



Staff Report

Date: September 10, 2014
To: Mayor Hoertkorn and Council Members
From: Joe Chinn, Town Manager
Subject: League of Cities Annual Conference Resolutions

Recommendation

Staff recommends the Council provide direction to the Town Manager as the Town's voting delegate on the League of Cities Resolutions that are to be voted on at the Annual League Conference on October 2, 2015. The staff recommendation for each resolution is included in the discussion section of this report.

Background and discussion

At the Annual League of California Cities Conference each year the League members consider resolutions that are to be voted on by delegates from each city attending the conference. This year there are four resolutions that are proposed to be voted on. The League encourages each Council to consider the resolutions and to determine a position so that your voting delegate can represent the Town's position. The Town Manager will be attending the Annual Conference and has been selected as the voting delegate for the Town at the General Assembly meeting.

At the League Conference, each of the four resolutions will be discussed at their respective Policy Committee meetings at the conference on September 30. Then on October 1 they will all be further discussed at the General Resolution Committee meeting before being voted on by all the delegates at the General Assembly meeting on October 2. In the past, some new information or discussion occurs in the different committee meetings prior to getting to the General Assembly meeting so there could be modifications and amendments proposed to the attached resolutions.

Each of the four resolutions are briefly discussed below along with the recommended voting position on each. The details of each including the text of the resolution, background information, and the League of Cities staff analysis are attached.

Resolution 1 – Resolution relating to League bylaws amendments regarding succession of League offices to fill vacancies – This resolution streamlines the succession process when filling a vacancy for the office of the President of the Board of Directors. It would allow for the League bylaws to be amended allowing the immediate past President to fill an unexpected vacancy in the office of the President for the remainder of the vacating President's term.

Recommendation on Resolution 1 from the Town is to support. The resolution ensures that there is a smooth succession process in place and that current Vice-Presidents have ample time to prepare for their role as President.

Resolution 2 – Resolution calling for legislation to preserve therapeutic environments for group homes and avoid impacts of overconcentration of alcohol and drug abuse recovery and treatment facilities in residential neighborhoods – This resolution calls for the Governor and the Legislature to work with the League and other stakeholders to explore options to address overconcentration of alcohol and drug abuse recovery and treatment facilities in residential neighborhoods while respecting the legal rights of patients and legal obligations of public entities, avoid the creation of institutional settings when multiple facilities are concentrated in a single location, and determine the appropriate balance between not-for-profit facilities and for-profit facilities in residential neighborhoods. League staff notes it has significant existing policy in this area and that making significant progress in this area has been difficult in the Capitol.

Recommendation on Resolution 2 from the Town is to support but provide the voting delegate the authority to modify the position if information comes out of the policy committee, resolutions committee, or General Assembly meeting that may indicate a non-support position may make more sense. For example, a not support position may make sense if the League pushing on this issue is unlikely to succeed while taking considerable time or may jeopardize other progress that may be made on this or other topics.

Resolution 3 – Resolution supporting SB 593 (McGuire) and continued local flexibility for cities as they address neighborhood and fiscal impacts of temporary rentals of residential units – Resolution 3 seeks to increase support for SB593 which is pending in the Legislature. SB593 seeks to bolster local efforts to regulate and collect transient occupancy taxes from the temporary rental of residential houses, condos, rooms, and apartments for tourists and transient use. The League is currently in support of this legislation. The bill helps reinforce local laws. Where vacation rentals are legal, the bill will assist jurisdictions in their regulation and collection of transient occupancy taxes. Where vacation rentals are illegal by local ordinance, the bill will prohibit online vacation rental businesses from making a rental.

Recommendation on Resolution 3 from the Town is to support. The resolution supports the ability of local government to reinforce local ordinances related to the temporary rental market and supports the concept of local control to help protect the community.

Resolution 4 – Resolution calling for the Governor and Legislature to work with the League to enact legislation or to otherwise compel Southern California Edison (SCE) to create a program to automatically provide direct compensation to its customers affected by prolonged electrical power outages under specified circumstances – This proposed resolution calls upon the Governor and Legislature to enact legislation or take other action that will provide rebates in flat amounts to SCE customers for extended power outages under specified conditions. The resolution calls for the program to be modeled on the “Safety Net” and “Service Guarantee” programs offered by PG&E. The League staff analysis raises many questions about this resolution. For example, given that the California Public Utilities Commission (PUC) regulates all investor owned utilities, is it more appropriate to seek a regulatory change rather than a legislative proposal?

