

Meeting Report: League of California Cities

Annual Conference

September 30 – October 2, 2015

San Jose Convention Center

Reporting: Bill Kampe, Mayor

I attended this meeting as the voting delegate for the City of Pacific Grove. While the voting on resolutions occurred at the end of the Conference, there were keynote talks and concurrent learning sessions throughout the conference. This report provides commentary and highlights of the meeting. Please feel free to contact me if you have questions about this conference or any of the topic sessions listed below.

Mayors/Council Members Department

A. Regionalism

- Many city problems need to be solved at regional level

B. “Fiscalization” of land use

- Driven by constraints of Props 13, 218, 98
- Leaves sales tax (& TOT) as only alternatives – competition for big box stores
- Some attempts at regional revenue sharing
- Personal conclusion – tax laws definitely affect land use, with sometimes unforeseen consequences.

Opening Session

C. Welcome by Stephanie Aguilar, LOCC Board President

D. Welcome by Rose Herrera, Vice Mayor of San Jose

E. Helen Putnam Awards

- Salinas – for the Steinbeck Innovation Cluster
- Rocklin Cares – Volunteer Portal
- ...and others

F. Chris McKenzie – LOCC Executive Director

- Mentioned emergence of private health insurance exchanges to reduce cost

G. Greg Lucas – State Librarian; Keynote Speaker

- A very funny opening segment
- California’s greatest strength is our diversity
- Libraries as kitchens, rather than living rooms. People gather and do things in kitchens.

Concurrent Session: Yes, Reducing Costs of Benefits IS Possible!

- Nancy Kerry, City Manager, South Lake Tahoe, (Session organizer)
- Bill Kampe, Mayor, Pacific Grove (Presiding)
- Vanessa Burke, Former Chief Financial Officer, Stockton
- Steve Gedestad, Keenan & Associates

This session was well attended at 8:00 am. The primary focus was on healthcare costs. The overall liability for Other Post-Employment Benefits (OPEB) is \$150B in California. It's funded at 2%, compared to the 75 - 80% for retirement plans. It's a crushing burden on cities, counties, and the State.

Nancy Kerry described a 3 year process for facing the facts, working with employees to gain an understanding of the problem, and bringing in experts to design new healthcare benefit plans. She pointed out that it is important to be factual and direct. Result: Annual general fund healthcare expenses reduced by 35%.

Steve Gedestad focused on 2 case studies: ACERA (Alameda County Employee Retirement Association) and the City of Glendale. Healthcare exchanges can both help provide better individual choices and reduce costs. Unblending of current employee and retired employee plans can cut cost significantly.

Vanessa Burke described the situation in Stockton and the implications of bankruptcy. She pointed out while pension benefits were not cut in Stockton, healthcare benefits were reduced greatly. She does not recommend bankruptcy!

Keynote Session

H. **Ralph Becker – Mayor, Salt Lake City; President, National League of Cities**

- City citizens don't want partisan politics
- It's important to get city issues into presidential platforms

I. **Beacon Awards for Environmental Action**

- Redwood City - Green Building Standards
- Hayward – Green Fleet
- Southgate - ?
- Brisbane – 19% reduction in Greenhouse Gas emissions

J. **Cam Marston, Generational Insights; Keynote Speaker**

- The U.S. is an affluent society
- Delayed adulthood
- Extended lifetimes
- We have population bulges
- For individuals growing up in affluent societies, the individual supersedes community
- Each is special, unique, different from others
- “Here I am – make me happy”
- Baby Boomer Generation values
 - History of organization
 - Name recognition of affiliations (“I’ve worked at this company for 37 years”)
 - Legacy
- GenX and Millennials
 - The individual, ego
 - Are concerned about how things affect their lives
 - Delayed ability to empathize
- Rituals/Customs/Rites of Passage are important.

This talk was very entertaining in how Cam described the various generations, but perhaps over-exaggerated. Cam was careful to point out the characterizations are not absolute. The major point is that different things

appeal to the different generations, and what works for one doesn't necessarily work for another. That applies to election messaging, employment benefits, work environments.

