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CalPERS Stays the Course, Adopts a 7 Percent Assumed Rate of Return

The CalPERS Board of Administration formally adopted investment portfolio Candidate C at its Dec. 20 meeting. This candidate portfolio has an asset mix that is projected to yield a 30-year blended rate of return of 7 percent (discount rate). The board was presented with four candidate portfolio options each portfolio yielding its own projected rate of return ranging from 6.5 percent to 7.25 percent. *For more, see Page 2.*



League Supports June Ballot Measure to Add Constitutional Protections to Transportation Revenues

Ensures Money Dedicated to Transportation Cannot be Taken for Other Uses

The League Board of Directors earlier this month voted unanimously to support [ACA 5](#), which prohibits the state from taking or redirecting the new transportation revenues generated through SB 1 (Chapter 5, Statutes of 2017), the Road Repair and Accountability Act of 2017, which are not already protected in the state constitution. The ballot measure, scheduled for the June 2018 statewide election, extends some of the same protections that other transportation revenues already have under the California Constitution. *For more, see Page 2.*



League Releases Guide to New Housing Legislation

In response to changes in state housing laws that will go into effect on Jan. 1, 2018, the League of California Cities® has prepared a comprehensive compendium of key legislation to help cities prepare and comply. [A 2018 Guide to New Housing Law in California](#) provides information on the most significant bills affecting cities contained in the housing bill package Gov. Jerry Brown signed this fall. Organized into three main categories — funding, streamlining and local accountability — the guide details provisions of each of these measures and answers important questions that cities may consider to comply with the new laws. *For more, see Page 2.*

'Pensions' Continued from Page 1...

In its recent decision to stay the course, the board specifically attributed its decision to remain at 7 percent to the advocacy efforts made by cities across California. However, it is important to note CalPERS projects a 6.2 percent return over the next decade meaning that cities should expect a significant increase in annual contributions moving forward. Last year, the board pre-emptively adopted a 7 percent discount rate — a reduction from 7.5 percent, anticipating lower than expected returns in the following decade.

The discount rate will be phased in over time. Local agencies will see the first impacts of the discount rate reduction in fiscal year 2018–19 with the full discount rate being phased in by fiscal year 2024–25.

In our continued effort to provide educational resources on pension activities, the League has launched a [Retirement System Sustainability webpage](#) to provide city officials with a one-stop-shop for the latest educational tools, information and news articles related to CalPERS and pension obligations. The [discount rate reduction information](#) and more can also be found on this page by visiting www.cacities.org/pensions.

'ACA 5' Continued from Page 1...

League President Rich Garbarino emphasized why the League took a support position on ACA 5: “This is a no-nonsense measure that gives another level of accountability to the voters by adding protections to revenues that will fix our streets, roads and highways. This measure makes sure that the state isn’t able to grab those funds for something else. Cities and counties have already started approving projects to use SB 1 monies in their local communities. I am excited to see these dollars put to work next year and know that California voters understand the importance of protecting this funding.”

ACA 5 will be given an official ballot number in early February. If voters approve ACA 5, the California Constitution would be amended to:

- Require that SB 1 revenues be dedicated to transportation purposes; and
 - Constitutionally protect sales tax on diesel and Road Maintenance and Rehabilitation Account revenues from being diverted to the General Fund or other non-transportation related purposes.
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'Housing Guide' Continued from Page 1...

Local governments recognize the role they play in both planning for and approving new housing construction. In 2017, the League’s advocacy focused on two goals related to responding to the homelessness crisis and the affordability of housing across the state. Throughout the year, the League worked extensively with the Legislature to promote housing legislation to address housing supply and affordability. City officials, alongside the League, were successful in getting the Legislature to pass bills that provide much needed funding for affordable housing (SB 2 and SB 3) and mechanisms to streamline the housing approval process (SB 540 and AB 73).

The League in 2018 will continue to advocate for resources to improve housing affordability in this state and address the homelessness crisis and supports the \$4 billion bond that will go before voters on the November 2018 statewide ballot.

Legislature Returns Jan. 3 to Start 2018 Session

Governor to Release Proposed FY 2018–19 Budget Week of Jan. 8

The Legislature will reconvene on Wednesday, Jan. 3 to begin its 2018 work. This is the start of the second year of the 2017–18 Legislative Session, which goes through Aug. 31, 2018. The year promises to be extremely busy with races that will determine California’s leaders in Sacramento and Washington, D.C., plus statewide ballot measures going to voters on the June and November ballots.

Legislators will get to work in January with a number of important deadlines approaching in the first six weeks of the year. Because this is the second year of the two-year session, legislators with bills that did not move out of their house of origin in 2017 have until Jan. 31 to get their bills to the other house. Just over two weeks later, legislators face the Feb. 16 deadline to introduce legislation for 2018.

The League will continue serving members as the leading voice for California cities and advocate for policies that advance city priorities.

Jerry Brown Begins Last Year of His Fourth Term as Governor

This January will bring the first of many lasts for Gov. Jerry Brown who starts his final year as Governor. Jan. 10 is the constitutional deadline for the Governor to release his proposed FY 2018–19 budget. Taking a fiscally prudent approach to his previous seven budget proposals, Governor Brown will likely use his last budget proposal to continue to advocate for restraint. The Legislative Analyst's Office in November issued its [FY 2018–19 fiscal outlook](#), projecting that the State of California will have \$19.3 billion in reserves at the end of the coming fiscal year without any new spending commitments that expand the state's financial obligations. Governor Brown will also deliver his final annual State of the State Address to the Legislature in early 2018.

