

June 5, 2015
Issue #56

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Legislature Meets House of Origin Deadline, Bills Starting to be Scheduled for Policy Committees in Second House

The Legislature met one of its major deadlines this week on Thursday afternoon when both houses wrapped up marathon sessions to take action on bills that originated in their house. Bills that fail to pass at this juncture will not continue to move for the remainder of the session, which ends on Friday, Sept. 11. *For more, see Page 2.*



Medical Cannabis Bill Passes Assembly with Historic Consensus

On Thursday, June 4, the California State Assembly took historic action in passing [AB 266](#), medical cannabis legislation, on a bipartisan vote of 60-8, with at least 17 Republican members in support. The measure provides long overdue statewide regulation of medical cannabis that protects local control and public safety, and advances patient protection with maximum potency and health and safety standards. *For more, see Page 3.*



GASB Announces Major New Accounting Rule for OPEBs

Effective June 15, 2017, Rule Requires Cities to Account for Unfunded Liabilities in Net Fiscal Position

On June 2 the Government Accounting Standards Board (GASB) released Statement 75 that, effective June 15, 2017, requires governments with unfunded OPEB liabilities and their independent auditors to report either their net or total OPEB liability on their financial statements. In short, OPEB liabilities will no longer just be reported in the financial statements of cities but will have to be reflected in the bottom line net fiscal position of cities, possibly causing reductions in bond ratings and other negative fiscal effects for some. *For more, see Page 4.*

There are a number of bills that are exempt from the house of origin deadline because they have an urgency clause, amend the constitution, or levy a tax. Several League-supported hot bills fall within this category including: SB 16 (Beall), the Senate's transportation funding proposal; AB 1335, Assembly Speaker Toni Atkins' (D-San Diego) Building Homes Act; and ACA 4 (Frazier), which lowers the voter threshold for local transportation initiative.

The League urges city officials to review the following bills that made it to the second house and send in letters of support or opposition. Bill language, the League's position letter and sample letters can be found on the League website at www.cacities.org/billsearch. Plug in the bill number, i.e. AB 266, into the search box to access these materials.

Below is the status of the key bills the League is tracking that passed out of their house of origin, the League's position and whether it is a hot bill. In addition, it is noted if the bill has a committee hearing scheduled in the second house.

Assembly Bills Passed to Senate: Support

- **HOT AB 2 (Alejo)** Community revitalization authority.
 - Next Hearing: Senate Governance and Finance, June 10, 9:30 a.m.
- **AB 22 (Rodriguez)** Office of Emergency Services: oil-by-rail spills: firefighters.
- **HOT AB 35 (Chiu)** Income taxes: credits: low-income housing: allocation increase.
- **AB 74 (Calderon)** Care facilities: regulatory visits.
- **AB 90 (Chau)** Federal Housing Trust Fund.
- **HOT AB 266 (Bonta)** Medical cannabis.
- **AB 313 (Atkins)** Enhanced infrastructure financing districts.
- **AB 323 (Olsen)** California Environmental Quality Act: exemption: roadway improvement.
 - Next Hearing: Senate Environmental Quality, June 17, 9:30 a.m.
- **AB 327 (Gordon)** Public works: volunteers.
 - Next Hearing: Senate Labor and Industrial Relations, June 10, 9:30 a.m.
- **AB 341 (Achadjian)** Financial affairs: reports.
 - Next Hearing: Senate Governance and Finance, June 10, 9:30 a.m.
- **AB 388 (Chang)** Housing: homeless veterans: reports.
- **AB 428 (Nazarian)** Income taxes credit: seismic retrofits.
- **HOT AB 448 (Brown)** Local government finance: property tax revenue allocations: vehicle license fee adjustments.
- **AB 451 (Bonilla)** private parking facilities.
 - Next Hearing: Senate Transportation and Housing, June 9, 1:30 p.m.
- **AB 702 (Maienschein)** CalWorks: temporary shelter assistance.
- **AB 870 (Cooley)** Homelessness: rapid rehousing.
- **AB 988 (Stone)** Outdoor Environmental Education and Recreation Grants Program.
- **AB 1056 (Atkins)** Second Chance Program.
- **AB 1157 (Nazarian)** Property taxation: certification aircraft assessment.
- **AB 1223 (O'Donnell)** Emergency medical services: ambulance transportation.
- **AB 1228 (Gipson)** Public postsecondary education: campus housing: priority for homeless youth.
- **AB 1239 (Gordon)** Tire recycling: California tire regulatory fee and waste tire program.
- **AB 1262 (Wood)** Telecommunications: universal services: California Advanced Services Fund.
 - Next Hearing: Senate Energy, Utilities and Communications, June 16, 9:30 a.m.
- **AB 1403 (Maienschein)** Housing: joint powers agreement.

