

EMPLOYEE RELATIONS POLICY COMMITTEE HIGHLIGHTS

Thursday, April 7, 2011
Doubletree Hotel, 222 N. Vineyard Avenue, Ontario

ATTENDANCE

Member: Sifuentes, David (Chair); Andrews, Neal; Bachman, Tom; Bennett, Dierdre; Carter, Andrew; Carter, Ronald; Coon, Mark; Covell, Carie; Culleton, Steve; Cuppy, Mindy; DeLaney, Lara; Hammerstrom, Doug; Hwangbo, Steve; Johnson, James; Lantzer, David; Mirisch, John; Mott, Peter; Nicholson, Cheryl; Ott, David; Palmer, Aaron; Plourde, John; Reiss, Mary Ann; Rudolph, Marcia; Satterlee, Megan; Spagnolo, Sam; Storer, Robert; Striplin, Ken; Su, Mary; Wright, Serena; Zanowic, Ella

League Partner: Toal, Marueen, PARS

League Staff: Natasha Karl and Meghan McKelvey

Special Order: Joint Meeting on Redevelopment and the Budget

The Housing, Economic and Community Development, Public Safety, Community Services, and Employee Relations Policy Committees came together for a joint briefing on major issues of the budget. Chris McKenzie, the League's Executive Director, gave a general overview of the first few months of the year. He explained that the Legislature and Governor don't like how Proposition 22 reads. The Governor says that California can't afford redevelopment any longer, and the League's counter argument is that California can't afford to lose redevelopment. Mr. McKenzie discussed legal options and strategies that cities have if redevelopment is eliminated. Dan Carrigg, the League's Legislative Director, followed by giving detailed information on the votes that have been taken regarding redevelopment and explained that the legislature has now returned to a traditional budget schedule. Michael Coleman, the League's Fiscal Policy Advisor, presented a PowerPoint on the current condition of the State Budget. Each of the League's lobbyists briefed the joint meeting on specific issue areas, including Transportation, Public Safety, Pension Reform, and Fees Paid by Local Agencies and Grant Programs. Mr. Coleman's PowerPoint presentation can be found at <http://www.californiacityfinance.com/PolicyComms110406p.pdf>, and a summary of the briefing from the lobbyists can be found at http://www.cacities.org/index.jsp?displaytype=11&story=28454&zone=locc§ion=advo&sub_s ec=advo leg&tert=advo leg issues.

Following the presentation, staff received questions from policy committee members regarding how the Redevelopment proposal will impact current pass-through agreements to schools; how inmates will be ranked for release; if the Governor's savings assumptions are realistic; and what is being done about the structural deficit.

- I. Welcome and Introductions**
The committee made self-introductions.
- II. Public Comment**
There was not public comment.
- III. Committee Work Plan**

League staff presented the updated 2011 Policy Committee Work Plan. After discussion, the 2011 Work Plan was approved.

IV. State Legislative Action Items

League staff briefed the committee on introduced legislation directly or indirectly addressing the concerns raised from the City of Bell. The committee reviewed six proposed principles related to compensation and retirement. After discussing amendments to the principles they were approved by the committee.

The committee also discussed:

AB 801 (Swanson) establishes minimum training standards and continuing educational requirements for code enforcement officers (CEO). The committee argued there wasn't a need for this measure and discussed the need for a clearer definition of "code enforcement officer." After discussion, the committee voted to oppose AB 801. Since the April policy committee meeting the sponsors have made AB 801 a 2-year bill, which means the bill will not move, if at all, until January of next year. In the meantime, the sponsors will be holding stakeholder meetings to amend this measure. Because of this significant change the bill will not go to the League board. Instead, staff will bring the measure back to the committee once stakeholder meetings have been held.

AB 1184 (Gatto) provides that the obligations for retirement benefits that are attributable to excess compensation earned by a non-represented employee who was employed by one or more public agencies is the sole obligation of the subsequent contracting agency that paid the excess compensation. Additionally, this bill prohibits PERS or a contracting agency from administering a plan of replacement benefits and applies this to members hired on or after Jan. 1, 2013.

The committee discussed that the threshold for "excessive compensation" is too low. The committee cited examples of employees that receive advanced degrees that move from one agency to another. The committee also discussed the scenario of employees transitioning from a non-management position to a management position. It is not uncommon for a salary increase in this kind of scenario to be greater than 15-percent. The committee asked staff to bring the bill back to the committee in June for another discussion with CalPERS experts.

V. Federal Legislative Update

Staff distributed a handout about the federal legislative update.

VI. Information Update (pensions)

League staff distributed pension information requested by the committee. Documents included: 2005 Pension White Paper, 2010 Pension White Paper, a comparison of the Governor's 12-point plan vs. Senate Republican Proposal, and results of the 2011 City Managers' Pension Survey. League staff also presented the League's new Pension Information Center website to the committee. The website will contain the latest information on best-practices, reform efforts, news headlines, and research information on public employee pensions. The pension Web site is: <http://www.cacities.org/pensions>

VII. Little Hoover Commission Report

Stuart Drown, Executive Director for the Little Hoover Commission, presented on the Hoover Commission report *Public Pensions for Retirement Security*. Drown presented the findings and the Commission's recommendations to make a more sustainable pension system. Drown discussed a key finding of the report that most of the large

pension plans are over extended and underfunded. On top of that employer contributions are rising and will remain high for decades putting further strain on the sustainability of public pension systems.

The committee discussed some of pension system recommendations addressed in the Little Hoover Report.

League staff will bring a pension reform proposal—that takes into account the current discussions and climate—to the policy committee in June for discussion and action.

VIII. Next Meeting: Thursday, June 16, 2011, League of California Cities, Sacramento