Leadership Changes Coming in 2018

In December, the Senate Democratic Caucus selected Sen. Toni Atkins (D-San Diego) to replace Senate President pro Tem Kevin de León, who terms out of office in 2018. Sen. Atkins' official election will also occur in January, however the transition date has yet to be announced. She will come to lead the Senate after serving as speaker of the Assembly from May 2014 to March 2016. [The Sacramento Bee](#) in December reported that Sen. Atkins is slated to become the first to have served in both positions in close to 150 years.

League Activities in January

The League begins 2018 with the four officers elected in September to serve the organization this year. They are:

- President Rich Garbarino, council member, South San Francisco;
- First Vice President Mark Kersey, council member, San Diego;
- Second Vice President Jan Arbuckle, council member, Grass Valley; and
- Immediate Past President JoAnne Mounce, mayor pro tem, Lodi.

League members will be in Sacramento in January for a number of key events to launch the year. Each January the League holds its New Mayors and Council Members Academy which covers the basic legal and practical framework in which city officials operate. Scheduled Jan. 17–19, the conference is for both newly elected officials and veterans on city councils. The event is also an opportunity for city officials to meet with their legislators in Sacramento and discuss important policy issues facing cities. The League on Wednesday, Jan. 17, will hold its annual Legislative Reception, which brings together city officials, senators, Assembly members, constitutional officers and others for networking.

Also that week in Sacramento, the League will hold its first policy committees of the year. The seven standing committees will meet Jan. 18–19 and begin discussion on key policy proposals, hear from expert speakers and receive an update on the Governor's proposed FY 2018–19 budget.

In December, the [League adopted four strategic goals](#) for 2018 that establish the organization's legislative advocacy framework for the year. The four goals are available at www.cacities.org/priorities.

Changes Coming to *CA Cities Advocate* Will Transform Newsletter into a Mobile Responsive Format that is More Visual and Dynamic

The League of California Cities® will unveil a refreshed *CA Cities Advocate* in January that will provide subscribers with critical news, events and resources in a new format. Designed to meet the needs of readers who stay informed on the go with their mobile devices or on their computers, the contemporary layout will quickly convey key information with new visual elements.

The updated *CA Cities Advocate* will feature flexible blocks of stories broken into designated sections that highlight core areas of news. These will typically include:

- Take Action or Legislative Update;
- League News;
- Conferences & Education;
- Opportunities for Cities; and
- More News & Events.

Stories that appear in *CA Cities Advocate* will continue to “live” on the League’s website where they can be printed, emailed or shared via Facebook and Twitter. Similar to the current format, newsletter story headlines will link to the full story on the League’s website. In addition, people interested in receiving the newsletter will still be able to self-subscribe at www.cacities.org/cacitiesadvocate.

Publication will also change from the current schedule that allows for multiple issues each week to a once a week publication on Monday mornings or Tuesdays following a Monday holiday. Subscribers will start their week with news that is important to California cities in their inbox. During the week, the League will keep members updated on important developments through social media, Listserv messages and the Regional Public Affairs Managers.

Several times a year, a single story covering an urgent issue or update will go out to subscribers. These single story issues will cover topics such as the state budget, the end of the legislative session, Annual Conference wrap-up and other urgent news.

Look forward to the new *CA Cities Advocate* in your inbox on Monday, Jan. 8, 2018.

League-Sponsored Bond Agency Issues More Than \$91 Million in Tax-Exempt Bonds for a Nonprofit Organization in Walnut Creek

Some of the most significant benefits of League membership for cities since 1988 have flowed from the League’s co-sponsorship of the [California Statewide Communities Development Authority](http://www.cscda.org) (CSCDA).

This program provides a variety of public agencies and developers access to low-cost, tax-exempt financing and economic development tools. CSCDA recently issued a total of issuance of \$91,655,000 in tax-exempt bonds for John Muir Health in Walnut Creek.

About John Muir Health

John Muir Health, a nonprofit organization, includes two of the largest medical centers in Contra Costa County: John Muir Medical Center, Walnut Creek, a 554-licensed bed medical center that serves as Contra Costa County’s only designated trauma center; and John Muir Medical Center, Concord, a 245-licensed bed medical center in Concord. Together, they are recognized as pre-eminent centers for neurosciences, orthopedics, cancer care, cardiovascular care and high-risk obstetrics. John Muir Health also offers complete inpatient and outpatient behavioral health programs and services at its Behavioral Health Center, a fully accredited, 73-bed psychiatric hospital located in Concord. Other areas of specialty include general surgery, robotic surgery, weight-loss surgery, rehabilitation and critical care. In addition, John Muir provides a number of primary care and outpatient services throughout the community and urgent care centers in Brentwood, Concord, Pleasanton, San Ramon and Walnut Creek.

CSCDA partnered with Bank of America Merrill Lynch and Orrick, Herrington & Sutcliffe, LLP to provide the \$91,655,000 in Series 2017A bonds. The Series 2017A bonds were issued to refund CSCDA's existing Series 2009A bonds.

Background

CSCDA is a joint powers authority created in 1988 and is sponsored by the League of California Cities® and the California State Association of Counties. It was created by cities and counties for cities and counties. More than 500 cities, counties and special districts are program participants in CSCDA, which serves as their conduit issuer and provides access to efficiently finance locally-approved projects. CSCDA has issued more than \$50 billion in tax exempt bonds for projects that provide a public benefit by creating jobs, affordable housing, healthcare, infrastructure, schools and other fundamental services. Visit [CSCDA's website](#) for additional information on the ways in which CSCDA can help your city.
