironhouse Sanitary District	→	<i>Ironhouse has not independently verified Finding #5, and again, if accurate, has no reason not to agree with it. Ironhouse does not provide its Directors with pension benefits. Ironhouse does have a policy of making employer contributions for Directors under a deferred compensation plan and allowing Directors to defer additional compensation under this plan.</i>
West County Wastewater District	<i>Agree</i>	

Recommendation # 5: The policy of paying pension or deferred compensation for Council and Board members should be reviewed to determine whether this practice is appropriate. The agencies following this practice are: Cities: Antioch, Brentwood, Clayton, Concord, Danville, El Cerrito, Hercules, Martinez, Pleasant Hill, San Pablo, San Ramon and Walnut Creek. Special Districts: Central Contra Costa Sanitary District, Ironhouse Sanitary District and West County Wastewater District.

Response:

<i>Responding Agency</i>	<i>Response</i>	<i>Comments</i>
City of Antioch	<i>Will implement</i>	<i>As noted above, an annual review of the compensation and benefits should include information about pension or deferred compensation benefits provided to council members.</i>

<i>Responding Agency</i>	<i>Response</i>	<i>Comments</i>
City of Brentwood	<i>Implemented</i>	<p><i>This City contracts with CalPERS for retirement benefits. CalPERS requires the City to offer “optional” membership to elected officers under Government Code Section 20322. As such, the City cannot arbitrarily elect to discontinue the practice of offering pension benefits to its elected officials while concurrently maintaining its contractual relationship with CalPERS for pension benefits for other City staff. The City cannot look solely at the benefit afforded elected Council members but must rather analyze the entire relationship with CalPERS and review it in the context of the benefits offered to all employees of the City. The City regularly reviews the appropriateness of its compensation and benefit packages, and has determined that the package offered in conjunction with our relationship with CalPERS is appropriate.</i></p> <p><i>The City agrees that providing additional deferred compensation benefits for Council members, such as offering participation in a 457(b) deferred compensation plan, would not be appropriate. Unlike retirement benefits, deferred compensation benefits are not required by CalPERS to be offered as optional benefits to elected officials. These benefits are therefore not offered to its elected officials, despite being offered to the City’s bargaining units.</i></p>
City of Clayton	<i>Will implement</i>	<i>As noted above in Recommendation #1, the forthcoming annual review of Council compensation and benefits will include information about the specifics of pension or deferred compensation benefits provided to each of Clayton’s elected officials.</i>
City of Concord	<i>Implemented</i>	<i>This recommendation has been implemented, in that the Concord City Council reviews its own and the entire City’s operating budget annually through the budget adoption process. Concord continues to provide this benefit to its Council members because it is viewed as an appropriate Council benefit.</i>
Town of Danville	<i>Will implement</i>	<i>As referenced in the response to Finding #5, changes enacted to federal law in 1990 required that all government employees not in the agency’s pension system (typically part-time, temporary or seasonal workers) be included in Social Security or some alternative system. Because the Town does not participate in Social Security and excludes council members from the Town’s 401(a) pension plan, council members were placed in the alternate plan along with the Town’s part-time and temporary employees. This plan requires the Town to pay an amount equal to 3.75% of salary into a 457 deferred</i>

<i>Responding Agency</i>	<i>Response</i>	<i>Comments</i>
		<p><i>compensation plan. For council members this amount is \$25 per month. Given that this is a defined contribution amount, it cannot create an unfunded liability and does not present the Town with “long term financial implications.”</i></p> <p><i>As noted in the response to Recommendation #1, by September 30, 2011, the Town Council budget format will be further itemized to coincide with applicable categories included in the recommendation including deferred compensation payments.</i></p>
City of El Cerrito	<i>Implemented</i>	<i>In response to both recommendations (1 & 5), the City Council reviews its compensation annually as part of the budget public hearing process. That process also includes public review by the City’s Financial Advisory Board. As the Grand Jury learned during its investigation, the City Council’s salary has not changed since 1991 and any change to salaries would require adoption of an ordinance. Although the City believes it is already satisfying Recommendation #1 and #5, it may in the future enhance the information about City Council compensation included in the public budget process.</i>
City of Hercules	<i>Implemented</i>	<i>At its July 26, 2011 regular meeting, the City Council adopted a resolution terminating all health and welfare benefits and CalPERS benefits for Council members.</i>
City of Martinez	<i>Will implement</i>	<i>As noted above, a regular review of the compensation and benefits should include information about pension or deferred compensation benefits provided to council members.</i>
City of Oakley		<i>Finding #5 relates to pension benefits. This benefit is also reviewed on an annual basis and the cost is minimal and does not include any retiree health or any other unfunded obligation.</i>
City of Pleasant Hill	<i>Will implement</i>	<i>As noted above, an annual review of the compensation and benefits should include information about pension or deferred compensation benefits provided to council members, and the issue also will be addressed, as required, within six months of the date of the Civil Grand Jury report.</i>
City of San Pablo	<i>Part implemented, and part will be implemented</i>	<p><i>Other than the contribution into <u>deferred compensation</u> accounts of payments “in lieu” of medical coverage, a practice which saves the City money, the city does <u>not</u> contribute any matching amounts into the deferred compensation accounts of any employee or elected official.</i></p> <p><i>The City has successfully negotiated reductions in its CalPERS <u>pension contributions</u> for its employee groups, effective July 1, 2011. All city employees, including elected officials, will pay for the entire employee share of CalPERS pension contributions over a three year period from July 1, 2011 to</i></p>

