



County Personnel Administrators Association of California

# Spring 2018 Conference

March 21-23, 2018 • Wine & Roses Conference Center • Lodi, CA

## CPAAC Board

Marc Fox, <i>President</i>	Pamela Knorr <i>Vice President</i>	Shawn Atin <i>Treasurer</i>	Mary Hao <i>Secretary</i>	Lisa Garrett <i>Past President</i>
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# AGENDA

## Wednesday, March 21

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**Noon**                      **Officers Meeting and Lunch**

**1:00 p.m.**                **General Session – Call to Order and Welcome**  
Marc Fox, President, CPAAC

**Approval of Agenda**

**Review of Fall 2017 Meeting Minutes and Treasurer’s Report**

**Officer Reports**

President	Marc Fox, County of Solano
Vice President	Pamela Knorr, County of Butte
Treasurer	Shawn Atin, County of Ventura
Secretary	Mary Hao, County of Marin
Past President	Lisa Garrett, County of Los Angeles

**Nominating Committee Actions** -- California Counties’ Foundation

**Introductions**

Recognition of New Members

**Acknowledgements**

Past and Retiring Officers

**CPAAC Committee Reports**

NeoGov Work Group

**1:15 p.m.**                **Workers’ Compensation Program – Evaluating Program Performance**  
Sherri Adams; Risk Manager, County of Solano  
Chris Shaffer; Managing Vice President – Client Services, York Risk Services Group  
Dorienne Zumwalt; Senior Account Manager, York Risk Services Group

**2:45 p.m.**                **Regional Connection Break-Out Sessions**

**Regions:**

- **North** – Butte, Colusa, Del Norte, Glenn, Humboldt, Lake, Lassen, Mendocino, Modoc, Plumas, Shasta, Sierra, Siskiyou, Tehama, Trinity
- **Central Area** – Alpine, Amador, Calaveras, El Dorado, Nevada, Placer, Sacramento, San Joaquin, Stanislaus, Sutter, Yolo, Yuba
- **Bay Area** – Alameda, Contra Costa, Marin, Monterey, Napa, San Francisco, San Mateo, Santa Clara, Santa Cruz, Solano, Sonoma
- **South Central** – Fresno, Kern, Kings, Madera, Mariposa, Merced, San Benito, Tulare, Tuolumne
- **South** – Imperial, Inyo, Los Angeles, Mono, Orange, Riverside, San Bernardino, San Diego, San Luis Obispo, Santa Barbara, Ventura

**3:20 p.m. Hot Topics / Operational Issues / Best Practices / Group Discussions**

- Concealed weapons in the workplace
- Opportunities to piggyback contracts
- Health insurance coalitions
- Mandatory union dues, and what if...
- Other topics raised by the group

**4:15 p.m. Roundtable**

**4:55 p.m. Parking Lot and Action Item Recap**

**5:00 p.m. Adjourn**

**5:15 p.m. Optional Wine Tasting and Appetizers**

South Garden Ballroom Patio

Hosted by Liebert Cassidy Whitmore

**6:00 p.m. No Host Dinner**

(Sign-up sheets are available with restaurant selections)



# AGENDA

## Thursday, March 22

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- 6:15 a.m. Walk/Run**
- 7:30 a.m. Breakfast**  
Hosted by Hyas Group
- 8:30 a.m. Approval of Fall 2017 Meeting Minutes**  
  
**Approval of Treasurer's Report**  
  
**Roundtable**
- 9:00 a.m. CSAC Legislative Update**  
Dorothy Johnson, Legislative Representative  
Tracy Sullivan, Legislative Analyst  
CSAC Government Affairs
- 10:15 a.m. Break**
- 10:30 a.m. Roundtable**
- 12:00 p.m. Lunch**
- 1:15 p.m. Cal-ICMA Talent Initiative**  
Donna Vaillancourt; Human Resources Director, County of San Mateo  
Nancy Hetrick; Partner, Management Partners
- 2:45 p.m. Break**
- 3:00 p.m. Fact-Finding and In-Home Supportive Services**  
Burke Dunphy; Partner, Sloan Sakai Yeung & Wong
- 4:55 p.m. Parking Lot and Action Item Recap**  
  
**Nominating Committee Actions -- California Counties' Foundation**
- 5:00 p.m. Adjourn**
- 6:30 p.m. Hosted Dinner**  
Wine & Roses Pavilion  
Hosted by Sloan Sakai Yeung & Wong



# AGENDA

## Friday, March 23

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|-------------------|--|
| <b>6:15 a.m.</b>  | <b>Walk/Run</b>  |
| <b>7:30 a.m.</b>  | <b>Breakfast</b>   |
| <b>8:30 a.m.</b>  | <b>California Public Pensions</b><br>Dane Hutchings; Legislative Representative, League of California Cities   |
| <b>9:45 a.m.</b>  | <b>Break</b>   |
| <b>10:00 a.m.</b> | <b>Roundtable</b>  |
| <b>10:30 a.m.</b> | <b>Marijuana Scenarios and Occupational Health Safety</b><br>Gage Dungy; Partner, Liebert Cassidy Whitmore<br>Sherri Adams; Risk Manager, County of Solano |
| <b>11:45 a.m.</b> | <b>Adjourn</b>   |



# CPAAC Conference Meeting Minutes: Fall 2017

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**Location:** Wine & Roses; 2505 W. Turner Road; Lodi, CA.

**Attendees:** Alameda, Butte, Contra Costa, El Dorado, Kern, Kings, Lake, Los Angeles, Marin, Monterey, Napa, Nevada, Placer, Riverside, Santa Barbara, Santa Clara, San Bernardino, San Francisco, San Joaquin, San Mateo, Shasta, Siskiyou, Solano, Sonoma, Stanislaus, Sutter, Tulare, Ventura, Yolo and Yuba. **A quorum of the membership was present** (Article IV, Qualifications and Rights of Membership, section H, Quorum). Retiree present was Bill May.

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## Wednesday, September 20, 2017

### 2:12 p.m. Call to Order General Session and Welcoming Comments

President Lisa Garrett (Los Angeles) welcomed all participants to the Fall 2017 conference. Recognition of the length of CPAAC and the benefits of sharing best practices with colleagues. Introduction of all first attendees including attendees from El Dorado, Santa Barbara, Alameda, Marin, Kings, Kern, Nevada, Stanislaus and Napa counties. Welcome to all of our new members and general announcements.

**Moved** by Pamela Knorr (County) and **second** by Jill Abel (Yuba) **to approve the agenda.** The motion passed unanimously.

### Review of Spring 2017 Meeting Minutes and Treasurer Reports

Secretary Pamela Knorr (Butte) asked that counties review the minutes and the Treasurer's report (which will be considered for approval tomorrow), the balance as of March 1, 2017 – August 31, 2017 and asked participants to review if their county's dues are current and if not to pay association dues.

### Nominating Committee Actions

Marc Fox (Solano) was tasked by President Lisa Garrett (Los Angeles) to chair the officers' nominating committee. There was a nomination for Mary Hoa (Marin) as Secretary.

Nominations for the officers for calendar year 2018 are Mary Hoa (Marin) as Treasurer, Pamela Knorr (Butte) moves from Secretary to Vice President, Shawn Atin (Ventura) remains as Treasurer, Marc Fox (Solano) moves from Vice President to President, and Lisa Garrett (Los Angeles) moves from President to Past President. **Moved** by Kathy Ferguson (Lake) and **second** by Heather Ruiz (Napa) **to elect Lisa Garrett as Past President, Marc Fox as President, Pamela Knorr as President, Mary Hoa (Marin) as Secretary, and Shawn Atin as Treasurer.** The motion passed unanimously.

### Officer Reports

None



## Acknowledgements

No past or retiring Officers.

## CPAAC Committee Reports

Discussion included the activities of the NEO Gov Power User Group to discuss shared interest with enhancements to NEOGov and the need for more comprehensive reports and the ability to obtain information more timely. The new CEO of NeoGov was receptive to considering the enhancements.

## Regional Connection Break-Out Sessions and Roundtable

Participants met based on their regions to discuss matters of regional interest and provided a report out. The regions are:

- **North Counties** - Colusa, Del Norte, Glenn, Humboldt, Lake, Lassen, Mendocino, Modoc, Plumas, Shasta, Sierra, Siskiyou, Tehama, Trinity
- **Central Area** – Alpine, Amador, Butte, Calaveras, El Dorado, Nevada, Placer, Sacramento, San Joaquin, Stanislaus, Sutter, Yuba, Yolo
- **Bay Area** – Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Santa Clara, Santa Cruz, Solano, Sonoma, Monterey,
- **South Central** – Fresno, Kern, Kings, Madera, Merced, Mariposa, San Benito, Tulare, Tuolumne
- **South** – Imperial, Inyo, Los Angeles, Mono, Orange, Riverside, San Bernardino, San Diego, San Luis Obispo, Santa Barbara, Ventura

## 3:35 p.m. Operational Issues-Best Practices: Group Discussion Innovation Lab-Hot Topics

Discussion of Hot Topics included AB 1250-County Contracts for Personnel Services, AB 1008-Employment discrimination/conviction history, New Employee Orientation and Union Participation, platforms for ATS and LMS, Ban the Box, requesting salary history and CPAAC advocacy.

## 4:26 p.m. Roundtable and Parking Lot

Participants gave brief updates highlighting key initiatives, challenges, and/or requesting resources. There were no parking lot or action items.

The Spring 2018 CPAAC conference will be March 21-23 2018 at Wine & Roses in Lodi.

## 5:00 p.m. Recess to Thursday, September 21, 2017

## Thursday, September 21, 2017

## 8:41 a.m. Approval of Minutes and Treasurer's Report; Roundtable

**Moved** by Rhonda Sjostrom (Tulare) and **second** by Marc Fox (Solano) **to approve the Treasurer's report of March 1, 2017 through August 31, 2017 and the meeting minutes.** The motion passed unanimously.

### 9:00 a.m. Team Diversity, Inclusion & Acceptance

San Mateo's County's Director of Human Resources Donna Villacourt and Management Partners & Member, Nancy Hetrick of CAL-ICMA presented on creating strategies to address tomorrow's talent issues. Included in the presentation was the review tips on managing a diverse workforce and action strategies to guide local government in building the workforce of tomorrow.

### 12:00 noon Lunch

### 1:00 p.m. Round Table

Participants gave brief updates highlighting key initiatives, challenges, and/or requesting resources. There were no parking lot or action items.

### 1:58 p.m. Strategies for Keeping the "E" in Team

Senior Consultants from Shaw HR Consulting presented on FEMA/ADA Disability compliance and solutions to addressing complex medical leave matters.

### 3:30 p.m. Labor and Employment Law Update

Liebert Cassidy Whitmore's Partner Gage Dungy provided a Labor and Employment Law Update and provided background on recent cases involving public records, disciplinary matters and other employment law related updates.

### 5:06 p.m. Recess to Friday, March 24

## Friday, September 22, 2017

### 8:34 a.m. Legislative Update

CSAC Legislative Representatives Tracy Sullivan and Dorothy Johnson Holzem presented on the activities of the current legislative session.

### Break

### 10:00 a.m. Round Table

Participants gave brief updates highlighting key initiatives, challenges, and/or requesting resources. There were no parking lot or action items.

### 10:45 A Comprehensive Approach to Team Wellness

Mary Gillmore, Wellness Manager and Lisa Garrett, Director of Human Resources, for Los Angeles County provided information and education on programs hiring former convicts which included best practices on conviction questionnaires and describes the lessons learned and success in each of their programs.

### 11:35 a.m. Adjournment

The conference adjourned at 11:30 a.m.



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# Treasurer's Report



## COUNTY PERSONNEL ADMINISTRATORS Association of California

### TREASURER'S REPORT SUMMARY August 31, 2017 to February 28, 2018

Summary: August 31, 2017 to February 28, 2018

	Debits	Credit	Balance
CHASE-Checking Acct. Balance Forward at August 31, 2017			35,659.48
Net Activity: August 31, 2017 to February 28, 2018	29,117.03	22,550.00	
Ending Balance on February 28, 2018			29,092.45

#### FY 2017-18 Dues Summary:

FY 2017-18 Dues Invoiced	39,400.00
Total FY 2017-18 Dues received as of 02/28/2018	32,450.00
Total FY 2017-18 Dues not paid as of 02/28/2018	6,950.00

#### FY 2017-18 Dues Receivable Outstanding as of 02/28/2018

Alpine	600.00
Glenn	600.00
Imperial	650.00
Inyo	600.00
Lassen	600.00
Mariposa	600.00
Mono	600.00
Orange	900.00
San Benito	600.00
Tehama	600.00
Trinity	600.00
Total Dues Receivable as of 08/31/2017	6,950.00



COUNTY PERSONNEL ADMINISTRATORS  
Association of California

TREASURER'S REPORT SUMMARY  
August 31, 2017 to February 28, 2018

	<u>Debits</u>	<u>Credits</u>	<u>Balance</u>
Checking Account Balance on August 31, 2017			35,659.48
Net Activity: August 31, 2017 – February 28, 2018	(29,117.03)	22,550.00	
<b>Ending Balance on February 28, 2018</b>		<b>Total</b>	<b>29,092.45</b>

Debits Summary:

09/07/17	Bay Area Regional Meeting	373.32
09/20/17	Wine and Roses – Conference Final	14,687.12
09/20/17	Wine and Roses – Rooms	555.51
10/04/17	Alliant SLIP – Liability policy 12/22/2017 – 9/29/2018	1,429.08
10/11/17	Marin County – Stop Payment Placed returned check	200.00
10/11/17	Returned Item Fee	12.00
11/6/17	Hold for Spring Conference 2018	2,350.00
11/6/17	Hold for Fall Conference 2018	2,350.00
12/11/17	California County Foundation	5,160.00
12/12/17	Center for Social Inclusion	2,000.00
	<b>Subtotal</b>	<b>29,117.03</b>

Credits Summary:

FY 2017/18 Dues	20,550.00
Sponsorships	2,000.00
	<b>Subtotal</b>
	<b>22,550.00</b>

Sponsorships

Liebert Cassidy Whitmore (Sponsorship of Wine Reception Fall 2017 Conf.)	1,000.00
RENNE SLOAN (Sponsorship of Wine Reception Fall 2017 Conf.)	1,000.00
	<hr/>
<b>Subtotal</b>	<b>2,000.00</b>



# COUNTY PERSONNEL ADMINISTRATORS Association of California

## TREASURER'S REPORT SUMMARY August 31, 2017 to February 28, 2018

FY 2017-18 Dues Summary:		
County	Dues Paid	Dues Outstanding
Alameda	800.00	
Alpine		600.00
Amador	600.00	
Butte	650.00	
Calaveras	600.00	
Colusa	600.00	
Contra Costa	800.00	
Del Norte	600.00	
El Dorado	650.00	
Fresno	750.00	
Glenn		600.00
Humboldt	650.00	
Imperial		650.00
Inyo		600.00
Kern	750.00	
Kings	650.00	
Lake	600.00	
Lassen		600.00
Los Angeles	900.00	
Madera	650.00	
Marin	650.00	
Mariposa		600.00
Mendocino	600.00	
Merced	650.00	
Modoc	600.00	
Mono		600.00
Monterey	750.00	
Napa	650.00	
Nevada	600.00	
Orange		900.00
Placer	650.00	
Plumas	600.00	
Riverside	800.00	
Sacramento	800.00	
San Benito		600.00



**COUNTY PERSONNEL ADMINISTRATORS**  
**Association of California**

**TREASURER'S REPORT SUMMARY**  
**August 31, 2017 to February 28, 2018**

<i>Continued: Dues Summary</i>	Dues Paid	Dues Outstanding FY 17/18
San Bernardino	800.00	
San Diego	900.00	
San Francisco	750.00	
San Joaquin	750.00	
San Luis Obispo	650.00	
San Mateo	750.00	
Santa Barbara	750.00	
Santa Clara	800.00	
Santa Cruz	650.00	
Shasta	650.00	
Sierra	600.00	
Siskiyou	600.00	
Solano	750.00	
Sonoma	750.00	
Stanislaus	750.00	
Sutter	600.00	
Tehama		600.00
Trinity		600.00
Tulare	750.00	
Tuolumne	600.00	
Ventura	750.00	
Yolo	650.00	
Yuba	600.00	
<b>Subtotals</b>	<b>32,450.00</b>	<b>6,950.00</b>

Respectfully Submitted,

Shawn Atin  
CPAAC Treasurer

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## Workers' Compensation Program – Evaluating Program Performance

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**Sherri Adams;**  
Risk Manager,  
County of Solano

**Chris Shaffer;**  
Managing Vice President – Client Services,  
York Risk Services Group

**Dorienne Zumwalt;**  
Senior Account Manager,  
York Risk Services Group



# Workers' Compensation Program – Evaluating Program Performance

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## **PREVIEW**

- How do I know that the program is successful?
- How do we make the program better?
- What's important to your county and program
- Performance standards
- Benchmarking
- TPA relationships
- Communication, Audits, Trending, Activity Based vs. Results Based

## **THIRD PARTY ADMINISTRATOR**

- Claims Handling Management/Standards
- Stewardship vs. Trending
- Communication
  - Feedback
    - Employer
    - Employees
- Surveys
- Responsiveness
- Flexibility
- Successful Claims Reviews
- Litigation – Ratios

## **CLAIMS AUDITS**

- EIA – every 2 years
- Interim audits
- How to measure – percentages/pass or fail
  - Look at what measured
  - Evolving in EIA Standards and what
- What is important to your County vs. TPA (3 point contact/diaries for example)
  - Litigation Management
  - Excess Reporting and Reimbursements
  - Reserving Practices
  - Plan of Action
  - Proper coding of nature, cause, body part, etc.
    - No physical injury/unknown/NOC
  - Other
- Pre-meetings before the audit performed

## **TRENDING/TAILING AND FORWARD INDICATORS**

- Program Results Comparison Year/Year
- Goals for the Program
- Closing Ratios
- Actual Inventory
  - Pending Inventory Reduction
  - Reduction sustainability
- Incurred Changes Reports
- Medical Costs an Containment
  - Utilization Review and Bill Review
- Actuarial



## **STRATEGIC PARTNERS**

- Communication
- Develop a Plan
  - What Matters to your Agency
    - Return to Work
    - Absence Management
    - Safety Culture
    - Excess Carrier Information
    - OSIP
- Culture and Changing a Culture/Change Management
- El Dorado Story
  - What worked
  - 350 claims 2012
  - 250 today 2018
  - Sustainable
  - Developed a plan

## **PERFORMANCE STANDARDS GOALS AND OBJECTIVES**

- Time Period – Monthly/Quarterly/Annually
  - Regular check ins
- Closing Ratios – Medical Only/Indemnity/All
- Settlements/Closures C&R vs Stips
- Litigation
- Late reported cases – lag times
- Paid Medical/Indemnity/Expense
- Medical Control -MPN?Carve Out?
- Inventory reduction – critical claims
  - Stratification report
    - Years and dollars
- Salvage on closures
  - What are we saving

- Average dollars of a closed claim
- Average duration of Active TD files
- Lost days – TD payments
  - Nurse triage improving
- Litigated Inventory
- Reserve Development
- Days to denial

## **BENCHMARKING**

- Benchmarking – Other Agencies
  - Do they have the same objectives for the program?
- Benchmarking – Your Own County
- File reviews
  - What worked and what didn't
  - Successes/failures
  - Mod duty/Communication

## **SUMMARY**

- Partnering with your TPA and Managed Care Partners to create a Strategic Plan with your county's goals and objectives
- Claims Audits that evaluate those tasks that are important to your agency
- Create a meeting schedule to review program and trends and evaluate performance that meet the county's goals and objectives
- Continue to evaluate and revise for sustainability

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## **CSAC Legislative Update**

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**Dorothy Johnson, Legislative Representative**

**Tracy Sullivan, Legislative Analyst**

**CSAC Government Affairs**





**County Personnel  
Administrators  
Association of  
California**  
March 22, 2018  
Dorothy Johnson,  
Legislative  
Representative,  
CSAC

## WHAT'S NEW?

- **News from Sacramento**
- **2018 At a Glance**
- **Key Bills**
- **CalPERS Activity Report**
- **IHSS Collective Bargaining Next Steps**

