



# County of Los Angeles CHIEF EXECUTIVE OFFICE

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WILLIAM T FUJIOKA  
Chief Executive Officer

September 4, 2012

Board of Supervisors  
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First District

MARK RIDLEY-THOMAS  
Second District

ZEV YAROSLAVSKY  
Third District

DON KNABE  
Fourth District

MICHAEL D. ANTONOVICH  
Fifth District

To: Supervisor Zev Yaroslavsky, Chairman  
Supervisor Gloria Molina  
Supervisor Mark Ridley-Thomas  
Supervisor Don Knabe  
Supervisor Michael D. Antonovich

From: William T Fujioka  
Chief Executive Officer

## SACRAMENTO UPDATE

### Executive Summary

This memorandum contains information on the following:

- **Legislature Adjourns for Final Recess.** August 31, 2012 was the last day for the Legislature to pass legislation before the final recess of the 2011-12 Legislative Session. The Assembly and the Senate debated a number of important issues such as Pension Reform, Workers' Compensation Overhaul, environmental exemptions for the Los Angeles Regional Interoperable Communications System (LA-RICS), and remaining legislation until after midnight before adjourning. All bills passed by the Legislature are now on the Governor's desk who has until September 30, 2012 to sign or veto these measures.
- **Final Actions on Remaining Legislation.** Before adjourning, the Legislature took action on a number of important bills including several County-advocacy measures and legislation of major interest to the County, including:

### **County-Advocacy Legislation**

- **County-supported AB 1486 (Lara)** – related to a time-limited exemption from the California Environmental Quality Act for the Los Angeles Regional Interoperable Communications System passed the Assembly and the Senate and now proceeds to the Governor.

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- **County-opposed AB 1659 (Butler)** – related to the employee relations commissions of the County of Los Angeles and the City of Los Angeles was held in the Senate Inactive file and failed passage.
- **County-supported AB 2062 (Davis)** – related to the electronic submission of the Statement of Economic Interests form passed the Assembly and the Senate and now proceeds to the Governor.
- **County-supported SB 1118 (Hancock)** – related to the creation of the Mattress Recovery and Recycling Act to recycle used mattresses failed passage.

#### **Legislation of County Interest**

- **AB 340 (Furutani)** – The Public Employees' Pension Reform Act of 2013, which would reform public employee pension systems passed the Assembly and the Senate on August 31, 2012 and now proceeds to the Governor.
- **AB 404 (Gatto)** – related to the regulation of tax agents who lobby before county assessors failed passage.
- **SB 863 (De León)** – related to reform of the workers' compensation system passed the Assembly and the Senate on August 31, 2012 and now proceeds to the Governor.

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#### **Legislature Adjourns for Final Recess**

August 31, 2012 was the last day for the Legislature to pass legislation before the final recess of the 2011-12 Legislative Session. The Assembly and the Senate debated a number of important issues such as Pension Reform, Workers' Compensation Overhaul, environmental exemptions for the Los Angeles Regional Interoperable Communications System and remaining legislation until after midnight before adjourning. All bills passed by the Legislature are now on the Governor's desk who has until September 30, 2012 to sign or veto these measures.

#### **Final Actions on Remaining Legislation**

Before adjourning, the Legislature took action on a number of important bills including several County-advocacy measures and legislation of major interest to the County.

### **County-Advocacy Legislation**

**County-supported AB 1486 (Lara)**, which would provide a narrowly-focused, time-limited exemption to the Los Angeles Regional Interoperable Communications System (LA-RICS) Project from the environmental requirements under the California Environmental Quality Act (CEQA) and would only apply to sites that are on publicly owned land (i.e. police, sheriff, or fire stations), which already contain antenna support structures and related infrastructure, and sites that are not located on environmentally sensitive areas, passed the Senate by a vote of 32 to 5 and the Assembly by a vote of 59 to 1 on August 31, 2012 and now proceeds to the Governor. AB 1486 is an urgency measure and would be effective immediately, if signed by the Governor.

The proposed exemption is critical to the LA-RICS Project for the development of a vital public safety communications system and to maintain a \$154.6 million Federal grant which is estimated to generate 2,181 jobs.

AB 1486 is supported by: the LA-RICS Authority; Los Angeles County; Sheriff Leroy Baca; District Attorney Steve Cooley; Fire Chief Daryl Osby; the Department of Health Services; the California State Firefighters' Association; the California Professional Firefighters; and the Los Angeles Area Fire Chiefs Association, among others. The measure is opposed by: the California Coastal Protection Network; California League of Conservation Voters; Natural Resources Defense Council; and Sierra Club California, among others.