Recommendation on Resolution 4 is to let the voting delegate determine how to vote based on information provided from the committee meetings.

The League staff states that there will be more information provided at the League committee meetings trying to answer some of the questions that have been posed. In addition, this resolution is limited to a utility serving a portion of southern California.

Fiscal, resource and timeline impacts

None.

Alternative actions

The Council could provide alternative direction on how to vote related to the League of California Cities Resolutions than recommended above.

Environmental review (if applicable)

Not applicable.

Attachments

- League of Cities packet on the 2015 Annual Conference Resolutions

2015 ANNUAL CONFERENCE RESOLUTIONS

RESOLUTION REFERRED TO ADMINISTRATIVE SERVICES POLICY COMMITTEE

1. RESOLUTION RELATING TO LEAGUE BYLAWS AMENDMENTS REGARDING SUCCESSION OF LEAGUE OFFICES TO FILL VACANCIES

Source: League Board of Directors
Referred to: Administrative Services Policy Committee
Recommendation to General Resolutions Committee:

WHEREAS, the League of California Cities® is a nonprofit mutual benefit corporation under California law and, as such, is governed by corporate bylaws; and

WHEREAS, the League's Board of Directors periodically reviews the League's bylaws for issues of clarity, practicality, compliance with current laws, and responsiveness to membership interests; and

WHEREAS, on two occasions in recent years when vacancies arose in office of President of the Board of Directors after disappointing reelection results, the vacancy was filled in accordance with the League Bylaws by the First Vice President becoming President at the next Board meeting. This left a vacancy in the office of First Vice President that was filled by the Board by advancing the Second Vice President. This required recruiting a new Second Vice President that the Board chose, as provided in the Bylaws, from the ranks of the Board itself; and

WHEREAS, in September 2014 the Board chose a new Second Vice President as usual and also a new First Vice President who had not previously served as Second Vice President because the prior Second Vice President was elected to county office and was no longer eligible. When the President was not reelected in November 2014, the First Vice President advanced to the office of President with only two months of experience as a League officer. Additionally, the Second Vice President was advanced to First Vice President; and

WHEREAS, the Board of Directors believe this confluence of events twice in recent years demonstrates a weakness in the succession of League offices required by the League Bylaws because the accelerated advancement of officers in the event of a vacancy in the office of President may deprive the junior officers and the League of adequate time to serve and develop expertise and relationships in the offices of Second and First Vice President; and

WHEREAS, it is the unanimous recommendation of the League Board that the League membership amend article VIII, section 4, of the League bylaws to allow the Immediate Past President to fill an unexpected vacancy in the office of President for the unexpired term if the Immediate Past President agrees. If not, the current succession process would occur; and now, therefore, be it,

RESOLVED, by the General Assembly of the League of California Cities assembled in Annual Conference in San Jose, October 2, 2015, that article VIII, section 4 of the League bylaws be amended to read as follows:

Article VIII: Officers

Section 1: Identity.

The officers of the League are a President, a First Vice-President, a Second Vice-President/Treasurer, an Immediate Past President, and an Executive Director.

Section 2: Duties of League Officers.

- (a) **President.** The President presides at all League Board meetings and all General Assemblies. The President has such other powers and duties as may be prescribed by these bylaws or the League Board.
- (b) **First Vice-President.** The First Vice-President carries on the duties of the President in the President's temporary absence or incapacity. The First Vice-President has such other powers and duties as may be prescribed by these bylaws or the League Board.
- (c) **Second Vice-President/Treasurer.** The Second Vice-President/Treasurer carries on the duties of the President in the President's and First Vice-President's temporary absence or incapacity. The Second Vice-President/Treasurer has such other powers and duties as may be prescribed by these bylaws or the League Board.

Section 3: Election.

The League Board elects the League's President, First Vice-President and Second Vice-President for terms of one year. The election occurs at the League Board's meeting at the Annual Conference.