## **NEWS FROM SACRAMENTO**

- **Governor's Focus for Final Year**
- **Senate Leadership Change**
- **Budget Projections**
- **Sexual Harassment/Misconduct Vacancies**

## **2018 AT A GLANCE**

- **Over 5000 bills introduced this session**
- **Ballot initiatives for June, November 2018**
- **CA and US Supreme Court Decisions**
- **Last year with Governor Brown**



## KEY BILLS

- Sexual harassment/misconduct
- Employee Background Checks
- Employee accommodations
- MMBA
- Workers' Compensation
- Other Greatest Hits

## SEXUAL HARASSMENT/MISCONDUCT

- SB 1343 (Mitchell) – All employee training requirements
- AB 1870 (Reyes) – Data filing requirement for 10 years of any complaints
- AB 1870 (Reyes) – FEHA complaint filing deadline extension from 1 year to 3 years

## SEXUAL HARASSMENT/MISCONDUCT

- AB 2366 (Bonta) – Leave time for sexual harassment victims and their families
- AB 2770 (Irwin) – Employer communications for “rehire” status
- AB 2713 (Rodriguez) – FEHA Officers report to DHR (state only)
- AB 1750 (McCarty) – Attorney fees for elected officials

## EMPLOYEE BACKGROUND CHECKS

- AB 2571 (Limon) – Nonsworn officer exemptions
- SB 1419 (Bradford) – Relevant prior conviction consideration
- AB 2680 (Jones-Sawyer) – Standardized employment forms
- AB 3039 (Holden) – CalJOBS “conviction-friendly employers”

## EMPLOYEE ACCOMMODATIONS

- AB 2841 (Gonzalez Fletcher) – Sick leave double-up
- AB 1976 (Limon) – Lactation facilities
- SB 963 (Wiener) – Lactation facilities
- AB 2587 (Levine) – Disability before sick leave requirement

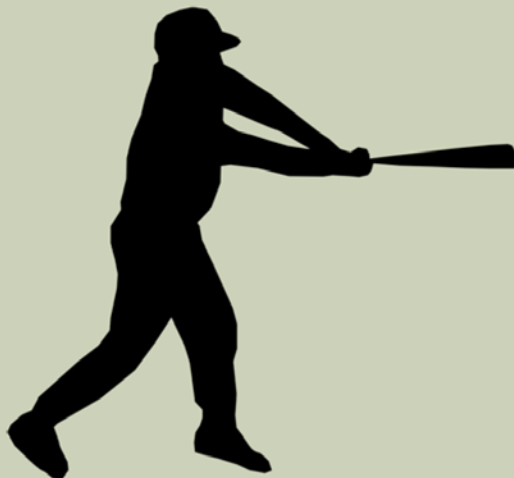
## MMBA

- AB 2154 (Bonta) – Paid release time guarantee
- AB 2017 (Chiu) – Dissuading or discouraging union participation
- Two more spot bills with pending MMBA issues
  - County Administrative services for union dues
  - Collective bargaining limitations

## WORKERS COMPENSATION

- AB 1749 (Daly) – Off-duty coverage for peace officers
- SB 899 (Bradford) – Rejection of *City of Jackson* apportionment
- AB 479 (Gonzalez Fletcher) – Breast cancer apportionment “light” for safety personnel
- SB 1086 (Atkins) – Sunset removed for firefighter cancer presumption death benefits

## OTHER GREATEST HITS



## NON-LEGISLATIVE ISSUES

- **CalPERS**
  - Amortization policy changes from 30 – 20 yr Period
    - Hardship exemption amendments
  - Health plan regional designation cycle
- **IHSS Collective Bargaining/Minimum Wage Clarification**
- **2018 Ballot Initiatives**

## QUESTIONS?

Dorothy Johnson, Legislative Representative

[djohnson@counties.org](mailto:djohnson@counties.org)

916.650.8113

Tracy Sullivan, Legislative Analyst

[tsullivan@counties.org](mailto:tsullivan@counties.org)

916.650.8124



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## Cal-ICMA Talent Initiative

### Attracting, Retaining, and Growing Local Government Professionals

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**Donna Vaillancourt, Director of HR**  
County of San Mateo & Member, Cal-ICMA Talent

**Nancy Hetrick, Partner**  
Management Partners & Member, CAL-ICMA



## Cal-ICMA Talent Initiative

Attracting, Retaining, and Growing Local Government Professionals  
CPAAC March 22, 2018

### The Talent Initiative

- Cal-ICMA / International City-County Management Assn
- Assignment No. 1: Report on Attracting, Retaining, and Growing Local Government Talent
- Target Audiences:



Agency  
Leaders



Electeds



Professional  
Organizations

## Research

- Over 350 surveys completed by city managers, executives, and HR leaders
- A dozen focus group meetings statewide
- Interviews with thought leaders in the private sector



## What We Learned

- In face of “retirement wave,” local government didn’t adequately build talent pipeline
- Local government can no longer rely on “stealing” talent; we need to grow our own
- Local government has competitive advantage regarding meaning & purpose—but we aren’t telling our story



## What We Learned

- Talent retention is about learning, challenge & engagement
- Mid-managers don't always perceive developing talent & coaching as primary functions
- Winning the race for talent is more about organization culture than money



## The Talent Challenge

- Baby boomer retirement wave
- Flatter organizations
- Cut mid-management positions to save \$\$
- Desire for experienced candidates

## Today's workforce is asking...

- Are there big problems to solve in local government?
- Am I interested in solving these big problems?
- Will I be empowered to help solve the big problems?

## Local government has two big challenges

- Branding/Image
- Organizational Culture and Work Systems



## Reflect and Share

What is your agency's Employee Value Proposition (EVP)?

- Why would a talented professional **want to join your organization** and stay with it?
- Why would a talented professional **be reluctant to join your organization** and stay with it?

## Challenges to Replenishing Talent



Retirement Wave = Fewer Seasoned Dept. Heads



Candidates may have the technical skills but not the management/leadership (soft) skills



May be difficult to compete with the private sector



Increasing cost and instability of the pension system

## Challenges to Retain & Develop Talent



Today's workforce has a greater emphasis on organizational culture: values, beliefs and norms



Work-life balance desired across generations



Longer commutes, housing costs



Connected workforce demands newest technology in the workplace to do their jobs effectively



Desire for quick advancement ("up or out")  
– 6 in 10 millennials are actively looking for new work

## What's Not Working

- Relying on "poaching" staff from other agencies
- Continuing to use the same recruitment tactics (posting a traditional job announcement)
- Expecting employees to work the same way as 10, 15, 20 years ago
- Continuing to treat training and development as discretionary
- Relying on compensation and benefits to recruit or retain employees



## What Organizations Can Do



- Grow homegrown talent
- Provide stretch opportunities
- Support technology to meet today's needs
- Support staff development, training, and coaching
- Retool the recruitment process
- Foster employee engagement
- Hire for values, attitude, learning agility

## Best Practices – Attracting Talent

**A great person attracts  
great people and knows  
how to hold them together.**

-Johann Wolfgang Von Goethe

## Best Practices – Attracting Talent

- Building a Pipeline
  - High School Programs
  - Internships
  - Fellowships
- Branding
- Incentives

## Best Practices – Organization Culture

“If you get the culture right, most of the other stuff will just take care of itself.”

*- Tony Hsieh – CEO, Zappos*

“Culture can become a secret weapon that makes extraordinary things happen”

*- Jon Katzenbach – Booz & Co*

## Best Practices – Organization Culture

Organization culture...

- Is “the way we do things around here”
- Serves as the underlying operating system of the organization.



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## Best Practices – Organization Culture

- Engagement Programs
- Innovation
- Total Wellness
- Flexible Work Environment
- Connectivity/Collaboration
- Re-tool Performance Management
- Recognition

## Best Practices – Talent Development

**The growth and development  
of people is the highest  
calling of leadership**

*- Harvey Firestone*

## Best Practices – Talent Development

- Leadership Development Programs
  - All levels: Lead, Aspiring Supervisors, Supervisors, Managers, Executives
- Career Development
  - Job shadow
  - Career Assessment Centers
  - Management Talent Exchange
  - Coaching and Mentoring
  - Recognition of Managers/Supervisors



## Resources

- Talent Development Report
  - Key Findings and Recommendations
  - Action Checklist / Matrix / Toolkit
  - Recommendations for Professional Organizations
- Cal-ICMA's Talent Initiative Website – Coming Soon
  - Final Report
  - Repository of Exemplary Programs
- Developing Assessment Tool
- “Best Places for Talent Development” Recognition

## Small Group Discussion

### “Best Places for Talent” program

#### *Discuss*

- What excites us about this program?
- What concerns us?
- What will make it successful?
- What could make it fail?

#### *Share*

## 5 Things to Get Started

1. Conduct a brief workforce analysis
2. Identify key talent for succession planning
3. Offer and promote cost-effective professional development
4. Engage managers in a readiness assessment and coaching opportunities
5. Begin a conversation about organizational culture (and take action)

### Questions / How to Get Involved

**Donna Vaillancourt** / [dvaillancourt@smcgov.org](mailto:dvaillancourt@smcgov.org)

**Nancy Hetrick** / [nhetrick@managementpartners.com](mailto:nhetrick@managementpartners.com)

[illegible]

[illegible]



## Fact-Finding and In-Home Supportive Services

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**Burke Dunphy; Partner,**  
Sloan Sakai Yeung & Wong



[illegible]

[illegible]

## California Public Pensions

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**Dane Hutchings; Legislative Representative,**  
League of California Cities



# CalPERS 101



*Dane Hutchings, Legislative Representative, League of California Cities*



## How the Fund Operates

- Pooled investments called the Public Employee Retirement Fund (PERF).
- All 3000+ employers money is pooled together and invested in a series of asset classes (e.g. Growth, equity, real estate, infrastructure etc.)
- BUT... each employer has their own independent pool with their own “funded level” (think Honeycomb).
- If one pool (Agency) is terminated, they move to the Terminated Agency Pool (TAP) fund and benefits may be reduced. (See LA Works)
- “Discount Rate” equals the Floor that CalPERS must earn. Anything below the employer must pick up the difference. **Note:** Discount rate is determined by a 60 year average



CalPERS Board moves to lower its discount rate from 7.5% to 7.00% over a phased in process (eight years in total).

Discount Rate Phase in Timeline (Local Agencies)	
Fiscal Year	Fractions of Rates
18-19	1/5 of 7.375
19-20	2/5 of 7.375 and 1/5 of 7.25
20-21	3/5 of 7.375, 2/5 of 7.25, 1/5 of 7.00
21-22	4/5 of 7.375, 3/5 of 7.25, 2/5 of 7.00
22-23	Full impact of 7.375, 4/5 Impact of 7.25, 3/5 impact of 7.00
23-24	Full Impact of 7.375, Full Impact of 7.25, 4/5 Impact of 7.00
24-25	Full impact of 7.375, full impact of 7.25, Full Impact 7.00

2014 → 7.5%      2016 → 7%



## Data Collection: League Pension Survey and CalPERS Data Study

- Collect Information on City Specific Budget Items related to Pension Obligations
- Assess Impact of Growing Pension Obligations on Safety and Miscellaneous Payrolls
- Improve Understanding of City Efforts to Mitigate Growing Costs
- Anticipate Budget or Service Cuts
- Create awareness on this issue
- Tell Our Story to Legislature, Administration and Community





## Data Collection: League Pension Survey: Methodology (Truncated)

- **Data Sets: CalPERS contribution amounts as they pertain to:**

- Percentage of payroll Misc. FY: 06-07, 17-18, 24-25 (Projected)
- Percentage of payroll Public Safety. FY: 06-07, 17-18, 24-25 (Projected)
- Percentage of total General Fund budget Misc. FY: 06-07, 17-18, 24-25 (Projected)
- Percentage of total General Fund budget Public Safety. FY: 06-07, 17-18, 24-25 (Projected)
- Percentage of total General Fund budget Aggregated. FY: 06-07, 17-18, 24-25 (Projected)

- **For purposes of projected future General Fund budgets:**

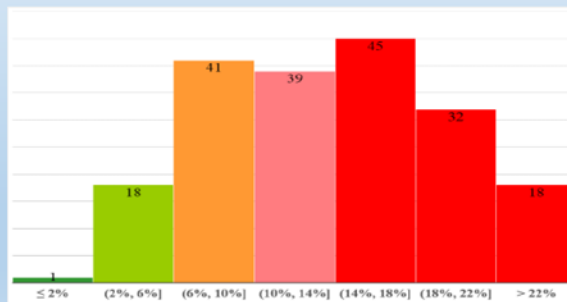
- Projected provided 2017/18 budgets forward assuming 3% annual growth
- Assumed 100% of Safety contributions were paid from the General Fund
- Assumed the portion of Miscellaneous General Fund contributions remained constant after 2017/18 fiscal year



## League Pension Survey: Key Preliminary Findings

**Rising pension costs will require Cities to nearly double the percentage of their general fund dollars that they pay to CalPERS.**

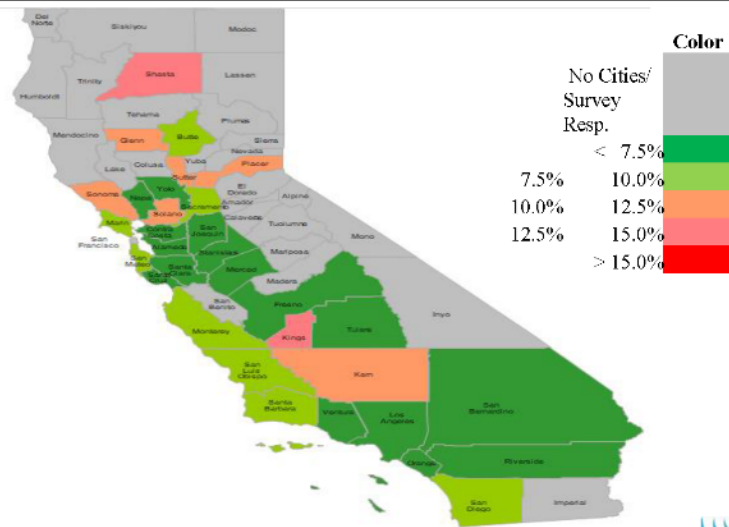
- The study evaluated the percentage of City general fund budgets devoted to paying pension costs to CalPERS. Percentages range from 15 percent to over 23 percent of total general fund revenue for a majority of city respondents. **Note:** These percentages are for CalPERS costs only -- over and above the cost of salaries -- and do not include the cost of retiree healthcare.



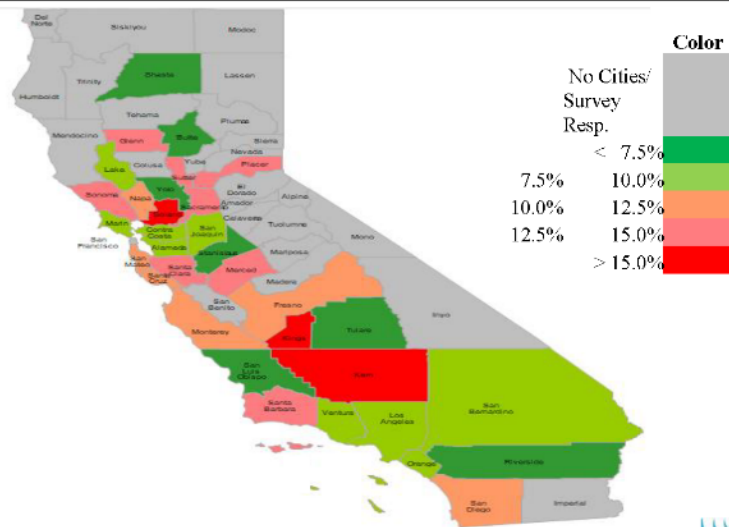
**Projected 2024/25 CalPERS Contribution as % of 2024/25 Projected  
General Fund Budget**



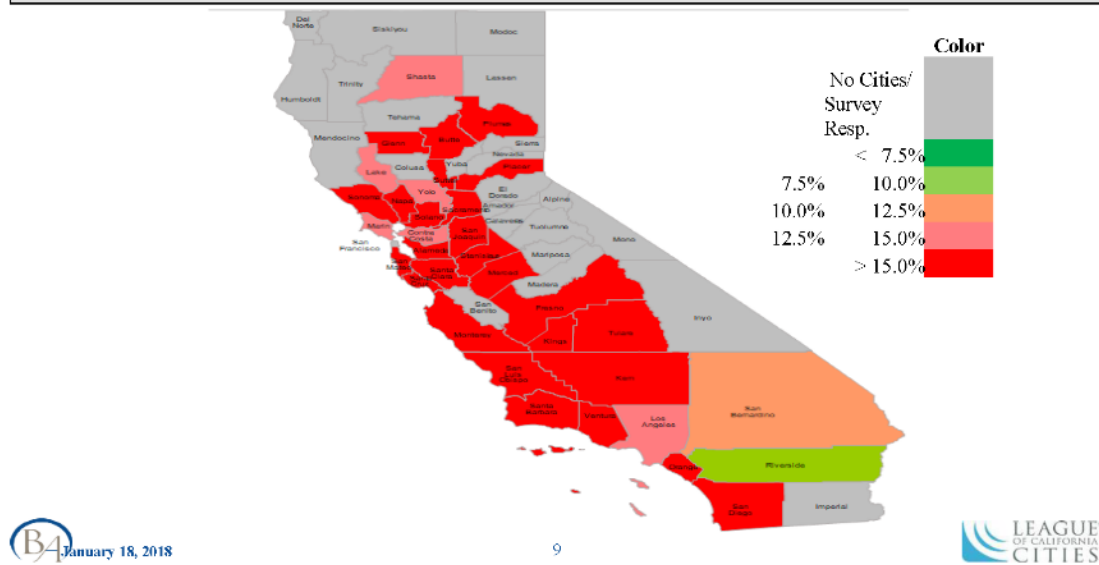
## CalPERS City 2006/07 Contr. As % GF Budget By County



## CalPERS City 2017/18 Contr. As % GF Budget By County

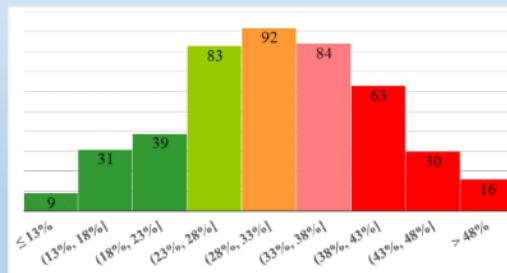


## CalPERS City – Projected 2024/25 Contr. As % GF Budget By County



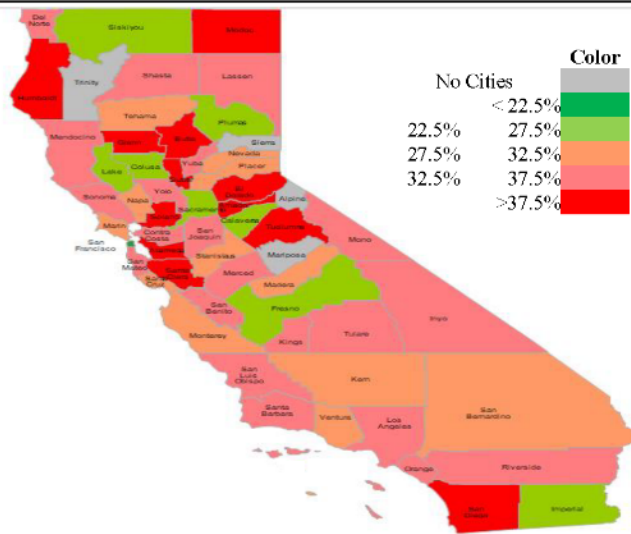
## League Pension Survey: Key Preliminary Findings

**Miscellaneous Employees:** In the fiscal year 2024-2025, a majority of city respondents will pay over 29% of their payroll towards miscellaneous employee pension costs, with some employers paying over 49% of payroll. This means for every \$100 in salary, the majority of cities would pay an additional \$29 to \$49 or more to CalPERS for pensions alone. **Note:** These figures do not include costs associated with retiree healthcare.