<i>Responding Agency</i>	<i>Response</i>	<i>Comments</i>
		<i>June 30, 2014. MOU's reflecting these new terms were approved by the City Council on July 5, 2011.</i>
City of San Ramon	<i>Will not implement</i>	<p><i>The recommendation will not be implemented because it is not warranted. The implication of Recommendation #5 is that the practice of paying for pension benefits is inappropriate. There is no basis in law or historical precedent to conclude that paying for pension benefits is inappropriate. Rather, it is entirely appropriate and provided for in State Law that has been in existence for decades. Payment for pension benefits is also consistent with the State pension system (CalPERS) which clearly provides for pension benefits based on elected official's salary levels. We suggest that the recommendation could have been that board members should review the policy of paying for pension benefits periodically to insure that payments and benefits are consistent with California Government Code Section 36516(4)(D).</i></p> <p><i>The City appreciates the work performed by the Grand Jury and acknowledges the importance of the role served in oversight of local government activities. In the case of this report we feel the scope of the study was too narrow in that data was collected and an average was computed from which conclusions were drawn. The entire subject could have been reviewed in the context of state law, the history of elected local official compensation, and the recognition of the significant operational differences of the local agencies. Examples of operational differences between other agencies studied and San Ramon are:</i></p> <ul style="list-style-type: none"> <i>• 73,109 population as of January 1, 2011 (State Department of Finance)</i> <i>• An outstanding major business park housing Fortune 500 corporate offices</i> <i>• One of only a few cities in California with an "AAA" General Credit rating.</i> <i>• Fifty-seven high quality parks and numerous recreation facilities including: two modern libraries, two community centers, a recently expanded and renovated senior center, two swim complexes with Olympic sized competition pools, community gardens, historical farm, performing arts theaters, and multiple community/school gymnasiums</i> <p><i>These operational differences mean that there are significant differences in the complexity of serving as an elected official.</i></p>

Responding Agency	Response	Comments
		<p><i>Implying that all elected officials should be compensated in the same fashion ignores these differences.</i></p> <p><i>One of the basic conclusions of the report could have been that local agencies are in compliance with State Law which already provides for significant restrictions regarding levels of elected official's compensation. The City of San Ramon, although a Charter City, which is exempt from the State restrictions on elected official compensation, has made sure that it voluntarily has compensation levels consistent with the amounts prescribed for General Law cities. We believe there was a missed opportunity in this report to acknowledge a very positive condition in the County, that being there are no City of Bell levels of compensation for elected officials in any local agencies.</i></p>
City of Walnut Creek	Implemented	<p><i>All city employees have the option of redirecting unused health premiums into an Internal Revenue Code section 457 deferred compensation plan. As was discussed above, Walnut Creek Council members have the option of electing to have the City pay a health insurance premium equivalent to the single-party Kaiser premium (currently \$457 per month). No Council member has elected this health coverage. This same redirecting option is extended to Council members. (As noted below, the Council has voluntarily limited this amount to \$200 per month.) There is no long-term financial implication to the City from its employees or Council members participating in a deferred compensation plan. A deferred compensation plan is a defined contribution plan. A deferred compensation plan invests members' contributions. Upon retirement, a member's contributions plus investment gains or losses on the contribution are returned to the participant. There is no other liability to the employer.</i></p> <p><i>Pension benefits from the Public Employees Retirement System are based on a formula that utilizes the member's compensation, years of service, and retirement age. At the salary of a Council member, the benefit level is nominal. For example, a Council member who serves 8 years on the City Council and retires at age 60 would receive a monthly benefit of \$118.</i></p> <p><i>The demands on government revenues that contributions to defined benefit public pension plans make are a serious matter confronting California state and local government. For</i></p>

<i>Responding Agency</i>	<i>Response</i>	<i>Comments</i>
		<p><i>example, attached as Exhibit B is the recent Proposal for Regional Pension Reform of the Contra Costa County Public Managers Association and the Alameda County City Managers Association. The public debate on these issues involves retirement benefits for long-serving, full-time employees. No one has suggested that nominal benefit levels paid to elected officials whose limited salary is constrained by state law is part of the contribution crises that many public agencies face.</i></p> <p><i>Finally, it should be noted that the Walnut Creek City Council has recognized what the Grand Jury Report characterized as “the difficult economic challenges facing local government...” In 2009, all City Council members voluntarily reduced their salaries by 10% from the amounts discussed in this report. In addition the Council members voluntarily agreed to contribute seven percent of their salary as the member contribution to the Public Employees Retirement System. The Council members also limited the monthly amount that could be deferred from the unused medical benefit into their deferred compensation account to \$200.</i></p>
Central Contra Costa Sanitary District	<i>Will not implement</i>	<i>The District was included in Finding #5 in error and does not provide pension benefits to current or former Board members.</i>
Ironhouse Sanitary District	→	<i>As noted above in the response to Recommendation #1, Ironhouse complies with this recommendation. The Ironhouse annual budgeting process is open to the public and is publicized through public hearings noticed in accordance with the Brown Act. Ironhouse’s policy of making employer contributions for Directors under a deferred compensation plan and allowing Directors to defer additional compensation under this plan are reviewed annually at these budget meetings for the purpose of determining whether this practice continues to be appropriate.</i>
West County Wastewater District	<i>Implemented</i>	<i>This recommendation has been implemented and continues to be discussed. Two of the five Directors are not and will not become eligible to participate in the District’s pension program. The other three are very long term members of the Board of Directors and are vested in the plan. Future Directors will not be eligible for District pension benefits.</i>