Section 4: Vacancies.

A vacancy in the office of President is filled ~~at the next meeting of the League Board~~ by the Immediate Past President who shall serve for the unexpired term of office and, upon election of a new President at the next Annual Conference, shall subsequently serve a full term as Immediate Past President. In the event the Immediate Past President is not available to fill the vacancy in the office of the President, or declines in writing, it shall be filled by the succession of the First Vice-President to that office. A vacancy in the office of First Vice-President, or Second Vice-President/Treasurer, is filled for the un-expired term by appointment by the League Board of a member of the League Board. A vacancy in the office of the Immediate Past President is filled for the un-expired term by the last Past President continuing to hold a city office.

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Background Information on Resolution No. 1

Source: League Board of Directors

Background:

In 2010 and again recently in 2014 the city official elected League President at the Annual Conference in September was not returned to office by the voters of their city. This development triggered a series of steps laid out in the order of succession in the League Bylaws that mandates that the First Vice President advance to the office of President at the next Board meeting and that the Board fill the vacancy in the office of First Vice President for the remainder of the term.

When the Board filled the League offices in September 2014, the Second Vice President could not advance to First Vice President since she had been elected to the office of county supervisor and was ineligible to serve. Consequently the Board selected two directors to fill both the offices of First Vice President and Second Vice President. Neither had previously served as a League officer.

When the vacancy in the office of President occurred after the November general election, the First Vice President advanced to the office of President after having served only two months as a League officer in contrast to the normal advancement process of twenty-four months. The Second Vice President was advanced to the office of First Vice President after having served only two months as a League officer. The Board also chose a new Second Vice President.

At the February, 2015 meeting of the League Board of Directors, the Executive Committee recommended unanimously an amendment to the order of succession in Art. VIII, Sec. 4 of the League Bylaws. The proposed amendment would allow the most experienced member of the Executive Committee, the Immediate Past President, to fill out the remainder of the term of office of a President who leaves the office before its term is completed if the Immediate Past President is willing and able to do so. This arrangement would allow the First Vice President to continue serving and to advance to the office of President on the schedule envisioned by the League Bylaws. If the Immediate Past President were unable or unwilling to serve, the existing order of succession would occur.

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League of California Cities Staff Analysis on Resolution No. 1

Staff: Alicia Lewis
Committee: Administrative Services Policy Committee

Summary:

This resolution seeks to streamline the succession process when filling a vacancy for the office of President of the Board of Directors. It would allow for the League bylaws to be amended, allowing the Immediate Past President to fill an unexpected vacancy in the office of President for the remainder of the vacating President's term. Changes to League bylaws require a 2/3 vote of the General Assembly.

Background:

The past few years have yielded several occasions where the succession line for Board of Directors leadership was disrupted due to disappointing election results and officers taking office outside of city government.

In September 2014 the Board chose a new First and Second Vice President. The First Vice President had not previously served as Second Vice President because the prior member was elected to county office and therefore no longer eligible. When the President was not reelected in the November 2014, the First Vice President advanced to the office of President with only two months of experience as a League officer. Additionally, the Second Vice President was advanced to First Vice President. This transition far outpaced the normal process for advancing as an officer on the Board of Directors.

Fiscal Impact:

This impact of this resolution would have no fiscal impact.

Comments:

The nature of this resolution is to ensure that there is a smooth succession process in place and that current Vice-Presidents (First and Second) have ample time to prepare for their role as President. By

allowing the Immediate Past President to finish out the term of a vacated presidency the Board would ensure there is minimal disruption to the workflow and goals of the association.