2024/25 CalPERS Projected Contribution as % of Projected Payroll

## CalPERS City Miscellaneous 2024/25 Projected Rates By County



B4 January 18, 2018

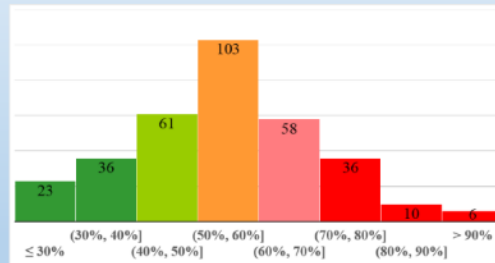
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LEAGUE  
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## League Pension Survey: Key Preliminary Findings

**Safety Employees.** 2024-2025 a majority of city respondents will pay approximately 51% to over 91% of payroll towards pension costs. In other words, for every \$100 in salary, the majority of cities would pay an additional \$51 to \$91 to CalPERS for pensions alone.

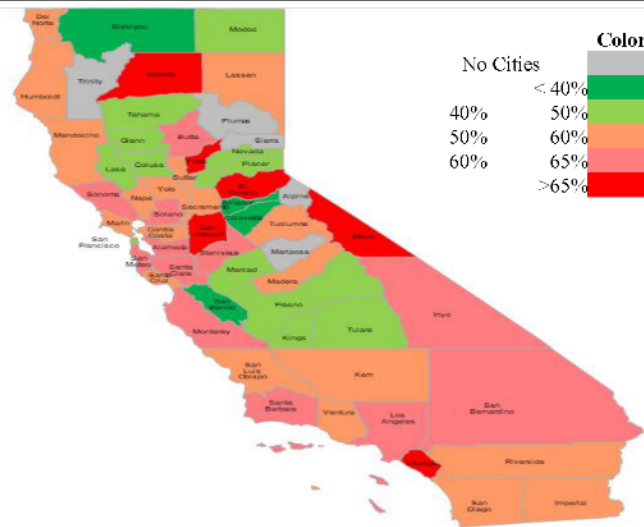
**Note:** These figures do not include costs associated with retiree healthcare.



2024/25 CalPERS Projected Contribution as % of Projected Payroll

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## CalPERS City Safety 2024/25 Projected Rates By County



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## By The Numbers

- According to CalPERS:
  - In 2001 there were two active workers for every retiree.
  - In 2016 there were 1.3 active employees for every retiree
  - It is projected that within the next 10-20 years there will be 0.6 workers for every retiree (CalPERS 2016 Annual Review of funding levels and Risk September 20, 2016).



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## Political Realities



- Currently, very limited “political will” to address the problem in Sacramento.
- Pending Litigation Re: Compulsory union dues.
- Pending Litigation Re: Vested Rights (Could take multiple years for a resolution)
- Politically charged issue with multiple stakeholders.
- The Economy is Healthy... (For Now).



## League Files Amicus Brief on Cal Fire Case

### Key Points

1. “Vested Rights” are a laws established through judicial precedent, not statute and must be clarified by as circumstances change.
2. There is a clear and distinct difference between benefits earned and benefits yet to be earned vis-a-vi vested rights.
3. Even if there is a vested right, the legislative body has the power to modify that right without providing a comparable new advantage

### Next Steps

- Courts have no statutory deadline to set oral arguments... BUT... once arguments have concluded the court has 90 days to issue an opinion



## Major Takeaway

### **This will NOT be Easy, Utilize Best Practices:**

The toughest decisions will be made locally. Each agency will need to make their own decisions on how to use best practices to stabilize their budgets.

- Identify New Sources of Revenue
- Reduce Plan Benefits (OPEB)
- Review Services and Staffing Models
- Establish Rate Stabilization 115 Trust and/or UAL Pre-Payments
- Reduce UAL Amortization Period
- Talk with your Local Labor Groups!



## Questions??





# Cal Fire Local 2881 v. California Public Employees' Retirement System



## Background

The contracts clauses of the California and United States constitutions prohibit the impairment of contracts. For decades, California courts have interpreted promised pension benefits to constitute “vested” contractual rights. Thus, California courts have held that promised pension benefits cannot be modified without violating the Constitution, except in limited circumstances — namely, only if the modifications are necessary to maintain the integrity of the pension system, and if they are “reasonable.” According to most California courts, modifications are not reasonable unless resulting disadvantages to employees are offset by comparable new advantages. This concept is now commonly referred to as the “California rule” of vested pension benefits.

In 2016, a three-judge panel of the California Court of Appeal for the First Appellate District departed from the California rule and upheld a pension benefit modification made pursuant to the California Public Employees' Pension Reform Act of 2013 (PEPRA) even though the modification was made without an offsetting comparable new advantage. Specifically, the court upheld PEPRA's elimination of the option for employees to purchase up to five years of service credit — “airtime” — to increase the amount of service factored into their pension at retirement. The California Supreme Court granted review.

## The Court of Appeal Opinion

### *The Airtime Benefit was not a Vested Contract Right*

In upholding the constitutionality of PEPRA's elimination of airtime, the court first analyzed whether the airtime benefit was a vested contract right for those employees who were eligible to purchase airtime before it was eliminated. The court concluded that the airtime benefit was not vested, because nothing in the text of the statute or its legislative history unambiguously demonstrated a legislative intent to create a vested right. In other words, the Legislature had not promised not to eliminate or modify the benefit.

### *The Elimination of Airtime was Reasonable Although No Comparable New Benefit was Provided*

The court further concluded that even if the airtime benefit was a vested right, it was not unconstitutional for the Legislature to eliminate it. The court rejected the concept that the constitutionality of the modification was dependent on providing a new, offsetting comparable benefit. In concluding the modification was reasonable, the court noted that:

1. the employees were given a window within which to purchase airtime before it was eliminated, and
2. the employees personally paid for airtime, so this was not a case where a benefit was provided in exchange for work performance and then taken away.

## California Supreme Court Proceedings

The California Supreme Court granted review of the case on April 12, 2017. Briefing was completed by the parties on January 22, 2018, leaving 30 days within which interested non-parties were permitted to file amicus — or friend-of-the-court — briefs. The League of California Cities® was one of several interested non-parties to file an amicus brief.

### *Party Briefing*

This case was initiated by Cal Fire Local 2881 on behalf of itself and its members (professional firefighters employed by the State). Cal Fire Local 2881 sued CalPERS to compel it to continue to offer the airtime benefit to employees employed prior to PEPRA, even though PEPRA had eliminated the benefit. The State intervened in the case to defend the constitutionality of PEPRA. Throughout the trial and appellate court proceedings, the case was handled by the Attorney General's office on behalf of the State. Once the Supreme Court granted review, the Governor's office took over.



# Cal Fire Local 2881 v. California Public Employees' Retirement System

## Governor's Arguments

The Governor's brief begins by explaining the origins of airtime and the flaws that emerged after the Legislature authorized its purchase. It also underscores the severity of the public pension crisis in California. It then makes the following arguments:

- » A law creates a vested contract right only where the Legislature clearly and unequivocally intends to create a contract, and no contract can be implied from the statute that authorized airtime.
- » Although pension benefits may become vested contract rights where they are "deferred compensation" for time already worked, the airtime benefit was merely a potential benefit enhancement, not deferred compensation.
- » Even assuming the airtime benefit was a vested contract right, it was lawful to modify it because:
  - The modification was minimal, not substantial. Those who never purchased airtime saw no changes whatsoever to their expected pension once the airtime benefit was eliminated.
  - And even if the modification was substantial, it was "reasonable and necessary to serve an important public purpose." This means to
    1. Restore the severed link between pension benefits and public service,
    2. Eliminate a known cause of premature retirements, and
    3. Eliminate an inherently unworkable and fiscally unsustainable scheme.
  - It is not necessary that every modification include an offsetting comparable advantage; rather, this is just one factor for the court to consider when deciding whether a modification is reasonable.

## The League's Arguments

The League's amicus brief, drafted by Jonathan Holtzman and Linda Ross of Renne Public Law Group®, extensively discusses the current fiscal hardships that cities are facing due to the unsustainable rise in pensions costs. It also makes the following arguments:

- » For a pension or retirement benefit to become a vested contract right, there must be unmistakable evidence that the legislative body intended to create a private contractual or vested right.
- » Even contractually-vested pension or other retirement benefits can be modified without providing a comparable new advantage, so long as the modifications are reasonable.
- » Modifications that are made to prospective benefits (i.e. to benefits attached to time not yet worked as opposed to time already worked) are reasonable so long as they bear a "material relation to the theory of a pension system and its successful operation" and leave employees with a "substantial and reasonable" pension. By contrast, benefits already earned by employees through completed service, and benefits paid to retirees, are subject to a higher standard of review if the legislative body seeks to modify them.
- » An economic emergency is not required in order to modify prospective benefits.

## Next Steps

The timeline for when the Supreme Court will issue a decision in this case will depend on when it sets oral argument. The Rules of Court do not impose any timeline under which the Court must set an oral argument, but once oral argument is held and the Court takes the case under submission, it has 90 days within which to issue an opinion.





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# Executive Summary



The League of California Cities® supports and continues to advocate for secure defined benefit pension plans and the reforms that will allow them to flourish through the next century of public service. Defined benefit plans have proven to be an effective vehicle to provide pension benefits to employees and support California's public servants throughout their lifetimes. Local governments wish to continue to use these pension plans to attract and retain a highly skilled workforce.

The California Public Employee Retirement System (CalPERS), however, is underfunded. As of January 2018, CalPERS had only 68 percent of the funds required to pay estimated retirement benefits — in other words, only 68 cents for every dollar needed to fund retiree pension commitments. [Several factors](#) have contributed to unsustainability of the CalPERS system — and as a result, the contributions paid by all public employers to CalPERS are dramatically increasing. California cities are feeling the effects of growing budgetary pressure more than other public employers.

To better understand the cost drivers behind increasing local employer contribution rates and impacts on cities, the League commissioned Bartel Associates, LLC, a leading California actuarial firm serving only public sector agencies to:

- » Analyze anticipated pension contribution rates for cities as a percentage of payroll; and
- » Determine how those future contribution rates would impact cities' General Funds.

This study was limited only to pension liability.

**It does not reflect costs to cities associated with active or other post-employment benefits such as health care.** Bartel Associates based its analysis on CalPERS' June 30, 2016, public agency actuarial valuation data and results of the League's October 18, 2017, City Survey<sup>1,2</sup>

## The findings of this study reveal the following:

1. Rising pension costs will require cities over the next seven years to nearly double the percentage of their General Fund dollars they pay to CalPERS;
2. For many cities, pension costs will dramatically increase to unsustainable levels; and
3. The impacts of increasing pension costs as a percentage of General Fund spending will affect cities even more than the state. Employee costs, including police, fire and other municipal services, are a larger proportion of spending for cities.

The results of this study provide additional evidence that pension costs for cities are approaching unsustainable levels. While the state budget has recovered significantly since the Great Recession with the assistance of substantial voter-approved tax increases, some cities have yet to recover. With local pension costs outstripping revenue growth, many cities face difficult choices that will be compounded in the next recession. Under current law, cities have two choices — attempt to increase revenue or reduce services. Given that police and fire services comprise a large percentage of city General Fund budgets, public safety, including response time, will likely be impacted.

Cities are looking for sustainable solutions that provide near-term relief while broader impacts from pension

<sup>1</sup> A more detailed summary of methodology can be found at the conclusion of this report.

<sup>2</sup> Bartel Associates used the existing CalPERS' discount rate and projections for local revenue growth. To the extent CalPERS market return performance and local revenue growth do not achieve those estimates, impacts to local agencies will increase. Additionally, the data does not take into account action pending before the CalPERS Board of Administration (Board) to prospectively reduce the [employer amortization schedule from its current 30 year term to a 20 year term](#). Should the Board adopt staff's recommendation, employer contributions are likely to increase.

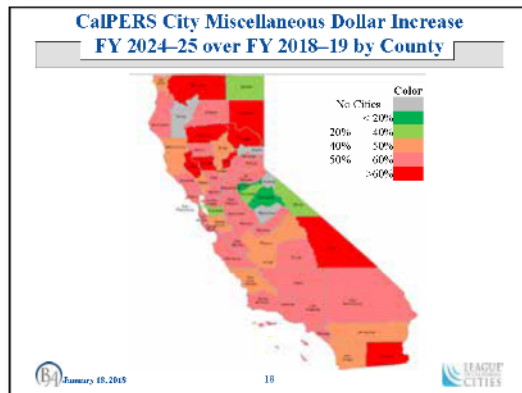
reform enacted by the Legislature in the Public Employees' Pension Reform Act (PEPRA) [applying to employees hired after January 1, 2013] materialize. However, tangible savings resulting from PEPRA will not have a substantial effect on city budgets for decades.

The League has created an online resource ([www.cacities.org/pensions](http://www.cacities.org/pensions)) to provide additional background and information for cities on this issue. Consistent with its adopted [Pension Sustainability Principles](#), the League looks forward to working with employees, CalPERS, the Legislature and the Governor to achieve meaningful options for cities to address growing unfunded pension liabilities that will ensure cities remain solvent and able to provide services to residents while continuing to offer employees sustainable pension and health benefits.

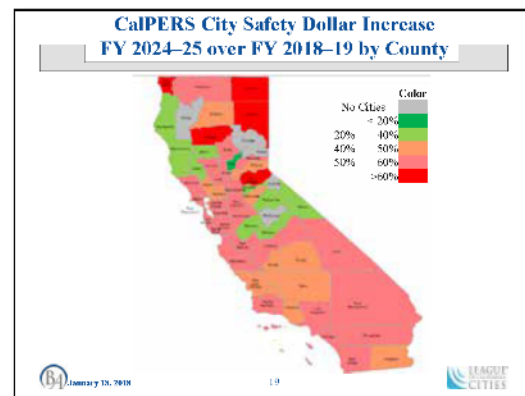
## Key Findings<sup>3</sup>

### 1. City pension costs will dramatically increase to unsustainable levels.

Between FY 2018–19 and FY 2024–25, cities' dollar contributions will increase by more than 50 percent. For example, if a city is required to pay \$5 million in FY 2018–19, the League expects that it will pay more than \$7.5 million in FY 2024–25.



*\*In figures 9, 17, 18, and 19 the grey color representing "No Cities" displays that there are no cities in that specific county with CalPERS as their public retirement system.*



FY 2024–25 Contribution Rates <sup>1</sup>		
Cities/Towns		
Percentile	Miscellaneous	Safety
90th	18.8%	35.2%
75th	25.2	44.8
50th	30.8	54.0
25th	37.7	63.8
10th	43.0	76.0

1. CalPERS projected rates adjusted for June 30, 2017 actual investment return and PEPRA.

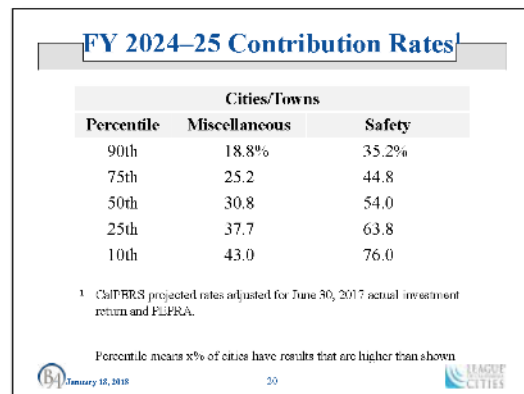
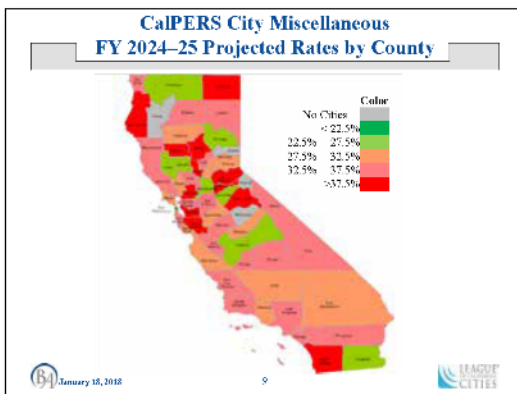
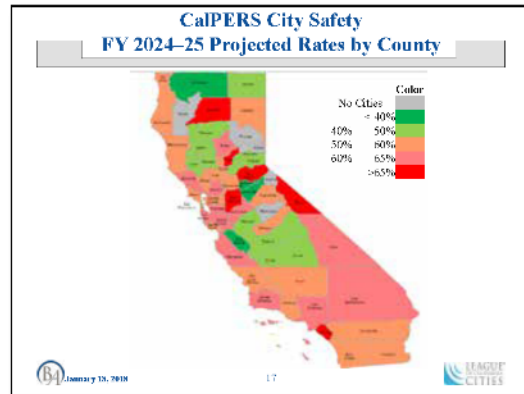
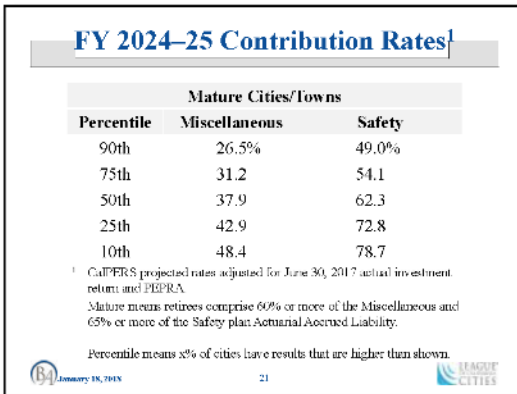
Percentile means x% of cities have results that are higher than shown

January 19, 2018

**Miscellaneous Employees:** In FY 2024–25, half of cities are anticipated to pay over 30.8 percent of their payroll towards miscellaneous employee pension costs, with 25 percent of cities anticipated to pay over 37.7 percent of payroll. This means that for every \$100 in pensionable wages (generally base salary), the majority of cities would pay an additional \$31 or more to CalPERS for pensions alone. This amount does not include active or retiree healthcare.

<sup>3</sup> Complete findings can be found at the conclusion of this summary.





For “mature cities” with larger numbers of retirees, the percentages are even higher. Half of those cities are anticipated to pay 37.9 percent or more of payroll and 25 percent are anticipated to pay 42.9 percent or more of payroll. These findings are not specific to one region of the state. The data shows that cities throughout California are dealing with these challenges.

**Public Safety Employees:** Contributions are projected to be much higher for cities that employ safety personnel (police officers and firefighters). By FY 2024–25, a majority of these cities are anticipated to pay 54 percent or more of payroll, with 25 percent of cities anticipated to pay over 63.8 percent of payroll. In other words, for every \$100 in salary, the majority of cities would pay an additional \$54 or more to CalPERS for pensions alone. As with miscellaneous employees, for cities with a large number of retirees, these percentages are even higher. The cities paying the highest percentages of payroll are spread throughout the state.

**Unsustainable Costs:** For FY 2024–25, the average projected contribution rate as a percentage of payroll is 34.6 percent for miscellaneous employees and 60.2 percent for safety employees. For cities with a large percentage of retirees, the averages are 39.4 percent and 67.5 percent.

### FY 2024–25 Contribution Rates<sup>1</sup>

CalPERS Average Projected Rates – Cities/Towns		
Fiscal Year	Miscellaneous	Safety
FY 2018–19	27.3%	47.3%
FY 2024–25:		
All Cities/Towns	34.6	60.2
Mature Cities/Towns	39.4	67.5
Enhanced Classic Formulas	36.7	60.3

<sup>1</sup> CalPERS projected rates adjusted for June 30, 2017 actual investment return and PEPPRA.

Mature means retirees comprise 60% or more of the Miscellaneous and 65% or more of the Safety plan Actuarial Accrued Liability.

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## 2. Rising pension costs will require cities to nearly double the percentage of their General Fund dollars they pay to CalPERS.

The League surveyed its members regarding the proportion of their General Fund budget devoted to paying pension costs to CalPERS. These percentages are for CalPERS costs only, over and above the cost of salaries and do not include the cost of active and retiree health care.

On average, from FY 2006–07 to FY 2024–25, cities will nearly double the percentage of the General Fund dollars that goes to CalPERS. In FY 2006–07, the average city spent 8.3 percent of its General Fund budget on CalPERS pension costs. That average increased to 11.2 percent in FY 2017–18 and it is anticipated to increase to 15.8 percent in FY 2024–25. In FY 2024–25, 25 percent of cities are anticipated to spend more than 18 percent of their General Fund on CalPERS pension costs with 10 percent anticipated to spend 21.5 percent or more. These cities are located throughout the state.

