



April 13, 2018

Ms. Heather Halsey
Executive Director
Commission on State Mandates
980 Ninth Street, Suite 300
Sacramento, CA 95814

Response to Draft Proposed Decision, 16-TC-04, Impasse Procedures II

Dear Ms. Halsey:

The Department of Finance has reviewed the Draft Proposed Decision prepared by Commission on State Mandates (Commission) staff in response to the Test Claim submitted by the City of Oxnard (City) that alleges reimbursable, state-mandated costs associated with Chapter 680, Statutes of 2011 (AB 646), and Chapter 314, Statutes of 2012 (AB 1606).

AB 646 allows local agency public employee organizations to request appointment of a fact-finding panel to address disputes concerning conditions of employment with local agency employers, if a mediator is unable to arrange a settlement within 30 days. AB 646 states that costs associated with the fact-finding shall be equally divided between the parties.

AB 1606 states that mediation is not a necessary pre-condition for a local agency public employee organization to request appointment of a fact-finding panel pursuant to AB 646. AB 1606 contains a legislative finding and declaration that its provisions are technical and clarifying of existing law.

Commission staff recommend the Commission partially approve the Test Claim, with eligibility to claim state reimbursement recommended for the following activities:

- Selecting a member of the fact-finding panel and paying the member's costs, and paying half of any mutually incurred costs for the fact-finding process.
- Meeting with the fact-finding panel within 10 days of its appointment.
- Furnishing the fact-finding panel with specified information relating to any matter under investigation or issue before the fact-finding panel.
- Receiving and making publicly available the written advisory findings and recommendations of the fact-finding panel, if the dispute is not settled within 30 days.

Finance asserts that none of the activities listed above represent either a new program or the provision of a higher level of service to the public. We disagree with the Commission staff recommendations regarding the reimbursable nature of these activities. However, we do agree with the Commission staff conclusion that the Commission's jurisdiction in this case is limited to AB 1606.

In *City of Richmond v. Commission on State Mandates* (1998) 64 Cal. App. 4th 1190, the court stated that "(a) higher cost to the local government for compensating its employees is not the same as a higher cost of providing services *to the public* (emphasis added)." Thus, to be state-reimbursable, there must be a higher level of service provided to the public.

The activities that Commission staff conclude are reimbursable mandated activities do not constitute a new program or higher level of service. When a local agency participates in a fact-finding panel with a public employee organization to resolve disputes concerning employment conditions, the local agency is not providing a service to the public. The local agency's participation may have the salutary effect of promoting employer-employee relations and thus ensuring government services are delivered in a fair, cost-effective manner. However, the act of participating in the fact-finding panel does not, in itself, represent the provision of a service to the public. Consequently, none of the City's alleged costs qualify for reimbursement.

Furthermore, the statutes merely add a new fact-finding element to the existing collective bargaining program. Because the activities do not represent a new program that provides a higher level of service to the public, none of the activities identified as qualifying for reimbursement are, in fact, state-reimbursable.

Sincerely,

A handwritten signature in blue ink that reads "Erika Li". The signature is written in a cursive, flowing style.

ERIKA LI
Program Budget Manager

DECLARATION OF SERVICE BY EMAIL

I, the undersigned, declare as follows:

I am a resident of the County of Sacramento and I am over the age of 18 years, and not a party to the within action. My place of employment is 980 Ninth Street, Suite 300, Sacramento, California 95814.

On April 16, 2018, I served the:

- **Finance's Comments on the Draft Proposed Decision filed April 13, 2018**

Local Agency Employee Organizations: Impasse Procedures II, 16-TC-04
Government Code Sections 3505.4, 3505.5, and 3505.7; as added or amended by
Statutes 2011, Chapter 680 (AB 646) and Statutes 2012, Chapter 314 (AB 1606)
City of Oxnard, Claimant

By making it available on the Commission's website and providing notice of how to locate it to the email addresses provided on the attached mailing list.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct, and that this declaration was executed on April 16, 2018 at Sacramento, California.



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COMMISSION ON STATE MANDATES

Mailing List

Last Updated: 4/13/18

Claim Number: 16-TC-04

Matter: Local Agency Employee Organizations: Impasse Procedures II

Claimant: City of Oxnard

TO ALL PARTIES, INTERESTED PARTIES, AND INTERESTED PERSONS:

Each commission mailing list is continuously updated as requests are received to include or remove any party or person on the mailing list. A current mailing list is provided with commission correspondence, and a copy of the current mailing list is available upon request at any time. Except as provided otherwise by commission rule, when a party or interested party files any written material with the commission concerning a claim, it shall simultaneously serve a copy of the written material on the parties and interested parties to the claim identified on the mailing list provided by the commission. (Cal. Code Regs., tit. 2, § 1181.3.)

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