



**GOVERNANCE, TRANSPARENCY AND LABOR RELATIONS POLICY COMMITTEE**  
**Friday, June 4, 2021**  
**1:30 pm – 4:30 pm**

**Register for this meeting:**

[https://zoom.us/meeting/register/tJYuce6srzwtHdZ2\\_eVoCnKx0Lw-DQnHrE7G](https://zoom.us/meeting/register/tJYuce6srzwtHdZ2_eVoCnKx0Lw-DQnHrE7G)

Immediately after registering, you will receive a link and confirmation email to join the meeting.



**AGENDA**

- I. Welcome and Introductions**  
*Speakers: Chair Lori Ogorchock, Councilmember, Antioch  
Vice Chair Rick Bonilla, Deputy Mayor, San Mateo*
- II. Public Comment**
- III. General Briefing** *Informational*  
*Speaker: Bijan Mehryar, Legislative Representative, League of California Cities*
- IV. Federal Update** *Informational*  
*Speaker: Bijan Mehryar, Legislative Representative, League of California Cities*
- V. Budget Update** *Informational*  
*Speaker: Bijan Mehryar, Legislative Representative, League of California Cities*
- VI. Legislative Update** *Informational*  
*Speaker: Bijan Mehryar, Legislative Representative, League of California Cities*
- VII. Asset-Liability Management Policy Proposal (Attachment A)** *Action*
- VIII. Legislative Agenda (Attachment B)** *Action*  
*Speaker: Bijan Mehryar, Legislative Representative, League of California Cities*
  - Bill List:
    - **AB 237 (Gray)** Public Employment: Unfair Practices: Health Protection.
- IX. Adjourn**

**Next Meeting:** Staff will notify committee members after July 24 if the policy committee will be meeting in September.

*Brown Act Reminder: The League of California Cities' Board of Directors has a policy of complying with the spirit of open meeting laws. Generally, off-agenda items may be taken up only if:*

- 1. Two-thirds of the policy committee members find a need for immediate action exists and the need to take action came to the attention of the policy committee after the agenda was prepared (Note: If fewer than two-thirds of policy committee members are present, taking up an off-agenda item requires a unanimous vote); or*
- 2. A majority of the policy committee finds an emergency (for example: work stoppage or disaster) exists.*

*A majority of a city council may not, consistent with the Brown Act, discuss specific substantive issues among themselves at Cal Cities meetings. Any such discussion is subject to the Brown Act and must occur in a meeting that complies with its requirements.*

**GOVERNANCE, TRANSPARENCY AND LABOR RELATIONS POLICY COMMITTEE**  
**Policy Agenda**  
**June 4, 2021**

**Staff:** Bijan Mehryar, Legislative Representative (916) 882-9886  
Johnnie Pina, Legislative Policy Analyst (916) 658-8214

**Asset-Liability Management Policy Discussion**

Based on the presentation given by CalPERS Chief Financial Officer Michael Cohen at the April 16 Policy Committee Meeting, the committee should discuss and evaluate our options for engagement in the Asset-Liability Management (ALM) process.

**Existing League Policy:**

Public compensation systems programs should be sustainable, fair to taxpayers and employees, and provide long-term financial stability.

Cal Cities 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).

Cal Cities supports balanced measures that ensure sustainable retirement and health care benefits are offered to public agency employees while at the same time ensuring that public agencies have solid retirement benefits to attract and retain highly talented employees.

Cal Cities supports locally negotiated retirement programs that are fiscally responsible, transparent, sustainable, affordable and equitable for employees and for taxpayers in the long term.

Cal Cities supports reasonable measures to ensure that retirement benefits are properly funded allowing flexibility to local agencies to negotiate equitable cost sharing with employees and smoothing the employers' costs during challenging economic times.

Cal Cities supports the long-term sustainability of retiree health benefits by including their costs in employer/employee costs sharing formulas.

Cal Cities recognizes and supports the value of a dependable, sustainable, employer provided defined benefit plan for career employees; supplemented with other employee only funded retirement options including personal savings such as a 457 Plan.

Cal Cities supports further exploration of defined contribution options as part of future pension reform discussions.

**Staff Comments:**

The discount rate is the long-term interest rate that is charged on the unfunded actuarial liability (UAL) held by employers. It is also by design the annualized investment target rate that CalPERS strives to attain. Given the strong investment performance of the first quarter and a realization of the challenges of achieving 7-percent in the current market it is likely that either under CalPER's risk-mitigation policy or the ALM process, the Board of Administration will be considering some type of adjustment to the rate of return.

These changes present deep fiscal challenges for cities and present difficult policy considerations. From one perspective, a reduction in the discount rate will increase employer normal costs but those costs would be shared with employees to an extent. However, in the current fiscal climate that cities find themselves in those immediate, increased costs, even if they were to be phased in as was done during the last ALM cycle would create new cost pressures on already strained city budgets. From another perspective, a reduction in the discount rate would lower the expected rate of return on investments perhaps increasing the likelihood that CalPERS could meet the investment targets and lowering the likelihood that cities and other public agencies would have to make up the difference in the years where CalPERS fails to meet its investment target.