### Contribution % GF Budgets

Percentile	Cities/Towns		
	2006/07	2017/18	2024/25
90th	2.0%	2.5%	6.1%
75th	3.8	4.6	8.5
50th	7.6	9.1	13.7
25th	9.8	13.2	18.2
10th	12.8	15.5	21.5
Average	8.3%	11.2%	15.8%

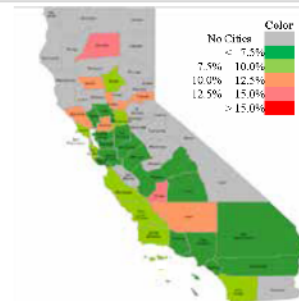
Percentile means X% of cities have results that are higher than shown.

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### CalPERS City FY 2006–07 Contributions as % GF Budget by County

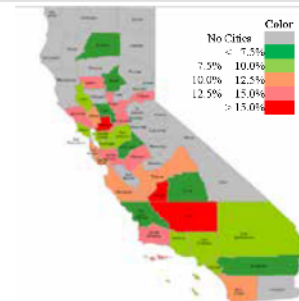


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### CalPERS City FY 2017–18 Contributions as % GF Budget by County

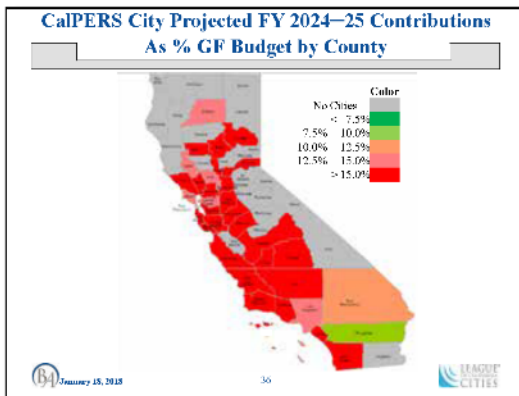


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\*In figures 34, 35, and 36 the grey color representing "No Cities" displays either that there are no cities in that specific county with CalPERS as their public retirement system or there was not valid survey data from the cities in those counties.



The state also faces increasing pension costs. According to [Governor Brown's proposed FY 2018–19 budget](#)<sup>4</sup> introduced in January, \$3.2 billion of the state's General Fund will be allocated to pay down CalPERS pension liabilities. This is approximately 2.75 percent of the total \$131 billion proposed General Fund budget. Furthermore, when all state-related retiree costs, including teachers in CalSTRS and state contributions for retiree health care are taken into account, that number increases to 8 percent of the state's General Fund. While these amounts are significant and affect the state's ability to fund other priorities, cities' pension cost impacts alone — without considering any obligations for active and retiree health care — are significantly higher as a percentage of cities' General Funds.

### 3. Cities have few options to address growing pension liabilities

Under the California Constitution, a city's options for revenue raising are strictly limited. Any increase in local taxes requires voter approval and voter tolerance for tax increases is waning. Much of a city's budget is dedicated to employee salaries and benefits to provide fire protection, law enforcement, parks services and other municipal services. If new revenues are unavailable, as contributions rise, local agencies are forced to significantly reduce or eliminate critical programs.

Despite the significant changes made through PEPPRA, local governments will continue to face the financial conundrum of meeting their pension obligations. PEPPRA, with all of its positive changes, does little to address the more immediate and near-term pension funding problems facing local governments. The anticipated benefits of PEPPRA reforms are applicable only to new CalPERS employee members, and therefore it will take decades for these savings to be reflected in city budgets.

Under current law, there are only two sources to address the growing unfunded liability at CalPERS that cities face: higher than expected investment returns or increased employer contributions. Although CalPERS recently reduced its discount rate to 7 percent, [the Fund](#) projects a 6.1 percent return over the next 10 years.<sup>5</sup> It is highly probable that public agencies will be expected to pay more to make up the difference — this is unsustainable.

## What Cities Can Do Today

Many cities have already exercised their limited options under current law to address the fiscal challenges attributed to growing pension liabilities, which include:

- 1. Develop and implement a plan to pay down the city's Unfunded Actuarial Liability (UAL):** Possible methods include shorter amortization periods and pre-payment of cities UAL. This option may only work for cities in a better financial condition.
- 2. Consider local ballot measures to enhance revenues:** Some cities have been successful in passing a measure to increase revenues. Others have been unsuccessful. Given that these are voter approved measures, success varies depending on location.

<sup>4</sup> See page 16 Figure SWE-01 State retirement and Health Care Contributions

<sup>5</sup> See page 5, expected compound return (1–10 years) candidate portfolio C.



### 3. Create a Pension Rate Stabilization Program

**(PRSP):** Establishing and funding a local Section 115 Trust Fund can help offset unanticipated spikes in employer contributions. Initial funds still must be identified. Again, this is an option that may work for cities that are in a better financial condition.

### 4. Change service delivery methods and levels of certain public services:

Many cities have already consolidated and cut local services during the Great Recession and have not been able to restore those service levels. Often, revenue growth from the improved economy has been absorbed by pension costs. The next round of service cuts will be even harder.

### 5. Use procedures and transparent bargaining to increase employee pension contributions:

Many local agencies and their employee organizations have already entered into such agreements.

### 6. Issue a pension obligation bond (POB):

However, financial experts including the Government Finance Officers Association (GFOA) [strongly discourage local agencies from issuing POBs](#). Moreover, this approach only delays and compounds the inevitable financial impacts.

## Methodology and League Member Survey

This section summarizes the methodology Bartel Associates used to prepare our analysis of CalPERS' June 30, 2016, public agency actuarial valuation data and results of the League of California Cities' October 18, 2017, City Survey.

### The CalPERS June 30, 2016 data included, separated by rate plan (miscellaneous, safety and further by benefit level for those in a risk pool):

- » Basic demographic information
- » FY 2018–19 required contributions detail
- » Present value of projected benefits, separated by member category (active, transferred, terminated, receiving benefits)
- » Entry age normal accrued liability, separated by member category (active, transferred, terminated, receiving benefits)
- » Market value of assets, including the plan's share of the risk pool's market value of assets for those in a risk pool
- » Projected employer contributions for fiscal years FY 2019–20 through FY 2024–25, with normal cost and UAL payment separated
- » Discount rate sensitivity under 6 percent, 7 percent and 8 percent discount rates
- » Schedule of amortization bases
- » Scheduled payment for FY 2018–19 by amortization base



### Summary of the major benefit options:

- » Benefit Formula
- » Social Security Coverage Full/Modified
- » Employee Contribution Rate
- » Final Average Compensation Period
- » Sick Leave Credit
- » Non-Industrial Disability
- » Industrial Disability
- » Pre-Retirement Death Benefits
  - Optional Settlement 2W
  - 1959 Survivor Benefit Level
  - Special
  - Alternate (firefighters)
- » Post-Retirement Death Benefits
  - Lump Sum
  - Survivor Allowance (PRSA)
- » COLA

Inactive plans were excluded from the analysis. Once the CalPERS data was reviewed for completeness, CalPERS contribution projections were adjusted by accounting for:

- » New hires going into Tier 2 Classic and/or PEPPA formulas
- » June 30, 2017 CalPERS' actual investment return (11.2 percent)

### The adjustments slightly lowered the projected contribution rates provided by CalPERS. However, it is important to note that contribution rates were not adjusted for two issues:

- » CalPERS' Board has established a risk mitigation strategy. This policy is designed to reduce investment return volatility by changing the investment mix over time to a more conservative mix.
- » CalPERS' outside investment advisors along with CalPERS' internal investment staff have said they believe investment returns over the next decade will be below 7 percent (6.1 percent in the latest Wilshire projections).

Slides 27–36 provide city results using combined CalPERS and League survey data. The League survey data was reviewed for consistency with the CalPERS-provided data and, with few exceptions, was found to be consistent. To ensure consistency not all survey cities were included in the analysis due to incomplete data. Out of 229 total survey respondents, the following numbers were included in the General Fund budget analysis:

- » FY 2006–07: 159
- » FY 2017–18: 175
- » FY 2024–25: 194

### For purposes of projected future General Fund budgets, the following assumptions were applied:

- » Projected provided FY 2017–18 budgets forward assuming 3 percent annual growth.
- » Assumed 100 percent of Safety contributions were paid from the General Fund.
- » Assumed the portion of miscellaneous General Fund contributions remained constant after FY 2017–18.

## League of California Cities 2017 Pension Survey

The City Managers' Department of the League of California Cities has established the Pension Stability Working Group to inform the development of League policy related to growing pension liabilities facing municipalities. The League of Cities in conjunction with Bartel Associates developed this survey to gather historic and projected financial information related to pension obligations and city budgets. This survey was used in conjunction with CalPERS June 30, 2016 public agency actuarial valuation data in order to detail the magnitude of the issue. Responses were submitted through the Qualtrics platform and aggregated by Bartel Associates. City Managers, Assistant City Managers, Finance Directors and/or Human Resources Directors were instructed to respond.

**Note:** Questions that were not used for purposes of this study have been omitted.

### The information required for this survey can be found in each jurisdiction's:

- » Most recent CalPERS Actuarial Valuation (Most information on Page 5 of reports).
- » Annual Budget Documents.
- » Comprehensive Annual Financial Report (CAFR) for the most recently complete fiscal year.

### Survey Questions

1. CalPERS Employer ID Number
  2. City name and County Location
  3. City Population (persons)
    - a. 0-25K
    - b. 25-50K
    - c. 50-100K
    - d. 100-250K
    - e. 250K+
4. Please Provide the following information regarding pension Information Re General Fund: *(Employer contributions only. Exclude employee share. Exclude healthcare costs).*
    - a. General Fund Budget: FY 07-08,09-10,14-15,17-18
    - b. General Fund Payroll: FY 07-08,09-10,14-15,17-18
    - c. Public Safety General Fund Budget: FY 07-08,09-10,14-15,17-18
    - d. Public Safety General Fund Payroll: FY 07-08,09-10,14-15,17-18
    - e. General Fund Full Time Employees (FTE): FY 07-08,09-10,14-15,17-18
    - f. Percentage of General Fund Public Safety Employees: FY 07-08,09-10,14-15,17-18
    - g. General Fund PERS Contribution (dollars) Safety Employees: FY 07-08,09-10,14-15,17-18
    - h. General Fund PERS Contribution (dollars) Misc. Employees: FY 07-08,09-10,14-15,17-18
    - i. Total Budget Funds (dollars) All Funds: FY 07-08,09-10,14-15,17-18
    - j. Payroll (dollars) all Funds: FY 07-08,09-10,14-15,17-18
    - k. Public Safety all Funds Payroll: FY 07-08,09-10,14-15,17-18
    - l. All Funds Full Time Employees (FTE): FY 07-08,09-10,14-15,17-18
    - m. Percentage of all fund public safety employees: FY 07-08,09-10,14-15,17-18
    - n. All Funds PERS Contribution Safety Employees: FY 07-08,09-10,14-15,17-18
    - o. All Funds PERS Contribution Misc. Employees: FY 07-08,09-10,14-15,17-18

5. City's Projected Payroll—General Fund and All Fund *(For years not budgeted yet, use 3% annual increases to align with CalPERS Payroll Assumptions)*

- a. Total Misc. Payroll (dollars) General Fund: FY 19-20,21-22,23-24,24-25
- b. Total Safety Payroll (dollars) General Fund: FY 19-20,21-22,23-24,24-25
- c. Total Misc. Payroll (dollars) All Funds: FY 19-20,21-22,23-24,24-25
- d. Total Safety Payroll (dollars) All Funds: FY 19-20,21-22,23-24,24-25

6. Which benefit tiers are established in Your City? *(Check all that apply)*

- » Misc. PEPRA 2% @ 62
- » Misc. 1.5% @ 65
- » Misc. 2% @ 60
- » Misc. 2% @ 55
- » Misc. 2.5% @ 55
- » Misc. 2.7% @ 55
- » Misc. 3% @ 60
- » Safety PEPRA 2% @ 57
- » Safety PEPRA 2.5% @ 57
- » Safety PEPRA 2.7% @ 57
- » Safety 2% @ 55
- » Safety 2% @ 50
- » Safety 3% @ 55
- » Safety 3% @ 50
- » Other \_\_\_\_\_

7. Does your city require employees to cover their statutory "EMPLOYEE" CalPERS contribution?

- a. Yes, 100 %
- b. Yes, partially (less than 100%)
- c. No, City covers entire employee contribution

8. If so, what percentage and for which employees?

9. Does your city require employees to contribute toward any of the "EMPLOYER" CalPERS contribution *(i.e. Has your city negotiated employee cost sharing in addition to the required CalPERS member contribution)?*

- a. Yes
- b. No

10. Does your city pay any portion of the required member contribution for Classic employees (EPMC)?

- a. Yes
- b. No

11. If so, has the city negotiated a reduction or end to the Employer Paid Member Contribution (EPMC) or intend to make any changes in EPMC?

- a. Yes
- b. No

12. Does your city anticipate budget and/or service cuts as a result of growing pension obligations?

- a. Yes
- b. No

13. Is your city making additional payments towards unfunded pension liability? *(Check all that apply)*

- a. No
- b. Pension Stabilization Fund/Section 115 Trust
- c. Additional payments to CalPERS beyond Annual Required Contributions (ARC)
- d. Other \_\_\_\_\_

\*End of Document\*



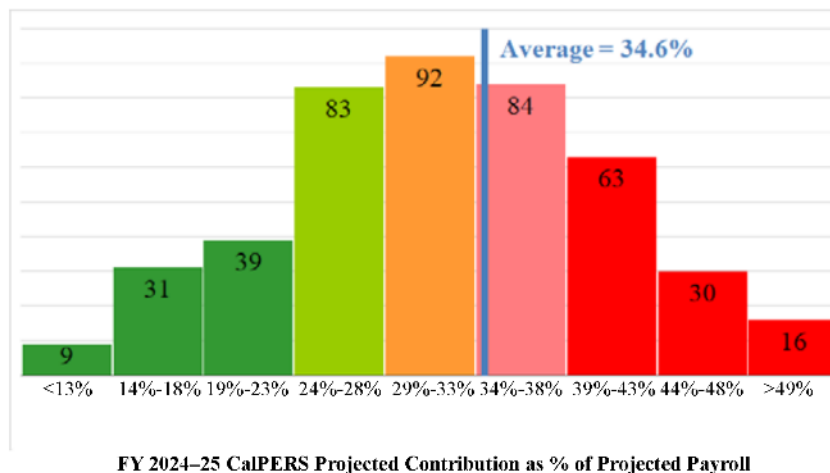
# Appendices

<b>Appendix 1</b> — League of California Cities Retirement System Sustainability: Complete Findings .....	11
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## CalPERS Projected Rates

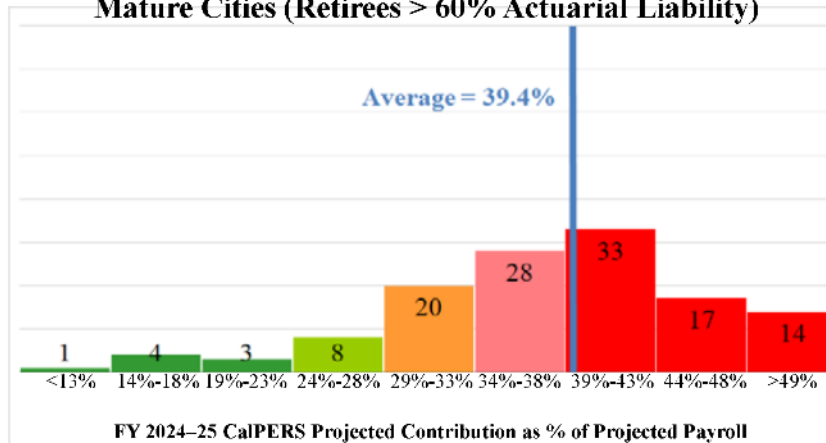
- Generally higher if:
  - Mature City with large retiree liability
  - Enhanced formulas for Classic employees
- Generally lower if:
  - Younger City with small retiree liability
  - No enhanced formulas for Classic employees
- Implementation of an unenhanced 2<sup>nd</sup> benefit tier before PEPPRA has very little impact on projected rates

## CalPERS City Miscellaneous FY 2024–25 Projected Rates



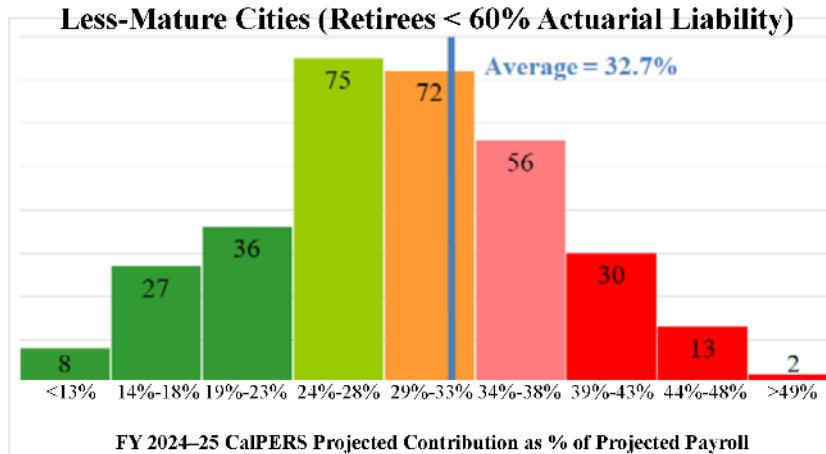
## CalPERS City Miscellaneous FY 2024-25 Projected Rates

### Mature Cities (Retirees > 60% Actuarial Liability)



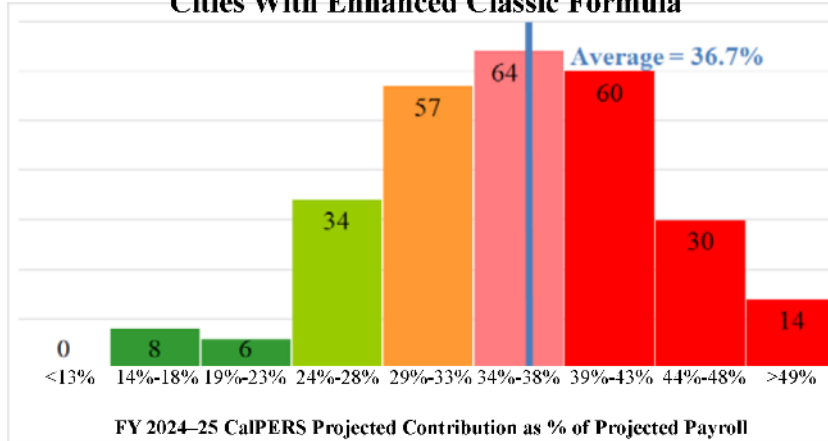
## CalPERS City Miscellaneous FY 2024-25 Projected Rates

### Less-Mature Cities (Retirees < 60% Actuarial Liability)



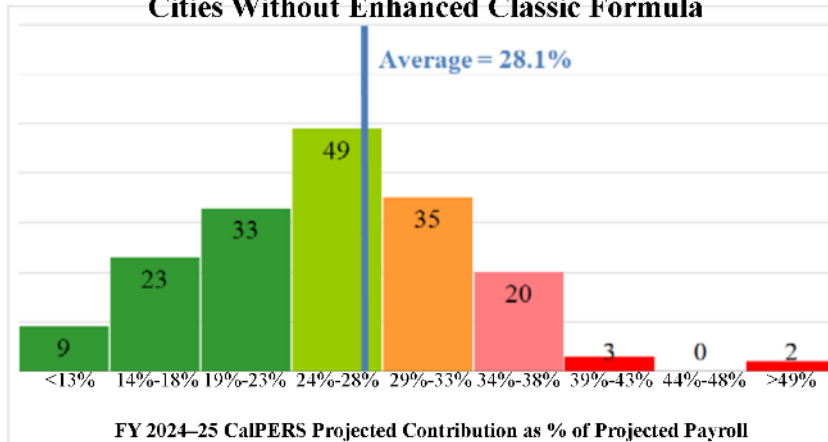
## CalPERS City Miscellaneous FY 2024-25 Projected Rates