Concurrent Session: Balancing the Scales: Fire Department Services and Community Expectations

- Mike Despain, Fire Chief, Clovis
- Randy Bruegman, Fire Chief, Anaheim Fire & Rescue
- Mark Scott, City Manager, Burbank

The ISO model for fire protection rating is outdated. It considers only 3 factors. The typical fire department does much more than what ISO considers.

I expected a session that described how fire departments needed more staff and equipment. Yet the message was very different. The speakers advocate a self-assessment process for fire departments. The 10 category assessment came from work done by the ICMA several years ago. Preparation for the assessment requires a look at real performance data. The intent is to prompt questions of "How can we do it better?" Often, the answers lead to more creative approaches...and lower costs.

Concurrent Session: CalPERS: What's New, What's Old and What's to Come

- George Harris, Direct of Administration and Community Services, Rialto
- Alan Milligan, Chief Actuary, CalPERS
- Janet Cory Sommer, Partner, Burke, Williams & Sorensen, LLP

Alan Milligan noted that GASB-68 reports are now available. He stated that the charge to cities is required by law. CalPERS is a trustee for the benefit of the employees, not employers. Since the GASB-68 reports are for employers, they have to charge and cannot do it at employee expense.

The annual valuations are still in process and behind schedule. It sounds like late November or even sometime in December for release.

Looking to the future of employer contribution rates, he forecasts increases of 20 – 30% over the 2015/16 rates. Apparently the 2008 market losses and the recent mortality table changes are still factors.

The major project now is mitigation of funding risk, seeking lower volatility and accepting lower returns. The goal is to reduce volatility from 12% to the 8 – 10% range. Projected returns would drop from the current assumption of 7.5% to 7.0% or even 6.5%. During the Q&A part of the session, one person posed the quest as follows: "Let me see if I have this right. You've noted that CalPERS costs are straining cities. So you are going to lower volatility and charge us more. Right?" Of course, the answer was quite a hedge, but I think the questioner got it right. Alan's more nuanced answer is that volatility causes real costs to cities, and they are seeking a tradeoff.

CalPERS proposes to do changes over 10 - 20 years. Rates will increase for 20 – 30 years. After 50 years, rates will finally taper back down. This scenario didn't bring me much comfort.

George Harris described how Rialto shifted from a 2% at 50 public safety plan to 3% at 50...in 2008! Retroactive! They were concerned about their ability to recruit and retain employees. Instead they had layoffs, liabilities, and double costs. Staff warned council that it wasn't a good idea.

Janet Sommer described the current labor negotiating environment. She notes that employee expectations are high. On Jan 1, 2018, an employer can implement 50-50 sharing of retirement costs, apparently included

some part of the unfunded liability costs. She recommends making MOU's clear on "status quo" if contract expires. Think what you can do unilaterally. Be precise in drafting of the MOU.

PERB is currently focused on process, not outcomes. Noticing to unions must carry clear explanations.

EXPO

Over 200 vendors set up in the exhibition hall to pitch their services, which included environmental, legal, contacting, waste management, financing, traffic studies, and other things. I stopped at the David Taussig booth to thank them for the work they did on our sewer plan and rates. The woman in the booth actually did the work and appeared at our city council. She commented on the insightful questions and dialog PG had on the subject, apparently in some distinct contrast to what happens more typically.

Concurrent Session: Advancing Community Support for Affordable Housing by Promoting Housing Diversity

- Brian Moura, Administrative Services Advisor, Regional Government Services
- Laura Archuleta, President, Jamboree
- Duane Bay, Assistant Director Planning & Research, Association of Bay Area Governments

Housing is not affordable for most workers in our communities. We are seeing the exit of millennials to lower cost areas. The result is long commutes and traffic congestion. It undermines education. Part of the challenge is that every affordable housing project draws intense local community opposition to block it. One possible solution is "by-right zoning". In such a zone, a project meeting the zoning criteria can be approved by ministerial action, without public hearings.