Assembly Bills Passed to Senate: Oppose

- **HOT AB 36 (Campos)** Local government: federal surplus property.
- **AB 57 (Quirk)** Telecommunications: wireless telecommunications facilities.
- **AB 254 (Hernández)** Election dates. League position: Oppose Unless Amended.
- **HOT AB 278 (Hernández)** District-based municipal elections.
- **AB 552 (O'Donnell)** Public works contracts: damages.
 - Next Hearing: Senate Governmental Organization, June 9, 9:30 a.m.
- **AB 651 (Cooper)** Public safety officers and firefighters: investigations and interviews.

- Next Hearing: Senate Public Safety, June 30, 9:30 a.m.
- **HOT AB 718 (Chu)** Local government: powers.
- **HOT AB 744 (Chau)** Planning and zoning: density bonus.
- **AB 1236 (Chiu)** Local ordinances: electric vehicles charging stations. League position: Oppose Unless Amended.
- **AB 1347 (Chiu)** Public contracts: claims.

Senate Bills Passed to Assembly: Support

- **HOT SB 25 (Roth)** Local government finance: property tax revenue allocation: vehicle license fee adjustments.
- **HOT SB 175 (Huff)** Peace officer: body-worn cameras.
- **HOT SB 321 (Beall)** Motor vehicle fuel taxes: rates: adjustments.
- **SB 485 (Hernandez)** County of Los Angeles: sanitation districts.
- **HOT SB 493 (Canella)** Elections in cities: by or from districts.
- **SB 533 (Pan)** Cities and counties: sales and use tax agreements.
- **HOT SB 643 (McGuire)** Medical marijuana. League position: Support If Amended.
- **SB 658 (Hill)** Automated external defibrillators.

Senate Bills Passed to Assembly: Oppose

- **SB 3 (Leno)** Minimum wage: adjustment.
- **HOT SB 239 (Hertzberg)** Local services: contracts: fire protection services.

'AB 266' Continued from Page 1...

Jointly authored by Assembly Members Rob Bonta (D-Alameda), Ken Cooley (D-Rancho Cordova) and Reginald Jones-Sawyer (D-Los Angeles), AB 266 is supported by the League of California Cities, the California Police Chiefs Association, two groups that have traditionally opposed most attempts at any cannabis regulation, including medical cannabis. It is also supported by United Food and Commercial Workers, a major labor union.

The measure is the result of a collaborative effort between authors of competing bills that have now merged into a single vehicle. Originally AB 34 (Bonta and Jones-Sawyer) and AB 266 (Cooley) were separate bills. Recent discussions between the authors, strongly urged by Assembly Appropriations Committee Chair Jimmy Gomez, resulted in one bill containing components of both measures. The authors of AB 266 represent diverse parts of the state (Oakland/Alameda), Rancho Cordova, and Los Angeles), each with their own perspectives and priorities related to medical cannabis policy.