### Cities With Enhanced Classic Formula



## CalPERS City Miscellaneous FY 2024-25 Projected Rates

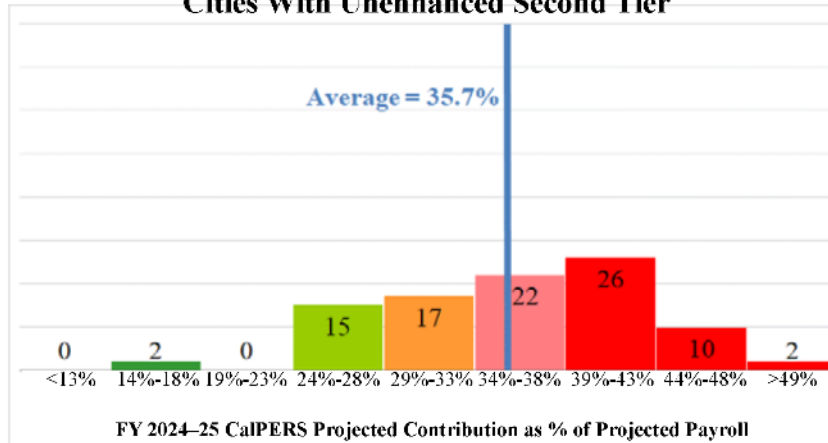
### Cities Without Enhanced Classic Formula





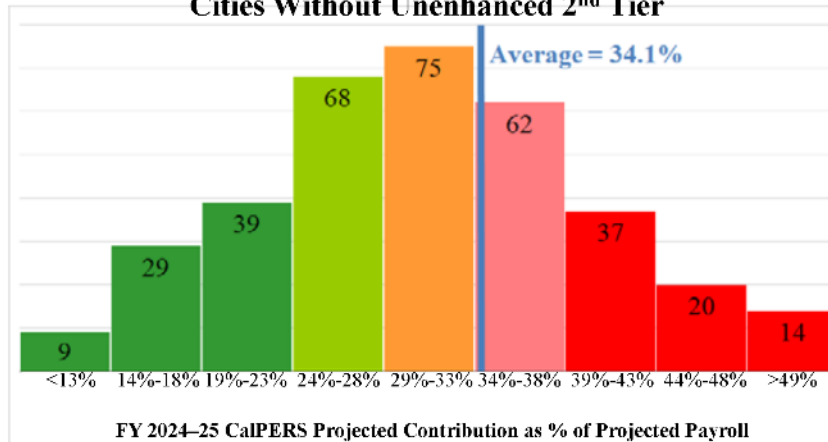
## CalPERS City Miscellaneous FY 2024-25 Projected Rates

### Cities With Unenhanced Second Tier

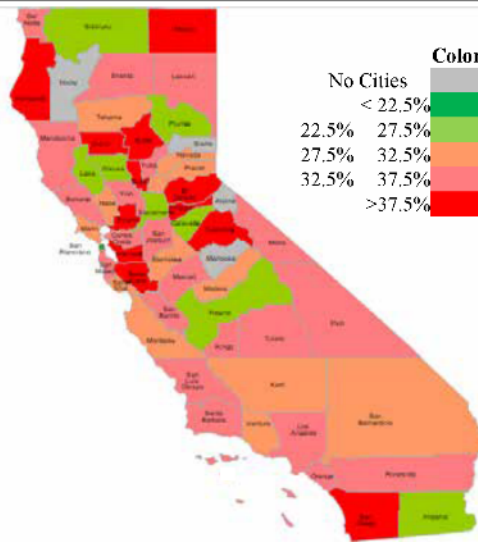


## CalPERS City Miscellaneous FY 2024-25 Projected Rates

### Cities Without Unenhanced 2<sup>nd</sup> Tier



## CalPERS City Miscellaneous FY 2024–25 Projected Rates by County

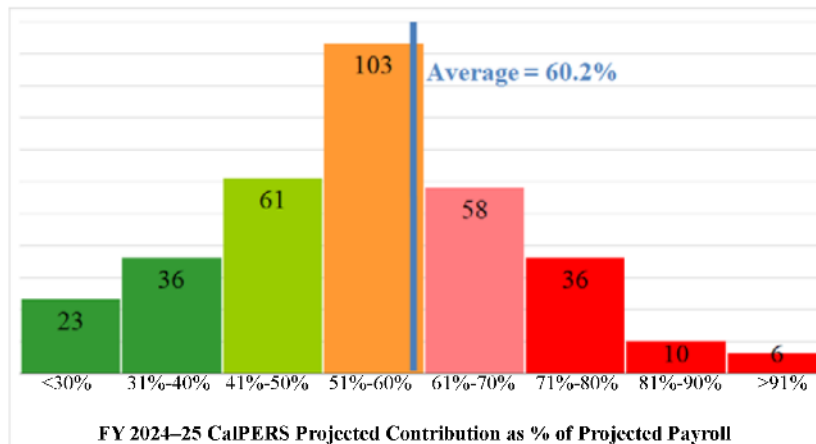


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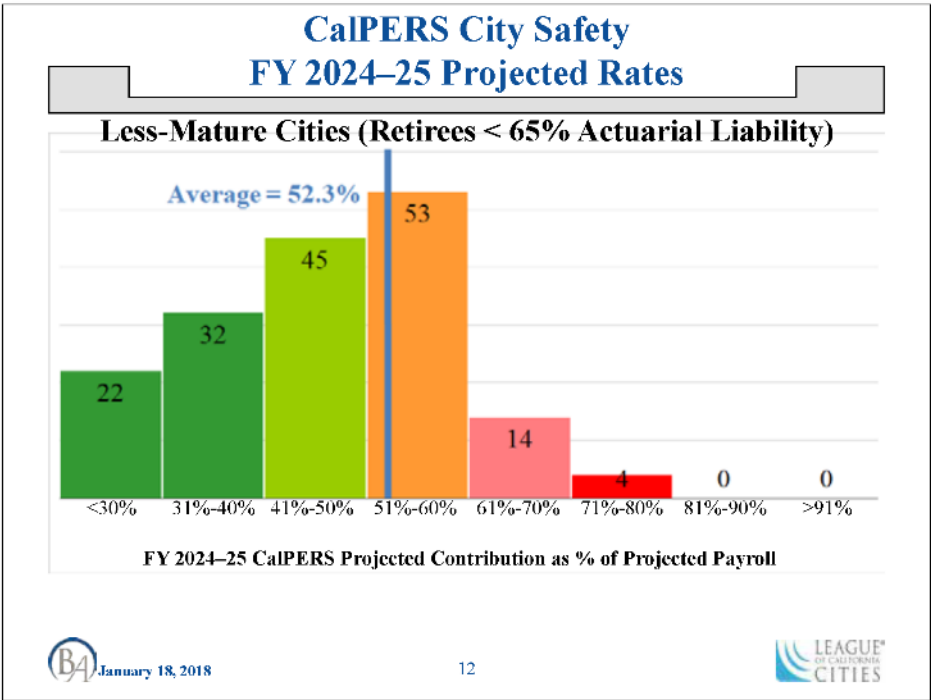
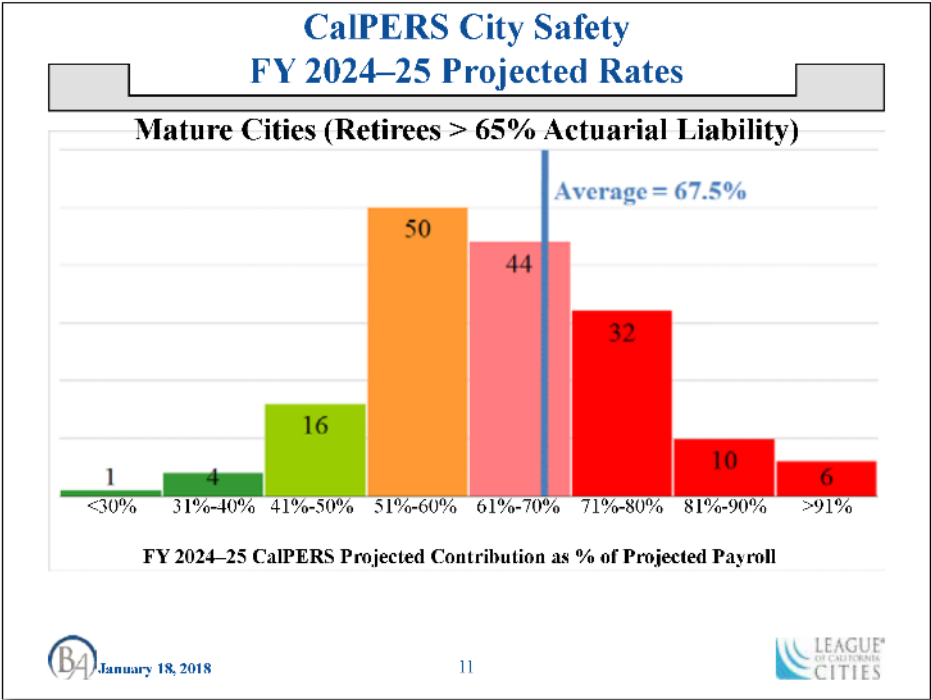
## CalPERS City Safety FY 2024–25 Projected Rates



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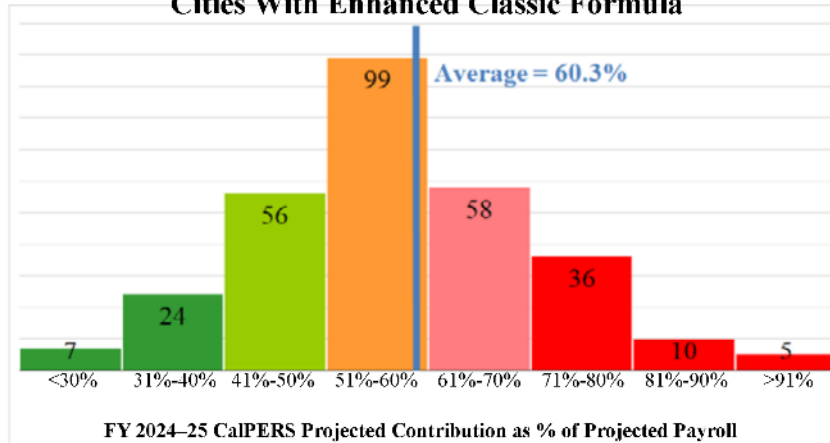
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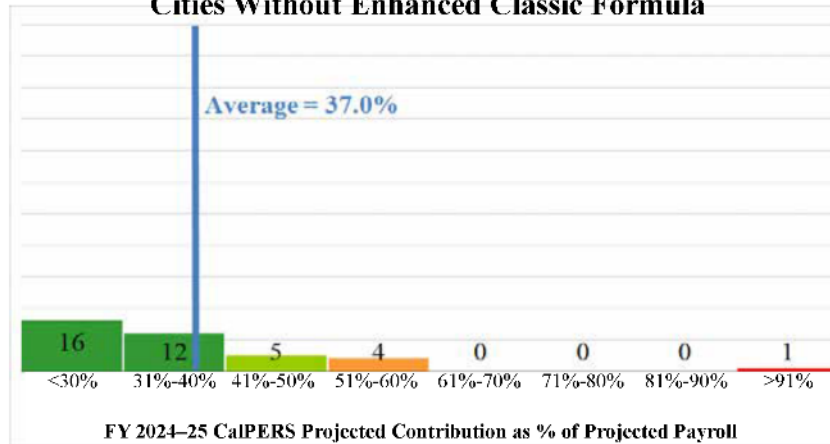
## CalPERS City Safety FY 2024–25 Projected Rates

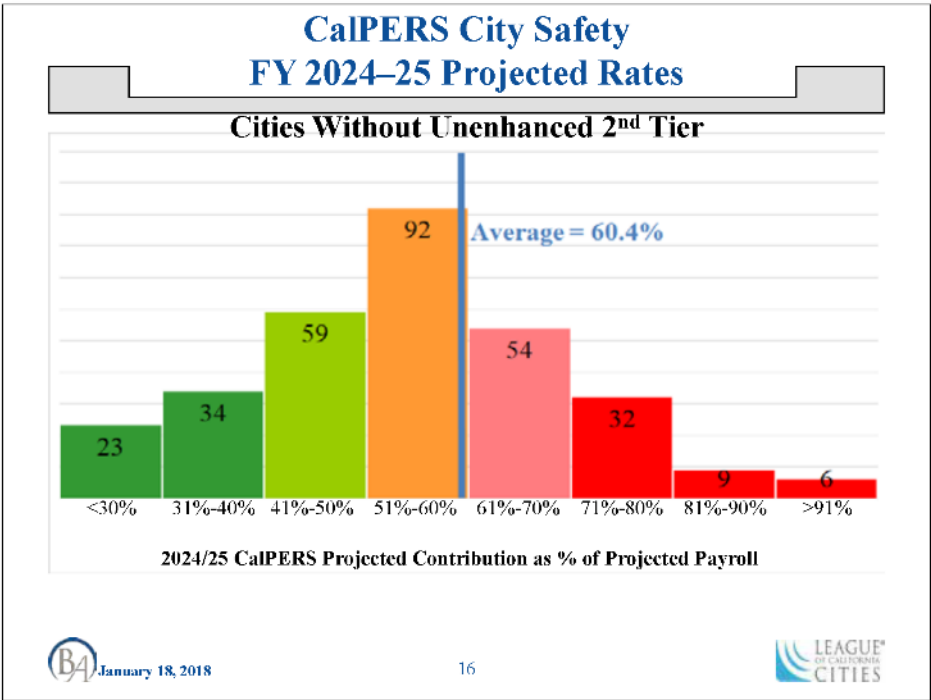
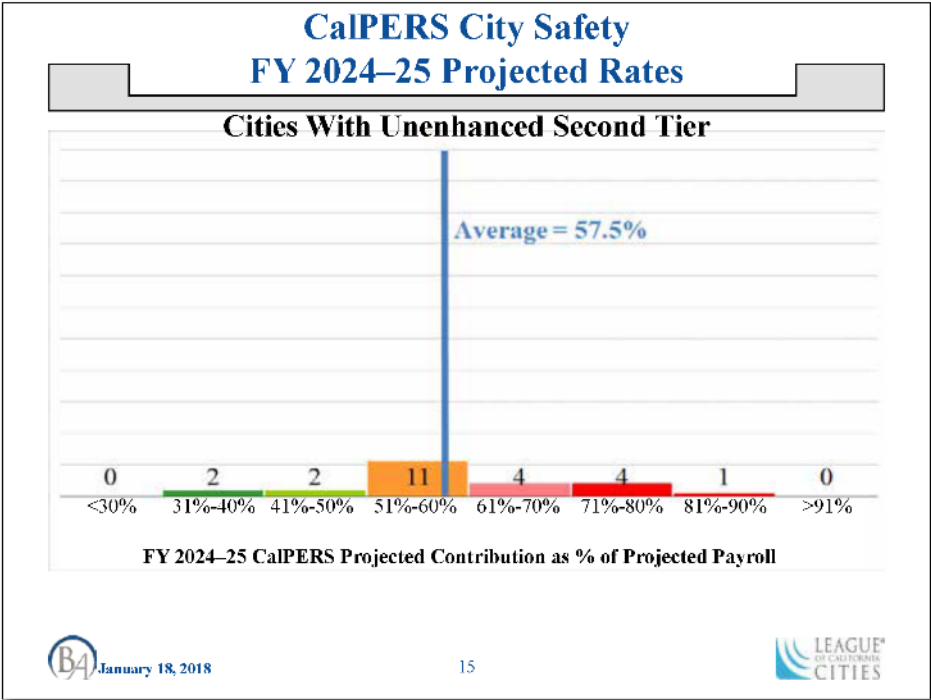
### Cities With Enhanced Classic Formula



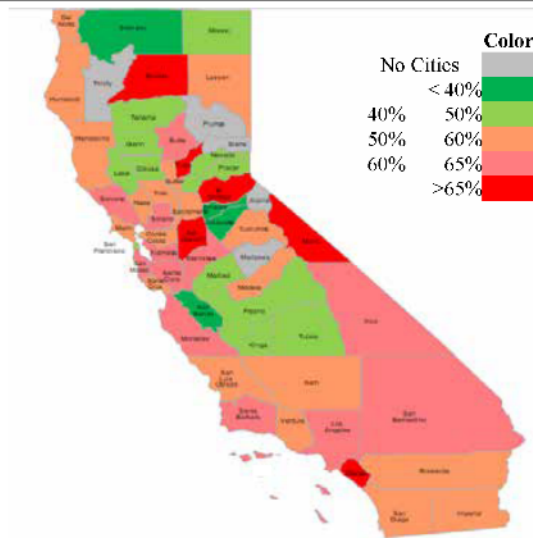
## CalPERS City Safety FY 2024–25 Projected Rates

### Cities Without Enhanced Classic Formula





## CalPERS City Safety FY 2024–25 Projected Rates by County

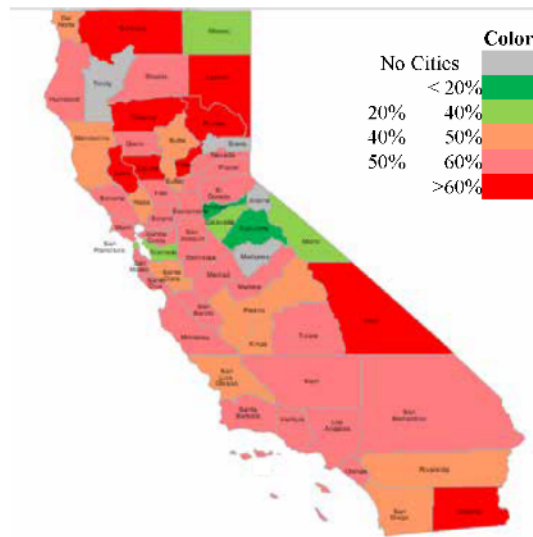


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## CalPERS City Miscellaneous Dollar Increase FY 2024–25 over FY 2018–19 by County

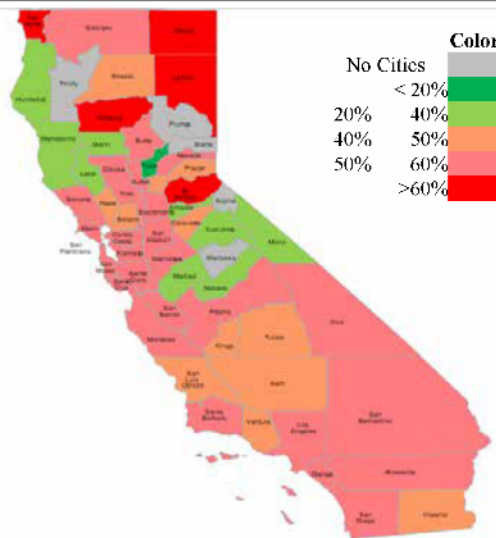


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## CalPERS City Safety Dollar Increase FY 2024–25 over FY 2018–19 by County



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## FY 2024–25 Contribution Rates<sup>1</sup>

Cities/Towns		
Percentile	Miscellaneous	Safety
90th	18.8%	35.2%
75th	25.2	44.8
50th	30.8	54.0
25th	37.7	63.8
10th	43.0	76.0

<sup>1</sup> CalPERS projected rates adjusted for June 30, 2017 actual investment return and PEPRAs.

Percentile means x% of cities have results that are higher than shown

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## FY 2024–25 Contribution Rates<sup>1</sup>

### Mature Cities/Towns

Percentile	Miscellaneous	Safety
90th	26.5%	49.0%
75th	31.2	54.1
50th	37.9	62.3
25th	42.9	72.8
10th	48.4	78.7

<sup>1</sup> CalPERS projected rates adjusted for June 30, 2017 actual investment return and PEPRAs.

Mature means retirees comprise 60% or more of the Miscellaneous and 65% or more of the Safety plan Actuarial Accrued Liability.

Percentile means x% of cities have results that are higher than shown.