Laura Archuleta described some rather amazing work her organization is doing. She noted that regular people need affordable housing. There is no stigma to rental – it's the most efficient form of housing. Costa Mesa has passed a small lot ordinance.

Projects need public sponsorship of the CEQA process, and per unit subsidies under an RDA. There are layers of financial agreements and layers of regulatory agreements needed for projects. It takes real expertise. Do community outreach before the project gets to council.

Tiny houses came up, with the comment that we have to be open to new forms. Cities have to be open to more density. But there is always strong community pushback. In Huntington Beach, there is an initiative to require a public vote for every project. (Personal prediction – it will be overturned). A moratorium can be useful when an ordinance needs a fix.

There is no money flexibility in cross boundary situations.

Concurrent Session: Healthy and Vibrant Communities

- Martin Gonzalez, Executive Director, Institute for Local Government
- Daryl Busch, Mayor, Perris
- Robb Davis, Mayor Pro Tempore, Davis
- L. Dennis Michael, Mayor, Rancho Cucamonga

This session was fun...pure exuberance. Three cities shared what they have done.

Perris created "Live Well Perris" and created a long list of on-going events. It started very simply and grew into a phenomenon. The events include organized group walks, hikes, and bike rides; Workouts in the Parks (rotating); a Biggest Loser competition; a basketball clinic; tee-shirt handouts at events; a reinvigorated

Farmers Market; a budget in the first year of \$12,000; President's Challenge Awards; eventually a \$1M grant; a Pet Parade – including an elephant!; a Senior Prom – for senior citizens, and it was a happening event; the Tour de Perris bike ride; and Aquatics Day.

The City of Davis defined wellness as physical and social. On the physical side they identified increasing physical activity, reducing sugary drinks, and protecting from tobacco smoke as 3 objectives for the primary benefit of children. They audited their walk/bike paths to the schools and produced a map for each school showing primary routes. The maps became a dialog piece for safe approaches. (Keep in mind that Davis is absolutely flat.)

They also approach social health using principles of restorative justice. A citizen can meet with a police officer if they feel they have been mistreated. For some offences, a citizen can agree to a neighborhood court composed of citizens instead of regular court.

Mayor Michaels (new president of LOCC) described Healthy RC (Rancho Cucamonga) – Mind, Body, and Spirit. He sees it as a primary role of local government. He noted the stress for youth today, and the need for anger management. There is Mobile RC – an RV as a mobile city hall. RC developed dashboards to track progress on wellness programs. There is a Farmers Market, and community gardens throughout the city. There are safe routes to schools, healthy vending machines, and certified Healthy RC restaurants and corner stores.

Closing General Session

K. Installation of New LOCC officers

Dennis Michael, Mayor of Rancho Cucamonga, succeeded Stephanie Aguilar, as LOCC president.

L. Awards

Legislator of the Year Awards were presented to 3 legislators. Anna Caballero received a lifetime achievement award.

M. A Passing Remark

One of the speakers, talking about the challenges of public service in local government, mentioned that we must not be “beaten in spirit before we are beaten in fact.” I can't remember the exact context, and simply took it to mean, as in Finding Nemo – “Just keep swimming!”

N. Resolutions

The League voting delegates meet to consider the 3 of the 4 resolutions that passed policy committee review. The resolutions were approved as consent items. The process is rather unusual, but then a council meeting of over 400 members is a rather different situation. The 3 resolutions were placed on the consent agenda by majority voice vote of the delegates. The consent agenda was then approved by majority voice vote. A couple of delegates tried to pull items from the consent agenda, as directed by their city councils. But the LOCC bylaws do not allow individuals to pull items. So there were eventually a few “nays” during the vote approving all resolutions. The resolutions were:

1. League Bylaw Amendment (filling board positions in event of unexpected vacancies, e.g. election defeats.)
2. Overconcentration of Alcohol and Drug Treatment Facilities (reduce impacts)
3. Residential Rentals – Support for SB593 (McGuire)