League of California Cities Executive Director Chris McKenzie remarked on the League's continued engagement in this important policy. "While this bill remains a work in progress, we will continue to monitor it closely to ensure that it continues to protect local governments' ability to fully regulate medical cannabis businesses within their borders. We are encouraged by the bill's requirement of local permitting as well as state licensing in order for these businesses to operate within the law. The League will continue to work with the authors, our partners, the California Police Chiefs Association, as well as other stakeholders to improve this measure as it goes forward."

Chula Vista Police Chief David Bejarano, president of the California Police Chiefs Association, agrees that the bill is an important step forward. "We are pleased the bill has cleared the Assembly and we look forward to working on finalizing language that addresses stakeholder concerns."

Assembly Member Bonta commended how legislators and stakeholders worked together. "I am proud to work with my colleagues and stakeholders of all perspectives on this unprecedented effort. I am confident that our collaborative efforts on AB 266 will successfully ensure that we establish necessary standards and protections for patients, the environment, and the public related to the medical cannabis industry."

Assembly Member Cooley also stressed the ways in which this legislation reflects the various priorities of medical cannabis regulation. “I am very pleased that the Assembly voted AB 266 out today with bipartisan support. Throughout this process, my colleagues and I have worked to find consensus on issues of local control, public safety, and appropriate regulation of the medical cannabis industry. Today’s vote recognized that hard work and sends a strong message that California is trying to solve problems in a collaborative, effective, and accountable manner.”

Assembly Member Jones-Sawyer noted the work of the stakeholders as the bill moves forward. “We are very glad that law enforcement and local governments are supporting our efforts. They are an essential partner in regulating the medical cannabis industry. We look forward to continuing to work collaboratively with all the stakeholders to ensure that AB 266 creates a regulatory system that respects the interests of local government while still providing a consistent statewide structure.”

Assembly Member Tom Lackey of Palmdale, a former California Highway Patrol officer who was an original co-author of AB 266, made it clear that he remains its staunch advocate. Lackey urged his colleagues to support the measure, arguing that “this bill actually tightens medical marijuana standards” and that it “gives us more ability to control an industry that’s out of control.”

Next Steps

The League will issue a summary of the bill’s provisions in the near future and notify member cities when AB 266 is schedule for its first hearing in the Senate.

‘GASB’ Continued from Page 1...

In a recent survey of California cities, 80 percent reported providing some level of OPEB benefits, including medical, dental and vision benefits. The number one strategy the cities reported for managing their unfunded liabilities was to establish an irrevocable OPEB trust, funded by annual budgeted contributions or year-end balances. Since a similar survey in 2008 the percentage of cities with irrevocable OPEB trusts has doubled.

The OPEB Statements

GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, addresses reporting by OPEB plans that administer benefits on behalf of governments.

GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, addresses reporting by governments that provide OPEB to their employees and for governments that finance OPEB for employees of other governments.

The new OPEB standards parallel the pension standards issued in 2012 — GASB Statement No. 67, Financial Reporting for Pension Plans, and GASB Statement No. 68, Accounting and Financial Reporting for Pensions. Together, the pension and OPEB standards provide consistent and comprehensive guidance for all postemployment benefits.

“These OPEB standards usher in the same fundamental improvements in accounting and financial reporting that were previously introduced for pensions,” said GASB Chairman David A. Vautt. “Because OPEB promises represent a very significant liability for many state and local governments, it is critical that taxpayers, policy makers, bond analysts, and others are equipped with enhanced information, which will enable them to better assess the related financial obligations and annual costs of providing OPEB.”

Statement 75

Statement 75 replaces the requirements of GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions. Statement 75 requires governments to report a liability on the face of the financial statements for the OPEB that they provide:

- Governments that are responsible only for OPEB liabilities related to their own employees and that provide OPEB through a defined benefit OPEB plan administered through a trust that meets specified criteria **will report a net OPEB liability**—the difference between the total OPEB liability and assets accumulated in the trust and restricted to making benefit payments.
- Governments that participate in a cost-sharing OPEB plan that is administered through a trust that meets the specified criteria **will report a liability equal to their proportionate share of the collective OPEB liability** for all entities participating in the cost-sharing plan.
- Governments that do not provide OPEB through a trust that meets specified criteria **will report the total OPEB liability** related to their employees.