## FY 2024–25 Contribution Rates<sup>1</sup>

### Cities/Towns with Enhanced Formulas

Percentile	Miscellaneous	Safety
90th	25.4%	39.9%
75th	29.4	48.1
50th	35.0	56.0
25th	40.5	65.9
10th	45.3	76.2

<sup>1</sup> CalPERS projected rates adjusted for June 30, 2017 actual investment return and PEPRAs.

Percentile means x% of cities have results that are higher than shown.



## FY 2024–25 Contribution Rates<sup>1</sup>

### CalPERS Average Projected Rates – Cities/Towns

Fiscal Year	Miscellaneous	Safety
FY 2018–19	27.3%	47.3%
FY 2024–25:		
All Cities/Towns	34.6	60.2
Mature Cities/Towns	39.4	67.5
Enhanced Classic Formulas	36.7	60.3

<sup>1</sup> CalPERS projected rates adjusted for June 30, 2017 actual investment return and PEPRAs.

Mature means retirees comprise 60% or more of the Miscellaneous and 65% or more of the Safety plan Actuarial Accrued Liability.

## FY 2024–25 Contribution Rates<sup>1</sup>

### Special Purpose Districts

Percentile	Miscellaneous	Safety
90th	12.4%	22.7%
75th	16.1	30.3
50th	21.5	40.6
25th	28.0	48.7
10th	35.0	56.3

<sup>1</sup> CalPERS projected rates adjusted for June 30, 2017 actual investment return and PEPRAs.

Percentile means x% of districts have results higher than shown.

## FY 2024–25 Contribution Rates<sup>1</sup>

Counties		
Percentile	Miscellaneous	Safety
90th	24.0%	40.7%
75th	26.2	42.2
50th	28.7	48.1
25th	32.4	54.5
10th	36.4	58.4

<sup>1</sup> CalPERS projected rates adjusted for June 30, 2017 actual investment return and PEPRAs.

Percentile means x% of counties have results higher than shown.

## FY 2024–25 Contribution Rates<sup>1</sup>

All Public Agencies		
Percentile	Miscellaneous	Safety
90th	13.5%	28.7%
75th	18.1	39.7
50th	24.8	50.2
25th	31.9	59.3
10th	39.3	70.5

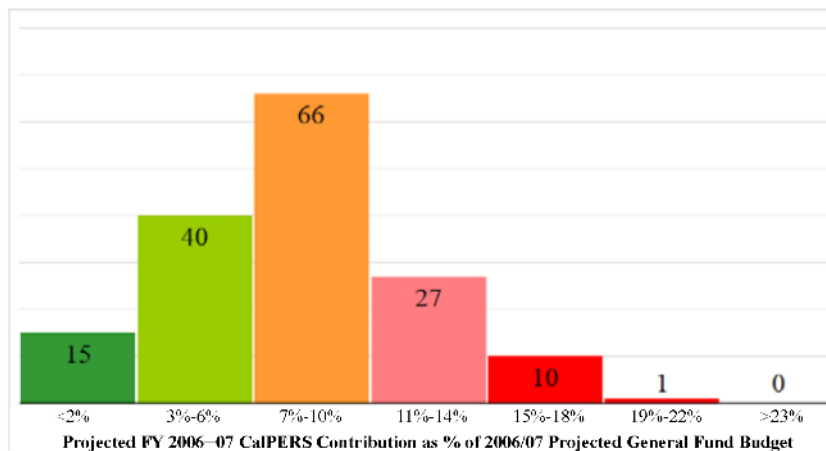
<sup>1</sup> CalPERS projected rates adjusted for June 30, 2017 actual investment return and PEPRAs.

Percentile means x% of Agencies have results higher than shown.

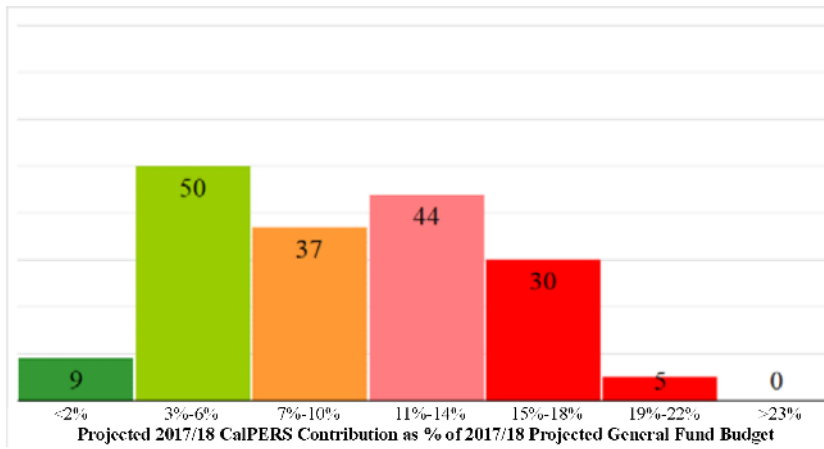
## City General Fund Projection Assumptions

- FY 2006–07 and FY 2017–18:
  - General Fund (GF) budgets and CalPERS contributions from League survey data
- FY 2024–25 Projection:
  - GF budgets projected from 2017–18 assuming 3% annual growth
  - CalPERS contributions from CalPERS data adjusted for new tiers and FY 2016–17 investment gain
  - Assumes 100% of Safety contributions paid from GF
  - Misc GF contributions allocated on Misc % of GF payroll x projected positions/actual positions

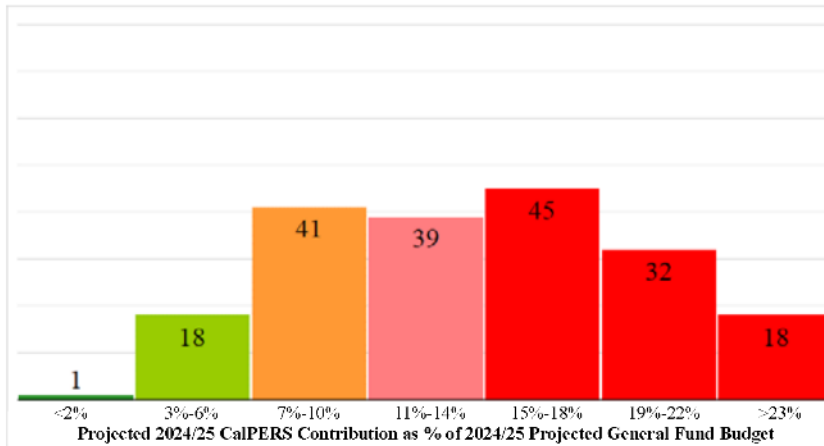
## CalPERS Total City FY 2006–07 Contribution % GF Budget



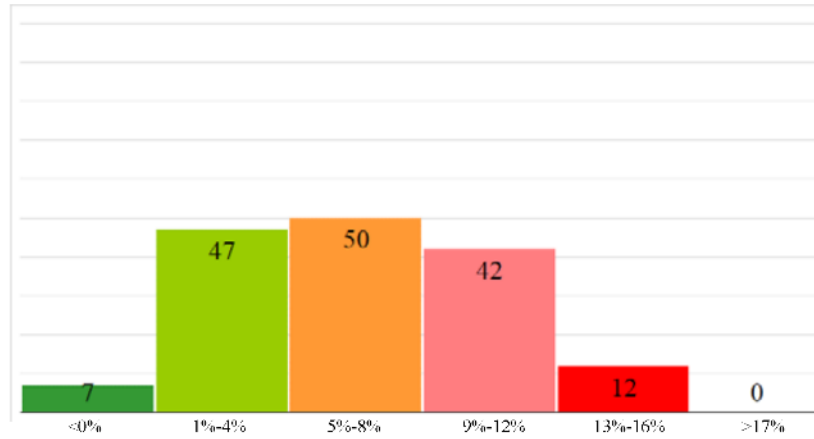
### CalPERS Total City 2017/18 Contribution % GF Budget



### CalPERS Total City FY 2024-25 Contribution % GF Budget



### Percentage Point Increase in CalPERS Contribution as % of GF Budget from FY 2006–07 to FY 2024–25

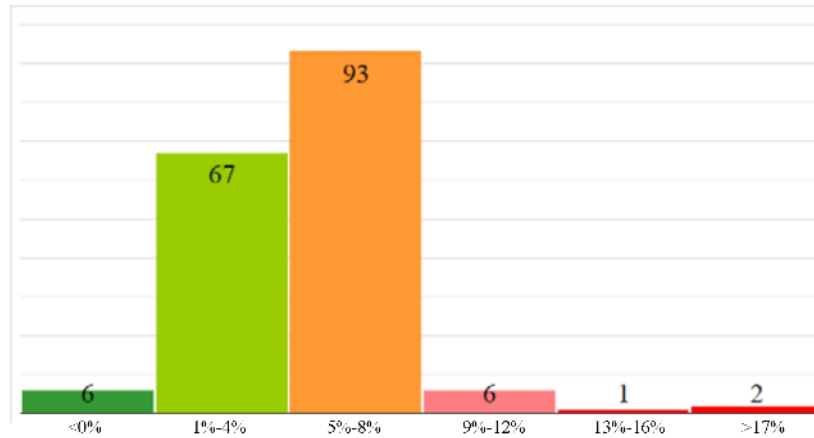


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### Percentage Point Increase in CalPERS Contribution as % of GF Budget from FY 2017–18 to FY 2024–25



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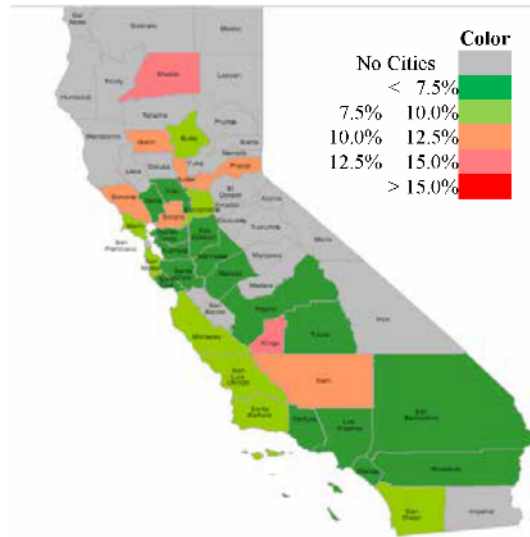
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## Contribution % GF Budgets

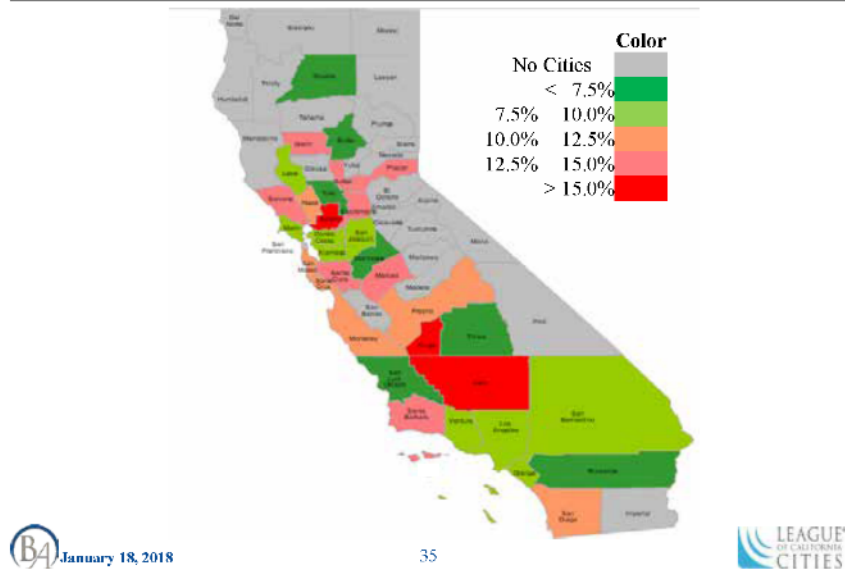
Cities/Towns			
Percentile	2006/07	2017/18	2024/25
90th	2.0%	2.5%	6.1%
75th	3.8	4.6	8.5
50th	7.6	9.1	13.7
25th	9.8	13.2	18.2
10th	12.8	15.5	21.5
Average	8.3%	11.2%	15.8%

Percentile means x% of cities have results that are higher than shown.

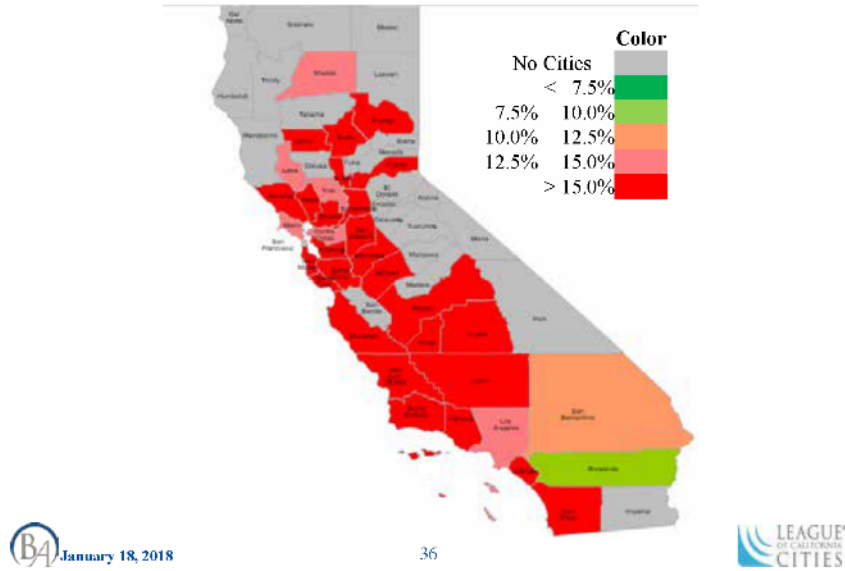
## CalPERS City FY 2006–07 Contributions as % GF Budget by County



## CalPERS City FY 2017–18 Contributions as % GF Budget by County



## CalPERS City Projected FY 2024–25 Contributions As % GF Budget by County



# Primary Factors Contributing to CalPERS Funded Status



Several factors have contributed to unsustainability of the CalPERS system. While such factors should be acknowledged, it remains far more important that all stakeholders work collaboratively to craft a path forward to ensure a sustainable public pension system that also recognizes the public's need for reliable and adequate services. Based on the League of California Cities® Retirement Sustainability Study Findings, anecdotal evidence, and in consultation with Bartel Associates, the League has identified five primary factors.

- 1. Enhanced Benefits:** The most prominent source of the pension system's cost escalation began with enhanced pension benefits granted by state and local government employers following the passage of SB 400 and AB 616 in 1999 and 2000. Cities throughout California followed the state's lead in providing enhanced benefits and, when negotiated, statute required those enhanced benefits apply to both prior and future service. These enhanced benefits have caused a ripple effect that have fundamentally altered the way in which local agencies can retain employees and provide basic and critical services to the public.
- 2. Investment Losses:** Fallout from the Great Recession played a pivotal role in CalPERS' lackluster investment returns. In 2008, CalPERS suffered a negative 27 percent return on investment — factoring in the 2008 discount rate (7.75 percent) results in a gross 34.75 percent impact to the fund. Moreover, CalPERS' outside investment advisors expect returns over the next decade will also be below anticipated returns. CalPERS projects that the projected market rate assumptions will yield a 6.1 percent return for the fund over the next decade. While it is widely known that CalPERS determines its discount rate, using a 60-year blended return to calculate its discount rate — 6.1 percent is well below the 7 percent assumption. Under the current statutory paradigm, public employers will assume the liability associated with this shortfall.
- 3. Cost of Living Adjustments:** Automatic Cost of living adjustments (COLA) have continued to hamper CalPERS' ability to compound investment earnings, hampering growth. [A Sept. 27, 2017 Sacramento Bee article](#) states "CalPERS in the past has looked at how suspending COLA's would affect the pension fund. Freezing them would improve pension plans for public safety employees by up to 18 percent and for other employees by up to 15 percent, according to CalPERS." This potentially significant gain in funded status should not be overlooked.
- 4. CalPERS Contribution Policy:** CalPERS contribution policy, most notably after the Great Recession, did not require agencies pay interest on accrued unfunded liability. While this shift in policy was an attempt to ease the burden on employers, the policy resulted in pushing unfunded liability payments to future taxpayers.
- 5. Demographics:** The liability for retirees at most cities significantly exceeds that of actives. This creates more volatility and led to having a much bigger impact funded status (and ultimately contributions) than any prior downturn.



# Retirement System Sustainability

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## Pension Sustainability Principles

*(As Adopted by the League of California Cities Board of Directors, June 30, 2017)*

- » Public compensation systems programs should be sustainable, fair to taxpayers and employees, and provide long-term financial stability *[Existing Policy placed in new section]*.
- » The League believes that solutions towards realizing pension system sustainability should be the result of inclusive stakeholder collaboration at both the local and state level *(retirees, employees, employers, CalPERS)*.
- » The League supports legal or legislative remedies that facilitate options to restore sustainability to CalPERS benefit plans. As appropriate to each city, such actions could include one or more of the following:
  - A single benefit level for every employee.
  - Converting all currently deemed "Classic" employees to the same provisions (benefits and employee contributions) currently in place for "PEPRA" employees for all future years of service.
  - Temporary modifications to retiree Cost of Living Adjustments (COLA) that are automatically added to a retiree's pension benefit payment regardless of compensation level or CPI.
- » The League supports expanded flexibility for cities regarding their contract agreements with CalPERS, which could include additional mechanisms for exiting CalPERS and renegotiating UAL amortization terms.

## Existing General Pension Principles *(Modified)*

*(As Adopted by the League of California Cities Board of Directors, June 30, 2017)*

- » The League supports a change in state law or judicial precedent to allow employers to negotiate plan changes with classic CalPERS members.
- » This League supports legislative solutions to address increasing costs associated with Industrial Disability Retirement (IDR).

## STATEWIDE ISSUES AND VARIOUS DEPARTMENTS

Figure SWE-01  
**State Retirement and Health Care Contributions <sup>1/</sup>**  
(Dollars in Millions)

	CalPERS <sup>2/</sup>	CSU CalPERS	CalSTRS	JRS	JRS II	LRS	Active Health & Dental <sup>3/</sup>	Retiree Health & Dental	CSU Retiree Health	Employer OPEB Prefunding <sup>4/</sup>
2008-09	\$3,063		\$1,133	\$189	\$40		\$2,146	\$1,183		
2009-10	2,861		1,191	184	32		2,120	1,182		\$3
2010-11	3,230		1,200	166	54		2,277	1,387		2
2011-12	3,174		1,259	195	58		2,439	1,505		0
2012-13	2,948 <sup>5/</sup>	\$449 <sup>5/</sup>	1,303	160	51		2,567	1,365 <sup>5/</sup>	\$222 <sup>5/</sup>	0
2013-14	3,269	474	1,360	188	52	\$1	2,697	1,383	225	22
2014-15	4,042	543	1,486	179	63	1	2,797	1,462	256	38
2015-16	4,338	585	1,935	190	67	1	2,968	1,556	263	63
2016-17	4,754	621	2,473	202	68	1	3,104	1,623	272	342 <sup>7/</sup>
2017-18	5,188	661	2,790	197	76	1	3,252	1,771	291	189
2018-19 <sup>6/</sup>	5,522	686	3,077	195	80	1	3,435	1,891	311	373

<sup>1/</sup> The chart does not include contributions for University of California pension or retiree health care costs, and does not reflect the \$6 billion supplemental pension payment in 2017-18 authorized by Chapter 50, Statutes of 2017 (SB 84).

<sup>2/</sup> In addition to the Executive Branch, this includes Judicial and Legislative Branch employees. Contributions for judges and elected officials are included in JRS, JRS II, and LRS.

<sup>3/</sup> These amounts include health, dental, and vision contributions for employees within state civil service, the Judicial and Legislative Branches, and California State University (CSU).

<sup>4/</sup> Amount reflects the employer contribution to pay down the Other Post-Employment Benefits (OPEB) unfunded liability.

<sup>5/</sup> Beginning in 2012-13, CSU pension and health care costs are displayed separately.

<sup>6/</sup> Estimated as of the 2018-19 Governor's Budget. 2018-19 General Fund costs are estimated to be \$2,901 million for CalPERS, \$686 million for CSU CalPERS, \$2,198 million for Retiree Health & Dental, \$1,613 million for Active Health and Dental, and \$194 million for OPEB Prefunding. The remaining totals are all General Fund.