**County-opposed AB 1659 (Butler)**, which as introduced on February 14, 2012, would specify that the employee relations commissions of the County of Los Angeles and the City of Los Angeles function operationally and fiscally independent of County and City management, failed passage on August 31, 2012 and will not proceed this year.

**County-supported AB 2062 (Davis)**, which as amended on August 13, 2012, would permit all filers of the Statement of Economic Interests (Form 700) to submit statements electronically in accordance with Fair Political Practices Commission regulations, passed the Assembly by a vote of 80 to 0 and the Senate by a vote of 37 to 0 on August 31, 2012, and now proceeds to the Governor. AB 2062 is an urgency measure and would be effective immediately, if signed by the Governor.

**County-supported SB 1118 (Hancock)**, which would establish the Mattress Recovery and Recycling Act requiring mattress manufactures to develop, finance and implement a program to collect and recycle used mattresses, failed passage on August 31, 2012 and will not proceed this year.

### **Legislation of County Interest**

**AB 340 (Furutani)**, which as amended on August 28, 2012, would establish the California Public Employees' Pension Reform Act (PEPRA) to govern pensions for public employees and public pension plans on and after January 1, 2013, passed the Assembly by a vote of 66 to 9 and the Senate by a vote of 38 to 1 on August 31, 2012, and now proceeds to the Governor.

AB 340 would make changes to the pension systems of most public employers, including Los Angeles County. For new employees, the changes include pension caps, equal sharing of pensions, increases in retirement age, and three-year final compensation based on regular recurring pay. For all employees, changes include the prohibition of retroactive pension increases, pension holidays, and purchases of service credit.

On August 31, 2012, the California Public Employees' Retirement System (CalPERS) released an Actuarial Cost Analysis estimating that this proposed legislation would save between \$42 billion and \$55 billion over 30 years for CalPERS administered pension plans. The analysis notes that a complete analysis of the cost impact of the reform will require information on the impact on other systems and on other areas such as post-retirement medical benefits.

**This office is working with CEO Compensation and Benefits, County Counsel and LACERA to better define the proposed provisions and determine impact on the County and its employees.**

**AB 404 (Gatto)**, which as amended on August 24, 2012, would require boards of supervisors that regulate lobbying to adopt an ordinance to regulate property tax agents who practice before the county assessors, including specific provisions regarding annual agent registration, quarterly reporting, and prohibition of political contributions to an elected county assessor or a candidate for county assessor in that county, failed passage on August 31, 2012 and will not proceed this year.

**SB 863 (De León)**, which as amended August 30, 2012, would reform the workers' compensation system by streamlining administrative, legal and medical processes in order to fund increases to permanent disability benefits, passed the Assembly by a vote of 72 to 5 and the Senate by a vote of 34 to 4 on August 31, 2012, and now proceeds to the Governor.

SB 863 would take effect January 1, 2013, reforming specified system functions including: 1) timelines and uniformity in the medical dispute process; 2) requirements to

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have medical professionals determine disability; 3) the permanent disability benefits system; and 4) billing systems including the lien process, among others.

The State Department of Industrial Relations, the Workers' Compensation Insurance Rating Bureau, and the State Compensation Insurance Fund all project net savings for the workers' compensation system of \$100.0 million to \$670.0 million a year. The Chief Executive Office Risk Management Branch (CEO-RMB) notes that there is some difficulty in fully analyzing the costs associated with specific provisions of SB 863, including the initial costs to setup the reformed medical dispute process and potential legal challenges. However, CEO-RMB, along with County Counsel, City of Los Angeles, Metropolitan Transportation Authority, and Los Angeles Unified School District indicate that from a technical standpoint, SB 863 contains many potentially positive provisions, including abolishing or reducing certain litigation costs and exposures; streamlining the Medical Provider Network process; and significantly improving procedures and reducing exposure to workers' compensation lien filings.

**The Chief Executive Office Risk Management Branch is working to define the provisions of SB 863 and determine the impact of this bill on the County.**

We will continue to keep you advised.

WTF:RA  
MR:KA:IGEA:ma

c: All Department Heads  
Legislative Strategist  
Local 721  
Coalition of County Unions  
California Contract Cities Association  
Independent Cities Association  
League of California Cities  
City Managers Associations  
Buddy Program Participants