Statement 75 carries forward from Statement 45 the option to use a specified alternative measurement method in place of an actuarial valuation for purposes of determining the total OPEB liability for benefits provided through OPEB plans in which there are fewer than 100 plan members (active and inactive). This option was retained in order to reduce costs for smaller governments.

Statement 75 requires governments in all types of OPEB plans to present more extensive note disclosures and required supplementary information (RSI) about their OPEB liabilities. Among the new note disclosures is a description of the effect on the reported OPEB liability of using a discount rate and a healthcare cost trend rate that are one percentage point higher and one percentage point lower than assumed by the government. The new RSI includes a schedule showing the causes of increases and decreases in the OPEB liability and a schedule comparing a government's actual OPEB contributions to its contribution requirements.

Some governments are legally responsible to make contributions directly to an OPEB plan or make benefit payments directly as OPEB comes due for employees of other governments. In certain circumstances — called special funding situations — Statement 75 requires these governments to recognize in their financial statements a share of the other government's net OPEB liability.

Statement 74

Statement 74 replaces GASB Statement No. 43, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans. Statement 74 addresses the financial reports of defined benefit OPEB plans that are administered through trusts that meet specified criteria. The Statement follows the framework for financial reporting of defined benefit OPEB plans in Statement 45 by requiring a statement of fiduciary net position and a statement of changes in fiduciary net position. The Statement requires more extensive note disclosures and RSI related to the measurement of the OPEB liabilities for which assets have been accumulated, including information about the annual money-weighted rates of return on plan investments. Statement 74 also sets forth note disclosure requirements for defined contribution OPEB plans.

The Pension Statement

GASB Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68, completes the suite of pension standards. Statement 73 establishes requirements for those pensions and pension plans that are not administered through a trust meeting specified criteria (in other words, those not covered by Statements 67 and 68). The requirements in Statement 73 for reporting pensions generally are the same as in Statement 68. However, the lack of a pension plan that is administered through a trust that meets specified criteria is reflected in the measurements.

Effective Dates

The provisions in Statement 73 are effective for fiscal years beginning after June 15, 2015 — except those provisions that address employers and governmental nonemployer contributing

entities for pensions that are not within the scope of Statement 68, which are effective for financial statements for fiscal years beginning after June 15, 2016. The provisions in Statement 74 are effective for financial statements for periods beginning after June 15, 2016. The provisions in Statement 75 are effective for fiscal years beginning after June 15, 2017. Earlier application is encouraged.

Availability of the Statements

Statements 73, 74, and 75 will be available for download at no charge from the [GASB website](#) in late June. Printed copies of the Statements will be available for purchase soon after. Other related resources also will be available on the website at that time.

About the Governmental Accounting Standards Board

Established in 1984, the GASB is the independent, private-sector organization based in Norwalk, Connecticut, that establishes accounting and financial reporting standards for U.S. state and local governments that follow Generally Accepted Accounting Principles (GAAP). These standards are recognized as authoritative by state and local governments, state Boards of Accountancy, and the American Institute of CPAs (AICPA). The GASB develops and issues accounting standards through a transparent and inclusive process intended to promote financial reporting that provides useful information to taxpayers, public officials, investors, and others who use financial reports. The Financial Accounting Foundation (FAF) supports and oversees the GASB. For more information, visit www.gasb.org.

New League Page Features Water-Management Resources

The League of California Cities[®] staff has assembled a [new webpage](#) containing resources intended to help cities meet the state's first emergency water-use restrictions and groundwater management plan mandate.