<sup>7/</sup> Amount includes a one-time prefunding contribution of \$240 million pursuant to Chapter 2, Statutes of 2016 (AB 133).

## Candidate Portfolios

Asset Allocation of Preliminary Candidate Portfolios							
Asset Class Component	Candidate A ○	Candidate B ○	Candidate C △	Candidate D ○	Allocation 9/30/2017 □	Interim Policy 9/30/2016 □	ALM Policy 2013 □
Global Equity	34%	42%	50%	59%	50%	46%	47%
Private Equity	8%	8%	8%	8%	8%	8%	12%
Fixed Income	44%	36%	28%	19%	19%	20%	19%
Real Assets	13%	13%	13%	13%	-	-	-
Real Estate	-	-	-	-	9%	11%	11%
Infrastructure/Forestland	-	-	-	-	2%	2%	3%
Inflation Assets	0%	0%	0%	0%	8%	9%	6%
Liquidity	1%	1%	1%	1%	4%	4%	2%
Expected Compound Return (1-10 yrs.)	5.6%	5.8%	6.1%	6.4%	6.0%	5.9%	6.2%
Long Term Expected Return (11-60 yrs.)	7.8%	8.0%	8.3%	8.5%	8.1%	8.0%	8.3%
Blended Return (1-60 yrs.)	6.50%	6.75%	7.00%	7.25%	6.85%	6.77%	7.09%
Expected Volatility	9.1%	10.2%	11.4%	12.8%	11.5%	11.0%	12.0%
Cash Yield:	3.1%	3.0%	2.9%	2.7%	-	-	-



- With the 2013 Capital Market Assumptions, the ALM Policy Portfolio had an expected compound return of 7.15% for years 1 through 10, expected compound return of 8.39% for the long term (i.e., years greater than 10), blended return of 7.56%, and expected volatility of 11.76%.
- Blended Return is the weighted expected compound rate of return of years 1 through 10 and the long term, minus 15 bps for admin fees.
- Circles correspond to Candidate Portfolios A, B, and D. Squares correspond to Current Allocation, Interim Policy, and ALM policy portfolios. Triangle corresponds to Candidate Portfolio C which is most similar to Current Allocation. Symbols illustrated on pages 6 and 7.



## ADVISORY

# Pension Obligation Bonds

### Advisory:

***GFOA Advisories identify specific policies and procedures necessary to minimize a government's exposure to potential loss in connection with its financial management activities. It is not to be interpreted as GFOA sanctioning the underlying activity that gives rise to the exposure.***

### BACKGROUND:

Pension obligation bonds (POBs) are taxable bonds<sup>1</sup> that some state and local governments have issued as part of an overall strategy to fund the unfunded portion of their pension liabilities by creating debt. The use of POBs rests on the assumption that the bond proceeds, when invested with pension assets in higher-yielding asset classes, will be able to achieve a rate of return that is greater than the interest rate owed over the term of the bonds. However, POBs involve considerable investment risk, making this goal very speculative.<sup>2</sup> Failing to achieve the targeted rate of return burdens the issuer with both the debt service requirements of the taxable bonds and the unfunded pension liabilities that remain unmet because the investment portfolio did not perform as anticipated. In recent years, local jurisdictions across the country have faced increased financial stress as a result of their reliance on POBs, demonstrating the significant risks associated with these instruments for both small and large governments.

### RECOMMENDATION:

The Government Finance Officers Association (GFOA) recommends that state and local governments do not issue POBs for the following reasons:

1. The invested POB proceeds might fail to earn more than the interest rate owed over the term of the bonds, leading to increased overall liabilities for the government.
2. POBs are complex instruments that carry considerable risk. POB structures may incorporate the use of guaranteed investment contracts, swaps, or derivatives, which must be intensively scrutinized as these embedded products can introduce counterparty risk, credit risk and interest rate risk.<sup>3</sup>
3. Issuing taxable debt to fund the pension liability increases the jurisdiction's bonded debt burden and potentially uses up debt capacity that could be used for other purposes. In addition, taxable debt is typically issued without call options or with "make-whole" calls, which can make it more difficult and costly to refund or restructure than traditional tax-exempt debt.
4. POBs are frequently structured in a manner that defers the principal payments or extends repayment over a period longer than the actuarial amortization period, thereby increasing the sponsor's overall costs.
5. Rating agencies may not view the proposed issuance of POBs as credit positive, particularly if the issuance is not part of a more comprehensive plan to address pension funding shortfalls.

**Notes:**

1 The Tax Reform Act of 1986 eliminated the tax exemption for pension obligation bonds.

2 Alicia H. Munnell, Jean-Pierre Aubry, and Mark Cafarelli, "An Update on Pension Obligation Bonds," Center for Retirement Research at Boston College, July 2014.

3 See GFOA Advisory – *Using Debt-Related Derivatives and Developing a Derivatives Policy (2015)*

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## Marijuana Scenarios and Occupational Health Safety

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# COUNTY PERSONNEL ADMINISTRATORS ASSOCIATION OF CALIFORNIA (CPAAC) MEETING

## Marijuana in the Workplace

3/23/2018

*PRESENTED BY:*

Gage C. Dungy



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## Marijuana in the Workplace

County Personnel Administrators Association of California (CPAAC) Spring Conference | March 23, 2018

*Presented by: Gage C. Dungy*



### Marijuana in the Workplace


County Personnel Administrators  
Association of California (CPAAC)  
Spring Conference | March 23, 2018

Presented By: Gage C. Dungy

### “Fire It Up” (aka Today’s Agenda)

- Overview of Current Laws Governing Drugs and Alcohol in the Workplace
- Impact of Proposition 64 on Employer Policies and Procedures Involving Drugs in the Workplace

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## Marijuana in the Workplace

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### Overview of Current Laws Governing Drugs and Alcohol in the Workplace

#### Drugs & Alcohol in the Workplace

- Employers Must Consider:
  - Federal and California Drug-Free Workplace Acts
  - Federal Department of Transportation Regulations (DOT)
  - Privacy Rights (Cal. Constitution & U.S. Constitution)
  - Americans with Disabilities Act (ADA) and the Fair Employment and Housing Act (FEHA)?
  - Labor Code § 432.8 and Marijuana Convictions
- Impact of Proposition 64?

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## Marijuana in the Workplace

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### Drug-Free Workplace Requirements Under California or Federal Grants

- **Both California and Federal Drug-Free Workplace Acts Require Employers to:**
  - Establish a Drug Free Awareness Program
  - Publish & Distribute a Statement re Prohibition on Controlled Substances at Work
- **Additional Federal Requirements:**
  - Report & Discipline Employees Convicted of Workplace Drug Offense
- **Additional California Requirements:**
  - Establish a Drug Free Awareness Program
  - Inform Employees About Dangers
  - Identify Available EAPs



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### DOT Drug and Alcohol Testing

- For Employees Covered by DOT Regulations (FMCSA/FTA), Testing is Required by Law for Alcohol and Controlled Substances, Including Marijuana:
  - Pre-Employment (Alcohol Voluntary)
  - Post-Accident
  - Reasonable Suspicion
  - Random
  - Return To Duty/Follow-Up



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## Marijuana in the Workplace

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### Privacy Rights and Non-DOT Drug & Alcohol Testing

- **Employee Right to Privacy?**
  - California Constitution - Art. I, Section 1 (Express)
  - U.S. Constitution – 4<sup>th</sup>, 5<sup>th</sup>, and 14<sup>th</sup> Amendments (Implied)
- **If Public Employers Do Drug & Alcohol Testing of Employees/Applicants, Certain Legal Restrictions Apply**
  - Need Testing Policy to Provide Advance Notice to Applicants/Employees and Diminish Privacy Expectations
  - Meet and Confer Required for Testing of Represented Current Employees

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### Privacy Rights and Non-DOT Drug & Alcohol Testing

- **Types of Drug & Alcohol Testing for Non-DOT Public Employees and Applicants:**
  - Pre-Employment (Drugs Only – Not Alcohol)
    - Only for Special Need/Safety Sensitive Positions
  - Reasonable Suspicion
    - Must be Based on Objective Criteria
  - Post-Accident
    - Where Serious Injury or Damage to Property
  - Random
    - Safety/Security Sensitive Positions Only
  - Pre-Promotional
    - Only from Non-Safety Sensitive to Safety-Sensitive Position

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### State and Federal Disability Laws

- The Federal Americans with Disabilities Act (ADA) and California's Fair Employment and Housing Act (FEHA) May Provide Protections to Employees Who Are:
  - Alcoholics
  - Former Drug Users
- The Following Employees are **NOT** Protected Under ADA and FEHA:
  - Current Users of Illegal Drugs
  - Medical Marijuana Use (*Ross v. RagingWire Telecommunications, Inc.* (2008) 42 Cal. 4th 920)

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### Use of Marijuana Convictions in Hiring?

#### Labor Code Section 432.8

- Prohibits Employers From Asking About Certain Minor Marijuana Convictions More Than Two Years Old.
- Exception for Criminal Justice Agency Applicants



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### Impact of Proposition 64 on Employer Policies and Procedures Involving Drugs in the Workplace

#### Prop 64 and Recreational Marijuana



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### What Exactly Did Prop 64 Change?

- Recreational Use of Marijuana Decriminalized
  - Medical Marijuana Use in California Has Been Legal Since 1996 (Proposition 215 – “Compassionate Use Act”)
- Prop 64 Legalized Recreational Marijuana Related Activities for Adults 21 Years of Age and Older:
  - Possess, Process, Transport, Obtain, or Give Away up to 28.5g of Cannabis
  - Possess, Plant, Cultivate, Harvest, Dry, or Process up to 6 Plants
  - Smoke or Ingest Cannabis or its Products
- Effective January 1, 2018, the State of California Began Issuing Licenses for Commercial Sale of Recreational Marijuana

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### Prop 64 and Employer Drug Policies

Does Prop 64 Now Mean that Workplace Policies Prohibiting an Employee's Use of Marijuana (Inside or Outside the Workplace) Are No Longer Valid?

**NO**



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## Marijuana in the Workplace

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### Prop 64 and Employer Drug and Alcohol Policies

#### Health & Safety Code § 11362.45(f):

*Section 11362.1 does not amend, repeal, affect, restrict, or preempt...:*

*(f) The rights and obligations of public and private employers to maintain a drug and alcohol free workplace or require an employer to permit or accommodate the use, consumption, possession, transfer, display, transportation, sale, or growth of cannabis in the workplace, or affect the ability of employers to have policies prohibiting the use of cannabis by employees and prospective employees, or prevent employers from complying with state or federal law.*

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### Prop 64 and Employer Drug and Alcohol Policies

- Despite Prop 64, an Employer Can Still:
  - Prohibit Marijuana Use in the Workplace
  - Require Employees Not Be Under the Influence of Marijuana in the Workplace
  - Enforce Drug Testing Policies that Include Drug Testing for Marijuana, Including Disciplinary Action for Positive Test Results
  - Require Compliance with Drug-Free Workplace Acts
  - Hold Marijuana User to Same Qualification, Performance and Behavioral Standards Expected of All Employees in Workplace

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## Marijuana in the Workplace

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### Managing Marijuana Use at Work – Do's and Don'ts

#### DO

- Establish and Enforce Clear Workplace Drug Policies that Include Marijuana
  - Make Sure Employees on Notice of Policies and Any Drug Testing Requirements that Apply
  - Train Managers and Supervisors on Such Policies
  - Invoke Reasonable Suspicion Testing at Time of Such Reasonable Suspicion
  - Stay Consistent in Application of Policies
- Enforce Work Standards as You Would Otherwise
  - Hold Marijuana User to Same Qualification, Performance and Behavioral Standards

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### Managing Marijuana Use at Work – Do's and Don'ts

#### DON'T

- Compel a Drug Test for an Employee Without a Testing Policy
- Compel a "Reasonable Suspicion" Drug Test Without Reasonable Suspicion
- Allow Someone You Think is Under the Influence to Drive Him/Herself Home (or Anywhere Else!)

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## Marijuana in the Workplace

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### Elements of an Effective Drug & Alcohol Policy

- Specifically Detail Prohibited Conduct (e.g., Use, Sale, Influence, Possession)
  - Note Prohibited Substances
  - Include Legal/Prescription Drugs that Impair Performance
- Define Employer's Right to Search
- Explain Drug and Alcohol Testing Requirements (if any)
  - Types of Testing (Pre-Employment, Reasonable Suspicion, Post-Accident, Random)
  - Describe Testing Procedures and Confidentiality of Results
- Refer to EAP Resources
- Detail Consequences of Policy Violations

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### Effective Training of Managers and Supervisors on Drug and Alcohol Policy

- Train Managers and Supervisors to:
  - Implement Agency's Policy and Enforce its Provisions
  - Understand Reasonable Suspicion and How it Applies
  - Properly Document Violations of the Agency's Policy
  - Refer Employees to EAP or Other Assistance
  - Know When and How to Discipline Employees Who Violate the Policy
  - Understand When to Notify Local Law Enforcement

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## Marijuana in the Workplace

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### Off-Duty Drug Use?

Stacy, a public works employee for the County of Happy whose essential job functions involve use of a forklift was lawfully using recreational marijuana over the weekend. Stacy was subject to a random drug test upon her return to work on Monday, which she failed. The County discharged Stacy after failing the drug test based on a zero-tolerance drug policy.

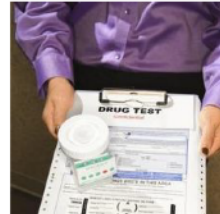
***Is the County's termination of Stacy lawful in light of California's legalization of recreational marijuana under Prop 64?***

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### Addressing Positive Test Result

- Options to Address a Positive Test
  - Rehabilitation/EAP
  - Last Chance Agreements
    - Limited Duration Contractual Agreement in Lieu of Termination Conditioned on Employee's Satisfying Criteria – Usually Rehab and Follow-Up Testing
  - Disciplinary Action/Termination
    - Consider Past Practice and Progressive Discipline



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## Marijuana in the Workplace

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### Discipline Checklist

- Before Imposing Discipline, Employers Should Consider “Just Cause” Factors:
  - Whether Job Affects the Safety of Others
  - Employment Record and Length of Service
  - Severity and Duration of the Problem
  - Quality of the Employee’s Performance
  - Reliability and Extent of Evidence
  - Employee’s Desire to Seek Assistance
  - Whether Policy Has Been Consistently Enforced
  - Past Practice of Last Chance Agreements

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### Questions?

#### Gage C. Dungy

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# Marijuana Exposures in the Workplace Worker Safety and Health

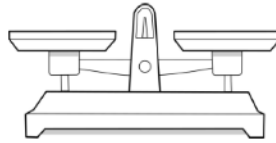
Sherri Adams, Risk Manager  
Solano County

## Impacts on Solano County Departments

- ▶ January, 2018 met with Departments to discuss Cannabis Exposure to County Employees related to their positions and assignments
- ▶ Departments Included
  - ▶ Agriculture/Weights and Measures
  - ▶ Health and Social Services
  - ▶ Library
  - ▶ Probation
  - ▶ Resource Management
  - ▶ Sheriff's Office
  - ▶ General Services

## Impacts on Solano County Departments

- ▶ Agriculture/Weights and Measures
  - ▶ Scale calibration
  - ▶ Track and trace
  - ▶ Labeling
  - ▶ Pesticide use
  - ▶ Inspector issues
- ▶ Health & Social Services
  - ▶ Staff Field Visits
- ▶ Resource Management
  - ▶ Food Issues/Environmental Health
  - ▶ Inspections



## Impacts on Solano County Departments

- ▶ Law Enforcement (Sheriff and Probation)
  - ▶ Field Visits
  - ▶ Confiscation and Chain of Custody
  - ▶ Disposal and storage
- ▶ Other considerations
  - ▶ Cash handling - volume
  - ▶ Code Enforcement
  - ▶ Chemical Exposures
  - ▶ Client lobby/odor issues



## Risk Management Process



## Management of Change (MOC)

- ▶ Injury and Illness Prevention Plan (IIPP) updates
- ▶ Hazard Communications
- ▶ Job Analysis
  - ▶ Engineering and Administrative controls
  - ▶ Personal Protective Equipment (PPE)
  - ▶ Training development
- ▶ Ensures that all changes are properly reviewed
- ▶ Hazards are identified, analyzed and controlled
- ▶ Create “Best Practices” reviewing as exposures and hazards are identified



## Benefits of Management of Change

- ▶ Minimizes adverse impacts
- ▶ Maximizes productivity and efficiency
  - ▶ Staff Planning
  - ▶ Coordinating
  - ▶ Implementation success
- ▶ Provides stable working environment
- ▶ Allows for
  - ▶ Technical competence
  - ▶ Accuracy of modifications
  - ▶ Testing of systems and controls
- ▶ Goals
  - ▶ Keep County employees safe

## Work Plan

- ▶ Create an Work Plan (Handout)
  - ▶ Quarterly Task Force Meeting with Stakeholders
  - ▶ Specific to Departments
    - ▶ Hazard Assessments
    - ▶ Policy review
    - ▶ Operations
- ▶ Components
  - ▶ Hazard identification and assessment
  - ▶ Hazard control and loss prevention
  - ▶ Education and Training
  - ▶ Program Evaluation and Improvement



## Work Plan - Sample

### Work Plan

Project Name: Cannabis Implementation

Directions: This template is an example of a work plan specific to your department. The "Status" column is for tracking to do, in progress and completed items. Fill in the "Project" and "Task" columns with the tasks/action items needed in your department.

Directions: This template is an example of a work plan specific to your department. The "Status" column is for tracking to-do, in progress and completed items. Fill in the "Project" and "Task" columns with the tasks and/or items needed in your department.

Distribute the worksheet with your department and track in the "Responsible Person(s)" column. Track your progress of completion in the "Is Complete" column. Create deadlines for specific tasks and enter into the "Due Date" column. Document the actual date tasks were completed in the "Date Completed" column. Use site resource information and make notes on a task use the "Resource/Notes" column. If you have any questions please reach-out to your department safety coordinator or Safety Analyst.