**RESOLUTION REFERRED TO HOUSING, COMMUNITY & ECONOMIC DEVELOPMENT
POLICY COMMITTEE**

**2. A RESOLUTION OF THE LEAGUE OF CALIFORNIA CITIES CALLING FOR
LEGISLATION TO PRESERVE THERAPEUTIC ENVIRONMENTS FOR GROUP HOMES
AND AVOID IMPACTS OF OVERCONCENTRATION OF ALCOHOL AND DRUG ABUSE
RECOVERY AND TREATMENT FACILITIES IN RESIDENTIAL NEIGHBORHOODS**

Source: City of Malibu

Concurrence of five or more cities/city officials: Cities: Artesia; Duarte; La Canada Flintridge; Lakewood; Lomita; and Pico Rivera. City Officials: Los Angeles Council Member Mitchell Englander

Referred to: Housing, Community and Economic Development Policy Committee

Recommendation to General Resolutions Committee:

WHEREAS, residential group home facilities provide valuable rehabilitation and support services for those who live in them, which benefits the greater society; and

WHEREAS, state departments license these facilities through several state agencies, and operators are required to meet various state statutory requirements; and

WHEREAS, in addition to residents, these facilities often include live-in managers and other staff, who provide a variety of services to residents which may include meals, workshops, training, counseling and other services. These uses and services may also require frequent deliveries to be made to the facility, shuttle van service provided to residents, and additional automobile traffic due to shift changes, visiting hours, and other activities. Collectively, these uses often generate more noise and activity than expected from a traditional single-family home; and

WHEREAS, the overconcentration of residential group homes changes the character of neighborhoods as they become centers for the delivery of various services. This environment not only creates a disruption to long-time residents, it can also diminish the quality of the residential treatment experience for group home residents as the neighborhood assumes a more institutional setting; and

WHEREAS, the State and local governments operate in partnership regarding the location of these residential care facilities in residential neighborhoods in order to carry out the policy of the State to prevent overconcentration of such facilities in these neighborhoods; and

WHEREAS, the state has adopted a 300 foot separation requirement between facilities licensed by the Department of Social Services,¹ but these siting standards have not been extended to apply to facilities licensed by other state agencies such as the Department of Health Care Services or other licensed or unlicensed facilities; and

WHEREAS, it is the policy of the State that each county and city permit and encourage development of sufficient numbers and types of alcoholism or drug abuse recovery or treatment facilities as are commensurate with local need;² and

¹ Health & Safety Code Section 1520.5

² Health & Safety Code Section 11834.20

WHEREAS, the California Fair Employment and Housing Act includes legal protection against discrimination against persons with disabilities through zoning laws, denials of use permits, and other actions authorized under the Planning and Zoning Law;³ and

WHEREAS, the Americans with Disabilities Act requires public entities to make reasonable accommodations in policies, practices, or procedures to avoid discrimination on the basis of a disability;⁴ and

WHEREAS, there is no provision in State law that allows for the consideration of the impact of alcoholism or drug abuse recovery or treatment facilities on single-family neighborhoods or the overconcentration of these facilities as there is for residential group home facilities; and

WHEREAS, many community concerns could be addressed if State agencies communicated and collaborated more with local governments; and

WHEREAS, the League of California Cities is committed to working in partnership with the Legislature and Administration to address overconcentration of alcohol and drug abuse recovery and treatment facilities in residential neighborhoods while respecting important legal rights of patients and legal obligations established by State and federal law.

RESOLVED, at the League of California Cities General Assembly, assembled at the League Annual Conference on October 2, 2015 in San Jose, that the League calls for the Governor and the Legislature to work with the League and other stakeholders to address the following issues:

1. Explore options to address overconcentration of alcohol and drug abuse recovery and treatment facilities in residential neighborhoods while respecting important legal rights of patients and legal obligations of public entities.
2. Avoid the creation of institutional settings when multiple facilities are concentrated in a single location, while also reducing noise, congestion and other concerns often raised by residents in residential neighborhoods.
3. Determine the appropriate balance between not-for-profit (including county) facilities and for-profit facilities in residential neighborhoods.

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Background Information on Resolution No. 2

Source: City of Malibu

Background:

State law preempts local zoning regulation for licensed drug and alcohol treatment facilities. State and federal anti-discrimination laws require cities to treat facilities that function as single housekeeping units the same as any other “family.” In many areas of the state, these facilities are impacting residential neighborhoods because their concentration in certain neighborhoods tends to change the character of the area from a residential neighborhood to more like a hospital and institutional zone in terms of the land use impacts.