The page contains resources to assist with conservation, groundwater and stormwater. Amid the ongoing drought, cities face unprecedented challenges in all three areas:

- Acting in response to Gov. Jerry Brown's April 25 executive order, the State Water Resources Board has assigned urban water suppliers conservation standards of between 4 and 36 percent, affecting cities as users, suppliers or both.
- Last year, Governor Brown signed the Sustainable Groundwater Management Act, requiring state-identified "high- or medium-priority" basins subject to "critical conditions of overdraft" to be managed under a plan by 2020. Other high- or medium-priority basins must be managed under a plan by 2022.
- Among the changes for stormwater are a new Industrial General Permit and a recently announced federal [Clean Water Rule](#). Cities continue to face obstacles in regard to stormwater funding under Proposition 218.

The League's new webpage also includes water news headlines from around the state. A guide to Prop. 1 (water bond) programs will be added after the FY 2015-16 state budget is finalized.

League staff also maintains a [listserv devoted to water issues](#) enabling elected officials and city staff to more easily share information. More than 460 members have signed up since the listserv was announced on April 13.

California City Solutions: Long Beach Forms Quality of Life Unit to Help Homeless Transition

This story is part of an ongoing series featuring Helen Putnam Award entries. The 2014 entries are available on the League's website as a resource for cities in a searchable database called [California City Solutions](#). Long Beach Police Department's Quality of Life Unit was submitted in 2014 for the Public Safety award category.

Communities often use a collaborative approach to compassionately respond to their homeless populations. This can comprise local and regional government agencies, non-profit organizations, and faith-based institutions. While some programs exist, sometimes they are not as effective as possible because homeless individuals find it difficult to navigate the processes and requirements. The city of Long Beach launched the Quality of Life Detail to address this gap.

When residents and visitors have a concern with homeless issues, such as trespassing, panhandling, camping, littering, and nuisance activity, they call the police department for help. The Long Beach Police Department in 2008 experienced a high number of community complaints about homeless people in the downtown area, including Lincoln Park (adjacent to the Civic Center) and the Entertainment District. Police officers found that normal law enforcement measures were not an effective, long-term solution and that problems would eventually recur.

The Long Beach Police Department in response implemented a specialized team of police officers, known as the Quality of Life Detail to help people transition from homelessness to greater well-being and security. As first responders, the Quality of Life Detail officers strive to develop a trusting relationship and connect with homeless individuals, breaking down intimidating barriers and providing a caring and empathetic service.

The program follows the practices of community policing, based on the broken windows model of policing introduced in 1982 by UCLA professor James Q. Wilson and his collaborator George Kelling. Community policing promotes partnerships between the community, city departments and other organizations to solve neighborhood problems and improve the quality of life.

Most homeless individuals find it difficult to break the cycle of living on the street and many have mental health issues that prevent them from seeking assistance.

Involving the Quality of Life Detail police officers in the effort to assist the homeless makes sense for many reasons:

- As first responders to receive complaints from the community or reports of incidents, police officers are in contact with homeless individuals on a regular basis and know most of these individuals; and
- Many homeless individuals suffer from mental illness, and some can threaten the safety of homeless services workers, particularly when homeless encampments are being cleared or when there is a major outreach effort.

The assigned police officers can act as mentors, providing guidance and support to homeless individuals, while also hoping to reduce bothersome activity and negative community impact. Developing a specialized unit to focus on the needs and issues of the homeless population made sense, as the average police officer assigned to patrol wouldn't have the time, or expertise to provide such services.

When the Quality of Life Detail first began, assigned officers had to learn about all of the resources available within the city and region. Today, the officers partner with the Long Beach Health Department's Homeless Services Division, which is responsible for coordinating homeless services and addressing the impacts of homelessness citywide. The Homeless Services Division staff educate the assigned officers about various grant-funded programs and the operations of the Long Beach Multi-Service Center (MSC), which provides outreach, intake assessments, case management and housing placement services, and conducts a biennial homeless count.