Status	Project	Task (Examples: Fill in with your own)	Responsible Person(s)	% Complete	Due Date	Date Completed	Resources/Notes
On Track	Health Assessments	Lead a team of subject matter experts (SMEs) to conduct a health assessment of the organization as a result of a public work. Should include field workers, office staff, and other stakeholders affected by activities work. Some feedback from affected employees about their concerns.		10%	12/1/2017		<p>For Health to Review Safety and Health in the Marguerite Industry &amp; A&amp;B  <a href="#">Provide Writing Resource PDF</a></p> <p>1) proactive, ongoing process to identify issues, and mitigate hazards is a core element of workplace safety, health, and environment. This assessment process involves collecting information about workplace hazards and conducting a comparison of the workplace in order to determine hazards and to determine effective controls.</p> <p>Being built as an job hazard analysis (JHA) is one practical approach to identify hazards and provide solutions to reduce or eliminate hazards. Examples are available on developing a job hazard analysis can be found here  <a href="https://www.safety.gov/publications/industry.pdf">https://www.safety.gov/publications/industry.pdf</a></p>
On Track	Health Assessments	Conduct a job hazard analysis for each new or previously unaddressed hazard		10%	12/1/2017		<p>For Marguerite Industry - Job Hazard Analysis, techniques that require an job task to be broken down into steps, and then each step is analyzed for hazards and controls to be identified, safety before the job. It focuses on the relationship between the worker, the task, the tools, and the work environment.</p>
On Track	Health Assessments	Identify potential and control measures that steps will be taken to eliminate or reduce exposure to identified hazards.		10%	12/1/2017		<p>Job Hazard Identification: This tool is used to identify hazards and results in the Marguerite Industry - effective controls based on worker behavior from workplace hazards, equipment, hazards, chemical, and biological, and/or physical or chemical safety and health risks, and help employees create awareness with safe and healthy working conditions. They are defined based on hazards, effective controls and performance. Some controls are implemented, they should be used to measure their efficacy and updated accordingly. This step might include a Joint Communication Program, among Communication Program, as a JHA Assessment.</p>
On Track	Policy Review	Review and update policy necessary updates to Department safety (Hazard Prevention Plan (HPP))		10%	12/1/2017		<p>For Assessment Review Safety &amp; Health a monthly Review Assessment A&amp;B. Review and update changes in the Assessment and use to management manager for the appropriate changes at each meeting/quarter. Review staff and keep going on job.</p>
On Track	Education and Training	Develop Hazard Prevention and Assessment Training		10%	12/1/2017		<p>For Assessment Review Safety &amp; Health a monthly Review Assessment A&amp;B. Review and update changes in the Assessment and use to management manager for the appropriate changes at each meeting/quarter. Review staff and keep going on job.</p>
On Track	Education and Training	Conduct Hazard Prevention & Assessment Training		10%	12/1/2017		<p>For Assessment Review Safety &amp; Health a monthly Review Assessment A&amp;B. Review and update changes in the Assessment and use to management manager for the appropriate changes at each meeting/quarter. Review staff and keep going on job.</p>
On Track	Policy Review	Review and update policy necessary updates to Department workplace violence prevention plan (WVPP)		10%	12/1/2017		<p>For Assessment Review Safety &amp; Health a monthly Review Assessment A&amp;B. Review and update changes in the Assessment and use to management manager for the appropriate changes at each meeting/quarter. Review staff and keep going on job.</p>
On Track	Policy Review	Review and update policy necessary updates to Department emergency action plan (EAP)		10%	12/1/2017		<p>For Assessment Review Safety &amp; Health a monthly Review Assessment A&amp;B. Review and update changes in the Assessment and use to management manager for the appropriate changes at each meeting/quarter. Review staff and keep going on job.</p>

## Job Hazard Analysis

- ▶ Focus on job tasks
  - ▶ Worker
  - ▶ Task
  - ▶ Tools
  - ▶ Environment
  - ▶ Training
- ▶ After identification of uncontrolled hazards
  - ▶ Steps to eliminate or reduce to acceptable levels



## What is Job Hazard Analysis?

- A **Job Hazard Analysis** is a technique that focuses on job tasks as a way to identify hazards before they occur. It focuses on the relationship between the worker, the task, the tools, and the work environment. Ideally, after you identify uncontrollable hazards, you will take steps to eliminate or reduce them to an acceptable risk level.

## Marijuana Specific Safety Regulations

- ▶ Cal/OSHA - no regulations
  - ▶ Declined to create marijuana specific safety regulations - June 2017
  - ▶ Governed by existing Title 8
    - ▶ Capable of mitigating risks faced by marijuana industry employees
  - ▶ May need industry specific regulations in the future
  - ▶ Lack of knowledge of an existing regulation not a defense against a CalOSHA citation



## Hazard Identification Tool

- ▶ Hazard Type
  - ▶ Biological
  - ▶ Chemical
  - ▶ Physical
- ▶ Provide recommendations for controls
  - ▶ Engineering
  - ▶ Administrative
  - ▶ Personal Protective Equipment
- ▶ GOAL: Eliminate or Reduce Hazards

**STEP 1:**  
SPOT THE HAZARD  
↓  
**STEP 2:**  
ASSESS THE RISK  
↓  
**STEP 3:**  
CONTROL THE RISK

## Hazard Identification Tool - Sample

**Hazard Identification Tool**

Directions: Review the list of potential hazards. Indicate with Y-yes or N-no in the corresponding column. If a hazard is marked Y-yes, fill in the next column with information to abate the hazard. Add any hazards identified in your departments that are missing from the list.

Hazard Type	Specific Hazard	Exposure level and/or applicable standards or guidelines	Health effects/hazard	Controls
Biological	Mold	WHO Guidelines for Indoor Air Quality: Dampness and Mold	Nasal congestion, throat irritation, coughing, wheezing, eye irritation, skin irritation	Good housekeeping (moisture and dampness control), engineering controls (local and general exhaust ventilation), PPE
Biological	Sensitizers / Allergens (Dermat)	Varies	Irritant contact dermatitis, Allergic contact dermatitis	Medical surveillance, good housekeeping, proper PPE
Biological	Sensitizers / Allergens (Respiratory)	Varies	Itchy, runny, or congested nose; sneezing, coughing, wheezing	Engineering controls, proper PPE
Chemical	Carbon Dioxide (CO <sub>2</sub> )	OSHA PEL 5,000 ppm TWA	Asphyxiation burns	Engineering controls, administrative controls (alarms/sensors), PPE
Chemical	Carbon Monoxide (CO)	OSHA PEL 50 ppm TWA	CO Poisoning	Engineering controls, administrative controls (alarms/sensors), PPE
Chemical	IAQ (Volatile organic compounds)	Varies depending on the VOC	Eye, nose and throat irritation, headaches, nausea, vomiting, dizziness, worsening asthma symptoms	Engineering controls (e.g. proper ventilation), administrative controls (e.g. proper handling and use), PPE

## Hazard Prevention and Control

- ▶ **Engineering**
  - ▶ Storage of cash and product
  - ▶ Air filters for common areas and offices
  - ▶ Chain of custody
- ▶ **Administrative**
  - ▶ Policies
    - ▶ Illness Injury Prevention Plan
    - ▶ Workplace Violence
    - ▶ Emergency Action Plan
  - ▶ Procedures
    - ▶ Field Operations
    - ▶ Communications
    - ▶ Uniforms
    - ▶ Security
    - ▶ Cash Handling



## Education and Training

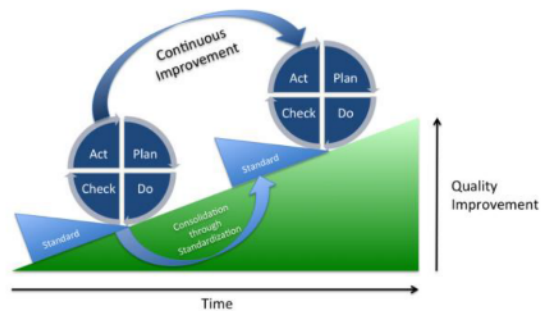
- ▶ Hazard Reporting Processes
- ▶ Workplace Violence Prevention and Response Training
- ▶ Confrontation Management and Response Training
- ▶ Field Safety Training

### Education & Training



## Program Evaluation and Improvement

- ▶ Conduct program evaluations
- ▶ Quarterly meetings to identify issues and update work plan





## Solano County Cannabis Exposure

### ► Next Steps

- Quarterly Meetings to continue to identify hazards
- Create work plan
- Hazard identification
- Focus on employee safety and communication

## Resources

- Colorado Department of Public Health & Environment
  - Guide to Worker Safety and Health in the Marijuana Industry
    - <http://marijuanaindustrygroup.org/wp-content/uploads/2017/02/Guide-to-Worker-Safety-and-Health-in-the-Marijuana-Industry-FULL-REPORT-1.pdf>
- Sonoma County Cannabis Program
  - <http://sonomacounty.ca.gov/Cannabis-Program/>
- CalOSHA
  - <http://www.dir.ca.gov/DOSH/>
- Job Hazard Analysis
  - <https://www.OSHA.gov/publications/osh3071.pdf>



## Questions



## Hazard Identification Tool

Directions: Review the list of potential hazards. Indicate with Y=yes or N= no in the corresponding column. If a hazard is marked Y=yes, fill in the next column with information to abate the hazard. Add any hazards identified in your departments that are missing from the list.

Hazard Type	Specific Hazard	Exposure level and/or applicable standards or guidelines	Health effects/hazard	Controls
Biological	Mold	WHO Guidelines for Indoor Air Quality: Dampness and Mold	Nasal congestion, throat irritation, coughing, wheezing, eye irritation, skin irritation	Good housekeeping (moisture and dampness control), engineering controls (local and general exhaust ventilation), PPE
Biological	Sensitizers / Allergens (Dermal)	Varies	Irritant contact dermatitis, Allergic contact dermatitis	Medical surveillance, good housekeeping, proper PP
Biological	Sensitizers / Allergens (Respiratory)	Varies	Itchy, runny, or congested nose; sneezing, coughing, wheezing	Engineering controls, proper PPE
Chemical	Carbon Dioxide (CO <sub>2</sub> )	OSHA PEL 5,000 ppm TWA	Asphyxiation burns	Engineering controls, administrative controls (alarms/sensors), PPE
Chemical	Carbon Monoxide (CO)	OSHA PEL 50 ppm TWA	CO Poisoning	Engineering controls, administrative controls (alarms/sensors), PPE
Chemical	IAQ (Volatile organic compounds)	Varies depending on the VOC	Eye, nose and throat irritation, headaches, nausea, vomiting, dizziness, worsening asthma symptoms	Engineering controls (e.g. proper ventilation), administrative controls (e.g. proper handling and use), PPE



## Work Plan

Project Name: Cannabis Implementation

Directions: This template is an example of a work plan specific to your department. The "Status" column is for tracking to do, in progress and completed items. Fill in the "Project" and "Task" column with the tasks/action items needed in your department. Distribute the workload within your department and track in the "Responsible Person(s)" column. Track your progress of completion in the "% Complete" column. Create deadlines for specific tasks and enter into the "Due Date" column. Document the actual date tasks were completed in the "Date Completed" column. To site resource information and make notes on a task use the "Resources/Notes" column. If you have any questions please reach out to your department safety coordinator or Safety Analyst.

Status	Project	Task (Examples- Fill in with your own)	Responsible Person(s)	% Complete	Due Date	Date Completed	Resources/Notes
To Do	Hazard Assessments	Hazard Identification: create a list of potential hazards that your employees might encounter as a result of cannabis work. Should include field workers, office staff and any other employees effected by cannabis work. Seek feedback from effected employees about their concerns.		0%	5/5/2017		See <i>Guide to Worker Safety and Health in the Marijuana Industry &amp; JHA &amp; Procedure Writing Resource PDF</i>  A proactive, ongoing process to identify assess, and mitigate hazards is a core element of workplace injuries, illnesses, and incidents. This assessment process involves collecting information about workplace hazards and conducting inspections of the workplace in order to characterize hazards and determine effective controls.  Using tools such as a job hazard analysis (JHA) is one practical approach to identifying hazards and possible solutions to reduce or eliminate hazards. Example and more information on developing a job hazard analysis can be found here <a href="https://www.osha.gov/publications/osha3071.pdf">https://www.osha.gov/publications/osha3071.pdf</a>
To Do	Hazard Assessments	Conduct a Job Hazard Analysis for each new or previously unidentified hazard		0%	5/12/2017		Use <i>Hazard Identification Tool</i> See <i>Guide to Worker Safety and Health in the Marijuana Industry</i> . Job Hazard Analysis: technique that focuses on job tasks as a way to identify hazards before they occur. It focuses on the relationship between the worker, the task, the tools, and the work environment.
To Do	Hazard Assessments	Hazard prevention and control: Evaluate what steps will be taken to eliminate or reduce uncontrolled hazards		0%	5/12/2017		Use <i>Hazard Identification Tool</i> See <i>Guide to Worker Safety and Health in the Marijuana Industry</i> . Effective controls protect workers from workplace hazards; prevent injuries, illnesses, and incidents; minimize or eliminate safety and health risks; and help employers provide workers with safe and healthy working conditions. Controls are selected based on feasibility, effectiveness and permanence. Once controls are implemented, they should be evaluated to measure their efficacy and updated accordingly. This step might include a Hazard Communication Program, Hearing Conservation Program, or a PPE Assessment.
To Do	Policy Review	Review and make any necessary updates to Department Injury Illness Prevention Plan (IIPP)		0%	5/12/2017		See <i>Document Review Form &amp; Safety &amp; Health Policy Resource PDF</i> . Redline proposed changes in the document and send to department manager for approval, review changes at staff meetings/trainings. Have staff sign in and keep sign in sheets.
To Do	Education and Training	Workplace Violence Prevention and Response Training		0%	5/18/2017		
To Do	Education and Training	Have employees sign up on Scores Confrontation Management & Response Training		0%	5/19/2017		
To Do	Policy Review	Review and make any necessary updates to Department Workplace Violence Prevention Plan (WVP)		0%	5/19/2017		See <i>Document Review Form &amp; Safety &amp; Health Policy Resource PDF</i> . Redline proposed changes in the document and send to department manager for approval, review changes at staff meetings/trainings. Have staff sign in and keep sign in sheets.
To Do	Policy Review	Review and make any necessary updates to Department Emergency Action Plan (EAP)		0%	5/26/2017		See <i>Document Review Form &amp; Safety &amp; Health Policy Resource PDF</i> . Redline proposed changes in the document and send to department manager for approval, review changes at staff meetings/trainings. Have staff sign in and keep sign in sheets.



# Work Plan

Status	Project	Task (Examples- Fill in with your own)	Responsible Person(s)	% Complete	Due Date	Date Completed	Resources/Notes
To Do	Operating Procedure Review	Review and make any necessary updates to department operating procedures such as: field operations, money handling, communication, security		0%	6/2/2017		See <i>Document Review Form &amp; Safety &amp; Health Policy Resource PDF</i> . Redline proposed changes in the document and send to department manager for approval, review changes at staff meetings/trainings. Have staff sign in and keep sign in sheets.
To Do	Education and Training	Identify affected staff and schedule date/time for safety training		0%	6/9/2017		Confirm room reservations and schedule instructors, send calendar invite, create sign in sheet
To Do	Education and Training	Review Hazard Reporting Process with all staff, remind staff to report any unsafe conditions or practices they encounter to management for abatement		0%	6/30/2017		County Hazard reporting process <a href="https://sonomacounty.ca.gov/hr/safety/incident-reporting/hazard-reporting/">https://sonomacounty.ca.gov/hr/safety/incident-reporting/hazard-reporting/</a>  Workers who know about workplace hazards, and the measures in place to control them, can work safer and more productively. Workers need to be trained on the safety and health program and their role as it relates to that program. They should also know how to identify workplace hazards and be involved in the process of controlling those hazards.
To Do	Education and Training	Develop training PowerPoint on potential hazards for the cultivation and processing of cannabis		0%	6/30/2017		See <i>Guide to Worker Safety and Health in the Marijuana Industry</i> from Colorado Dept. of Public Health & Environment for hazards  Workers who know about workplace hazards, and the measures in place to control them, can work safer and more productively. Workers need to be trained on the safety and health program and their role as it relates to that program. They should also know how to identify workplace hazards and be involved in the process of controlling those hazards.
To Do	Cannabis Permitting	Begin Permitting		0%	7/1/2017		
Ongoing	Program evaluation and improvement	Safety meetings, audits, employee feedback			Ongoing		This step in the process helps establish a system of evaluating control measures for their continued effectiveness. Processes should be established to monitor program performance, verify program implementation, identify program deficiencies and opportunities for improvement, and take actions necessary to improve the program and overall safety and health performance.





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# Speaker Bios

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## Sherri Adams

Sherri Adams is the Risk Manager for Solano County. She has over 14 years of public agency experience that includes two years with a Third-Party Administrator as a Senior Account Manager working with Public Entities throughout the East Bay and Sacramento area. Sherri earned her Bachelor of Science, Business Administration from San Jose State University. She has an Associate in Risk Management, Workers' Compensation Certificate of Administration and Pooling Management Certificate.



## Burke Dunphy

Ms. Dunphy joined the firm in 2013, bringing her experience in labor/management relations, financial restructuring, and bankruptcy to our Labor Relations and Employment law practice.

Prior to joining Sloan Sakai, Ms. Dunphy was an associate in the business reorganization and financial restructuring practices of two New York law firms, where she represented both private and public sector clients in in-court and out-of-court restructurings.

Ms. Dunphy graduated Order of the Coif from the University of Pittsburgh Law School. During law school, Ms. Dunphy worked as a legal intern with Worcester County District Attorney's Office and as a summer associate in the financial restructuring and litigation departments of a New York law firm.



### Gage C. Dungy

Gage provides management-side representation and legal counsel to clients in all matters pertaining to labor and employment law throughout the State of California. This includes both private sector and public sector employers, including cities, counties, special districts, hospitals, businesses, and packing houses, among others.

Gage is experienced in representing and advising employers on various labor and employment law issues. Gage has served as chief negotiator for public sector agencies in labor negotiations with their employee organizations, including both miscellaneous and safety employee units covered under the Meyers-Milius-Brown Act (MMBA). Based on this experience, he is very familiar with the relevant laws and strategic considerations related to the representation of public sector clients at the bargaining table, including the impact of the MMBA's recent impasse fact-finding obligations.

Gage is a popular speaker and trainer and has presented numerous presentations, preventative trainings, and workshops for employers, agencies, and trade associations on the following topics, among others.

Working in Sacramento, Gage also leads LCW's legislative tracking efforts on labor and employment law legislation and works closely with the League of California Cities, California State Association of Counties, and California Special Districts Association to advise on the impacts of such legislation.



### Nancy Hetrick

Nancy Hetrick has more than 10 years of local government experience as a staff member and as a consultant. She was a performance measurement expert for Management Partners from 1996 to 2001, when she was named principal management analyst in the San Mateo County (California) Manager's Office. In 2006, she returned to Management Partners, working out of its San Jose office.

Nancy has been a trainer for the ICMA Center for Performance Measurement, and has assisted numerous cities and counties in California and Washington with developing performance management systems. During her five years with San Mateo County, she oversaw criminal justice assignments, including budget development and oversight, and was the performance management manager for county departments. In 2006, Nancy was president of the Municipal Management Association of Northern California.



### Dane Hutchings

Dane Hutchings began working for the League of California Cities in December of 2015, as the Governance, Transparency and Labor Relations (GTLR) Legislative Representative. This role specializes in employee/employer issues such as pension and workers' compensation matters. The role includes polices related to transparency, technology, healthcare, elections and political reform.

Prior to joining the League of Cities, Dane worked for the California Grocers Association representing over 300 members in the retail food and supplier industry—focusing on labor and employment, healthcare, retail food and general business issues. Additionally, Dane worked at Ogilvy Public Relations Worldwide serving as the interface between the government affairs and public affairs practice areas, responsible for advocacy and support for multiple California legislative and regulatory issue areas.

Dane received his undergraduate degree from California State University Sacramento in with an emphasis in public affairs and later received his graduate degree in public policy analysis.



### Dorothy Johnson

Dorothy Johnson is the CSAC Legislative Representative in the area of Government Finance and Administration policy. Prior to joining CSAC in 2015, she represented the California Special Districts Association on governance and employer relations policy as well as the League of California Cities on public safety and public works policy. She received a double BA from UC Davis in Political Science and Sociology



### Chris Shaffer

Chris Shaffer, Managing Vice President of Client Services for York, has over 25 years of broad-based experience in account management, insurance claims management, risk management, client relationship management, data analysis and information technologies. Chris' extensive IT background provides for a unique perspective on the exposures and drivers of risk for public agencies in California. Chris is a charter member of the PARMA Information Technology Committee and the CAJPA Information Technology committee.



### Tracy Sullivan

Tracy Sullivan currently serves as a Legislative Analyst for the California State Association of Counties (CSAC), focusing on government, finance and administration. Before joining CSAC in November 2016, Tracy worked in the state Capitol Building for two years as a legislative staffer in the Office of Assembly Member Eric Linder.

She received her BA in history from Santa Clara University and is expected to receive her MPA from the University of Southern California in May 2018.



### Donna Vaillancourt

Donna Vaillancourt is the Director of the Department of Human Resources with San Mateo County. Donna is passionate about pursuing the Department's mission to position San Mateo County as an employer of choice and maximize individual and organizational potential. To that end, she has spearheaded new workforce planning efforts, leadership development and wellness programs to attract and retain talent in a dynamic organization consisting of over 5,500 employees. She was honored with the Calpelra Moving Forward Award for Innovative Leadership in 2009, the Circle of Service Award from CSAC in 2011 and under her leadership, San Mateo County HR received the IPMA-HR Agency Award of Excellence in 2015.

Donna began her career with the County in 1981 after serving overseas for three years in the U.S. Army. She has a BS in Human Resources Management, is a California Credentialed County Senior Executive and a Certified Professional Coach. Donna previously held leadership positions in a variety of departments, most recently as Deputy Director of Public Works. She has served as a board member for several professional organizations including the County Personnel Administrator's Association of California, CSAC Institute of Excellence and CalPELRA.

## Sponsors

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for the gift of their time and wisdom.





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