In order to avoid overconcentration in residential neighborhoods, most state-licensed group homes are required by state law to meet certain distancing requirements from other licensed group homes. Alcohol

³ Government Code 12955(l)

⁴ 42 U.S.C. Section 12134

and drug programs are treated differently under state law in this respect and no distancing requirements apply. In fact, the state licensing agency does not impose any restrictions on the number of facilities in the vicinity of one another and have been allowing licensees to obtain two licenses on one lot and to operate integrated multi-structure facilities under the guise of multiple single-family residential licenses. Similarly, state law currently requires private foster family agencies operating in residential zones to be organized and operated on a nonprofit basis, while drug and alcohol programs and sober living homes are permitted to operate as a for-profit business in residential zones. The addiction recovery industry has become big business. There are now thousands of treatment facilities and sober living homes in California and the number is rapidly increasing.

State policy sought integration of group homes into residential neighborhoods, not disintegration of the residential character of the neighborhoods. A course correction is required to advance state policy. Through zoning authority, cities can preserve the very neighborhoods that the community-care model depends on to provide the therapeutic environment of a residential neighborhood. Distancing requirements both respond to the biggest concern of local government (over concentration that impairs neighborhood character) and advances state policy. In addition, limiting the zoning preemption to non-profit programs will also assist in preserving the integrity of residential neighborhoods.

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League of California Cities Staff Analysis on Resolution No. 2

Staff: Dan Carrigg
Committee: Housing, Community and Economic Development

Summary:

This Resolution calls for the Governor and the Legislature to work with the League and other stakeholders to explore options to address overconcentration of alcohol and drug abuse recovery and treatment facilities in residential neighborhoods while respecting important legal rights of patients and legal obligations of public entities, avoid the creation of institutional settings when multiple facilities are concentrated in a single location, and determine the appropriate balance between not-for-profit (including county) facilities and for-profit facilities in residential neighborhoods.

Background:

The City of Malibu is sponsoring this resolution as a way of highlighting an issue that continues to create zoning and land use problems in single-family neighborhoods. While this is not a new issue for the League and its cities, and the League has existing policy in this area, the sponsors view the passage of this resolution as helpful in restarting conversations with the Legislature and the Governor's Administration that can hopefully lead to productive solutions.

HCED Committee member and Malibu Council Member Lou La Monte raised this issue at the Committee's June meeting, where he presented a resolution that had recently been adopted by the California Contract Cities Association on May 15. The Committee encouraged him to work with League staff in his effort to draft a measure to be presented at the League's annual conference. League staff worked with Mr. La Monte in this regard, mostly in helping ensure that the various "whereas clauses" appropriately reflect the important legal rights of patients and obligations of public entities that Legislators will expect to be balanced in any solutions to local land use issues.

Resolved Clauses from Recent CCCA Resolution:

NOW THEREFORE, the Members of the California Contract Cities Association hereby re-affirms its commitment to cooperation among units of government that serve the people of California and urges the

California state legislature to enact legislation that empowers local government to preserve the residential character of neighborhoods necessary to effect state policy regarding group homes as follows:

1. Amend the state law to provide the same distancing and notice requirements for ADP facilities as it does for Community Care Act facilities;
2. Enact legislation providing standards that prevent overconcentration of unlicensed sober living homes to maintain residential character of neighborhoods which has therapeutic benefit for the occupants; and
3. Restrict the zoning preemption for licensed ADP facilities to those owned and operated by non-profit organizations.

Fiscal Impact:

Minor, if any.

Comment:

- 1) The League has significant existing policy in this area. In the past the League has had internal task forces and sponsored and supported various legislative proposals.
- 2) Making significant progress in this area has been difficult in the Capitol. Federal and state fair housing and anti-discrimination laws and various court decisions have bearing on local authority in this area. Patient advocacy groups and sympathetic legislators have been suspicious of any solutions that they see as limiting patient access. Thus, any effort to develop solutions to address local land use concerns must also remain sensitive to these issues and the perspective of legislators that sit on committees with jurisdiction in these areas.