Officers also work closely with the Mental Health Association Village, another local organization devoted to homeless advocacy, and the Police Department's Mental Evaluation Team on a regular basis for mental health assistance and guidance, as well as various detective details when homeless persons may have been victimized or accused of committing crimes.

In February 2013, the Quality of Life Detail officers worked with MSC to help two homeless men obtain the documents needed to apply for different services and programs. Some of the programs included social security income and entering into a program called Veterans Affairs Supportive Housing Program. The men temporarily stayed at the Long Beach Rescue Mission while the officers worked to qualify them for an apartment in downtown Long Beach and obtain donated furniture.

The heart of community policing requires patience, understanding, willingness, and trust between the community and city departments to improve quality of life. The police officers assigned to the Quality of Life Detail have the ability to merge several critical components — the education provided to them by the Homeless Services Division, recognition of the services provided by the MSC, and the trust they have gained from the community — to successfully address a critical community challenge. Complaints from the public can be reduced because assigned officers are dedicated to focusing their efforts on the locations frequented by the homeless individuals, which relieves patrol officers from handling ongoing complaints and therefore redirecting their efforts to proactive patrols and calls for service.

NLC Releases Report on Sharing Economy

The National League of Cities (NLC) on June 3 released the first national quantitative survey of local elected officials' views on the sharing economy. The report, [City Survey on the Sharing Economy: Shifting Perceptions of Collaborative Consumption](#), found that 71 percent of cities surveyed are supportive of growth in the sharing economy — particularly with ridesharing services such as Uber and Lyft — but many are concerned about the sharing economy's impact on public safety. On the whole, cities want to encourage economic development and accommodate the services their constituents want.

The report was released in conjunction with an animated video: "[Cities, The Sharing Economy, and What's Next.](#)"

The survey found that city leaders are open to integrating sharing economy services more fully within their communities — and they want to capitalize on this opportunity. When asked to identify the greatest benefit of the sharing economy, 22 percent of city leaders identified improved services, 20 percent identified increased economic activity, and 16 percent identified increased entrepreneurial activity.

At the same time, the survey found that cities do have concerns with the sharing economy. By a large margin, 61 percent of city leaders were most concerned with public safety, specifically identifying the lack of comparable insurance coupled with general safety concerns. Other areas of concern included the protection of traditional service providers and industry participants (10 percent) and non-compliance with current standards (9 percent).

Many cities are working through these challenges because they want to reflect resident demands and benefit from the sharing economy's economic impact. However, there's a high degree of variation in city policies that regulate the sharing economy, and nearly 60 percent of cities do not regulate ridesharing or home sharing at all. The majority of respondents acknowledged the importance of developing new policies on the sharing economy, and placed ridesharing front and center as the top priority in the policy arena.

City Survey on the Sharing Economy: Shifting Perceptions of Collaborative Consumption builds on [NLC's work to help city leaders understand and benefit from the sharing economy](#).

- [Cities, the Sharing Economy, and What's Next](#) features interviews with city officials on the impact of the sharing economy and related topics centered around five key themes: innovation, economic development, equity, safety and implementation.
- [The Sharing Economy: An Analysis of Current Sentiment Surrounding Homesharing and Ridesharing](#) presents a typology for measuring the sentiment of cities toward homesharing and ridesharing services.

Save Our Water to Offer Agency Partner Webinar on June 8

With the emergency regulations for urban water conservation in effect, many water agencies are being asked to meet high conservation standards. [Save Our Water](#) is offering updated public outreach tools and partnership opportunities to help meet these standards.

A webinar will be held on Monday, June 8 at 1 p.m. and will cover available tools and information on how to join Save Our Water in a statewide media buy this summer. Partnering with Save Our Water can save your agency from having to develop your own creative and can maximize your agency's spending by picking up the benefits of a larger statewide media buy.

There is no cost to participate in the webinar but space is limited so register early.

For more information contact [Ellen Martin](#).

[Register online](#).