Given that CalPERS has identified employer affordability as a key challenge to the fund we need to highlight that this challenge will only be exacerbated by a change to the discount rate. If the committee adopts the staff recommendation to oppose the change in the discount rate and that recommendation is adopted by the board, staff will draft a letter to submit to the CalPERS executive staff and board of administration and begin active lobbying against a downward change in the discount rate.

**Staff Recommendation:**

Cal Cities staff recommends that the policy committee adopt a position opposing changes to the discount rate.

**Committee Recommendation:**

**Board Action:**

**GOVERNANCE, TRANSPARENCY AND LABOR RELATIONS POLICY COMMITTEE**  
**Legislative Agenda**  
**June 4, 2021**

**Staff:** Bijan Mehryar, Legislative Representative (916) 882-9886  
Johnnie Pina, Legislative Policy Analyst (916) 658-8214

**1. [AB 237 \(Gray\)](#) Public Employment. Unfair Practices. Health Protection.**

**Overview:**

This measure would make it an unfair practice for public employers to fail or refuse to maintain or pay for continued health care or other medical coverage for an enrolled employee for the duration of that employee's participation of an authorized strike.

**Bill Description:**

This measure would make it an unfair practice for a covered employer like a city to do any of the following:

- Fail to maintain health care coverage for an enrolled employee and their dependents for the duration of an authorized strike.
- Maintain a policy in contradiction of this measure's requirements or threaten an employee or their dependent's access to health or other medical coverage.

This measure would also declare that it is declaratory of, and clarifies, existing law. Its provisions apply in addition to any protection provided to employees under any memorandum of understanding or under any state or local law.

**Background:**

The Public Employment Relations Board (PERB) is charged with administering the collective bargaining statutes that cover the vast majority of public employees in California. A charge of an "unfair practice" in the local government context is a violation of the agreed to rules in a memorandum of understanding or the PERB's rules and regulations.

**Fiscal Impact:**

Depending on the extent of the violations of this measure, a city would be liable for attorney fees and punitive damages associated with the unfair practice charges.

**Existing Cal Cities Policy:**

Cal Cities supports efforts to promote, initiate and improve both public and private sector labor-management relations.

Cal Cities opposes any extension of the State Public Employment Relations Board jurisdiction over local public agency labor relations disputes and charges of unfair labor practices, and also opposes any interference or intervention in local collective bargaining by all labor-management relations councils or boards.

Cal Cities opposes state-mandated legislation related to employer/employee relations that are not mutually agreed upon by the local public agency and its employee organizations, except as provided by local law.

**Staff Comments:**

While our existing policy appears to guide us towards opposing this measure, it is worth considering if this bill makes any practical difference in our disposition towards employee organizations. On one hand, it is staff's understanding that city employee strikes are fairly rare and tend to be more performative for a handful of days than serious disruptions to city operations. On the other hand, if this measure were to become law there may be a concern that city employees would be induced to strike for longer without the concern of them losing their health care coverage. For historical consideration, Cal Cities opposed AB 1066 (L. Gonzalez, 2019) which would have provided unemployment benefits to striking workers for the duration of their strike.

**Support – As of 04/15/2021**

American Federation of State, County and Municipal Employees, AFL-CIO  
California Conference Board of the Amalgamated Transit Union  
California Conference of Machinists  
California Federation of Teachers, AFT, AFL-CIO  
California Nurses Association  
California Professional Firefighters  
California Teachers Association  
California Teamsters Public Affairs Council  
Committee of Interns and Residents/SEIU  
Courage California  
Engineers and Scientists of California, IFPTE Local 20, AFL-CIO  
Los Angeles County Democratic Party  
North Valley Labor Federation  
Professional and Technical Engineers, IFPTE Local 21, AFL-CIO  
Service Employees International Union, California  
United Auto Workers, Local 2865  
United Auto Workers, Local 5810  
UNITE-HERE International Union, AFL-CIO  
United Food and Commercial Workers, Western States Council  
United Nurses Associations of California/Union of Health Care Professionals  
Utility Workers Union of America

**Opposition – As of 04/15/2021**

None on file at this time

**Staff Recommendation**

In April, Cal Cities staff recommended the committee discuss AB 237 (Gray) and either take no position and continue to watch the measure or recommend an oppose position to the board. The GTLR Committee took no position and recommended that Cal Cities staff bring this measure back to the committee for review in the June policy committee meeting. This measure has continued to move through the Legislature and has not been amended since the last time the GTLR policy committee met in April. Cal Cities staff continues to recommend the committee discuss AB 237 (Gray) and either take no position or recommend an oppose position to the board.

**Committee Recommendation:**

**Board Action:**