

Introduction

The City Council and the City's executive leadership share the public's sentiments about fiscal responsibility and managing City spending during these difficult economic times. As a result of the financial impacts of the COVID-19 pandemic, the City is expecting a \$12 million loss in revenue in the current fiscal year. Last week, the City Council took urgent action to save \$2.5 million in department spending, and cut another \$7.8 million in programs, projects and services, and deferred a decision on the remaining \$1.3 million until June. The City is also working on presenting a revised budget for next fiscal year to the City Council in June or July.

There have been posts or emails recently questioning public compensation based on reports from the Transparent California website. Here is some additional information to provide factual context to this data.

City employees are committed to serving the public and maintaining public safety.

Laguna Beach City employees take pride in serving the public. Public service involves risks for many City employees, especially now as they protect and serve the public on the frontlines during the COVID-19 pandemic. Fire, police and marine safety employees respond to all calls, even when risking exposure. Public Works employees continue to maintain the infrastructure required by the community each day. Other city employees are also working hard to support them and keep a path forward for our community during this crisis. City employees are dedicated to serving this community and are very appreciative of their salary and benefits.

Many firefighters earn substantial amounts of overtime. Why is this?

As first responders, our firefighters protect and serve the public in all types of emergency situations – from medical emergencies, like the COVID-19 pandemic, to vehicular accidents, natural disasters and fire emergencies. When there are multiple large wildfires in the state, all available firefighters are called into service on an overtime basis and their costs are reimbursed from state and federal funds as part of an extensive mutual aid system to make sure the City that employs them does not bear these costs. The wildfire seasons over the last three years have been some of the most devastating on record and have required substantial amounts of overtime for firefighters and extensive time away from their families. While wildfires are not the only source of overtime for firefighters, it is often the most significant source. Overtime is not considered in pension calculations.

How is compensation reported on Transparent California's website?

Most websites reporting compensation for government employees report the entire cost to the City for these employees - combining their regular salaries, medical and all other benefits, overtime pay, pension contributions and even payment of unused vacation time owed to retiring employees. This is misleading and frequently misinterpreted as only salary. Current information on salaries and employee compensation is always provided for the public on the City of Laguna Beach's website at:

<http://www.lagunabeachcity.net/cityhall/citygov/salarybenefits/default.htm>

Are all cities equal?

Cities vary significantly in the types of services they provide. Laguna Beach provides police, fire, marine safety, transit, wastewater, and other traditional municipal services to 23,000 residents and six million visitors each year. This is accomplished through a \$100 million annual budget, 289 full-time employees, 250 part-time employees, and various contract services. Many cities do not directly provide any public safety or transit services and instead receive them from the County or regional agencies.

I read that the City Manager made \$390,000 in 2018?

The City Manager made \$264,668 in salary in 2018. He also received \$59,617 for medical, pension, deferred compensation, Medicare and other related benefits; \$12,843 in an unused vacation payout; \$6,837 in an auto and cell phone allowance and \$15,343 in a housing program designed to incentivize the City Manager to live in town. This compensation reflects his 30 plus years of experience and the multitude of services he manages in Laguna Beach.

With the recent drop in the stock market, is the City going to see a spike in the cost of employee pensions?

The California Public Employees Retirement System (CalPERS) amortizes investment gains and losses for local government pension plans over a 20-year period, with a 5-year phase in of changes to rates so that short-term volatility in the market does not result in huge swings in pension rates from one year to the next. If long-term investment return assumptions are not met, rates will increase. A spike is not expected within the next two years. It should be noted that depending on the pension plan, City employees are contributing between 8% and 12% of their pay to the pension system and the pension system was significantly reformed in 2013. Over the last 10 years, the City has also taken proactive measures to pay down its unfunded liability by \$20 million.