Existing League Policy:

Related to this Resolution, existing policy provides:

- The League supports permitting cities to exercise review and land use regulation of group home facilities and residential care facilities in residential neighborhoods including the application of zoning, building and safety standards. State and county licensing agencies should be required to confer with the city's planning agency in determining whether to grant a license to a community care facility. The League recognizes that better review and regulation of residential care facilities will protect both the community surrounding a facility and the residents within a facility from a poorly managed facility or the absence of state oversight.
- The League supports state legislation to require a minimum distance of 300 feet between all new and existing residential care facilities. The League supports notification of cities about conditional release participants residing in group homes.

RESOLUTION REFERRED TO HOUSING, COMMUNITY & ECONOMIC DEVELOPMENT AND REVENUE & TAXATION POLICY COMMITTEES

3. A RESOLUTION OF THE LEAGUE OF CALIFORNIA CITIES SUPPORTING SB 593 (MCGUIRE) AND CONTINUED LOCAL FLEXIBILITY FOR CITIES AS THEY ADDRESS NEIGHBORHOOD AND FISCAL IMPACTS OF TEMPORARY RENTALS OF RESIDENTIAL UNITS

Source: City of West Hollywood

Concurrence of five or more cities/city officials: Cities of Healdsburg, Mammoth Lakes, Napa, Piedmont, Santa Cruz, Santa Monica, Sonoma

Referred to: Housing, Community & Economic Development; Revenue & Taxation Policy Committees

Recommendation to General Resolutions Committee:

WHEREAS, the temporary rental of residential houses, condominiums, rooms, and apartments for tourist or transient use is a developing part of the sharing economy; and

WHEREAS, while these rentals provide additional options to the traveling public, and income to affected property owners or tenants, it is also important that such rentals comply with local laws, regulations and ordinances; and

WHEREAS, the temporary rental of residential houses, condominiums, rooms, and apartments for tourist or transient use can present numerous challenges to neighborhoods and adjacent property owners and create additional noise, traffic, parking, privacy and public safety issues, subvert local rent-control laws, decrease available housing stock and in some cases turn residential neighborhoods into de-facto hotel rows; and

WHEREAS, where temporary rental of residential units for tourist or transient use is allowed in conformance with local laws, regulations and ordinances, the applicable transient occupancy tax (TOT) should also be collected. The temporary rental of residential units for tourist or transient use is in direct competition with hotels, motels and other accommodations where guests pay the local TOT, so all such uses should be subject to the same tax. The revenues generated support local streets, roads, fire, police, lifeguards, trash pick-up, park maintenance and other local public services which directly affect local quality of life and the attraction of the community for a visitor; and

WHEREAS, the Thriving Communities and Sharing Economy Act, introduced as SB 593 by Senator Mike McGuire (D-2, Healdsburg), prohibits the operators of transient residential hosting platforms from advertising residential units for tourist or transient use if such use will violate any ordinance, regulation, or law within the applicable city or county that opts into its provisions, and requires the confidential quarterly reporting to the city or county of the following information (if the City or County adopts an ordinance requiring the reporting of the data):

1. The address of each residential unit that was occupied for tourist or transient use during the quarterly period.
2. The total number of nights the residential unit was occupied for tourist or transient use.
3. The amounts paid for the occupancy of the residential unit for tourist or transient use.

WHEREAS, the provisions of SB 593 bolster existing local authority to enforce local ordinances and collect revenue associated with the temporary rental of residential units by allowing local agencies access to the data necessary to enforce their ordinances and requiring short-term rental hosting platforms to collect local TOT and remit it to the appropriate jurisdiction if short-term rentals are allowed in that jurisdiction; and

WHEREAS, the provisions of SB 593 provide a helpful regulatory framework that cities and counties may choose in lieu of exercising their existing authority; and

WHEREAS, the League of California Cities supports SB 593 because it recognizes and preserves local flexibility to address the temporary rental of residential units in the manner that best fits with the unique issues and conditions found in each local jurisdiction; and

WHEREAS, SB 593 provides local jurisdictions with the data and framework necessary to collect TOT revenues from short-term rentals, to pay for vital local services; and

WHEREAS, SB 593 provides local jurisdictions with the data and framework necessary to enforce local regulations designed to ensure the safety of the public and residents living adjacent to short-term rentals; and

WHEREAS, despite any existing challenges faced by cities in regulating or collecting revenue from the temporary rental of residential units, cities would oppose any effort to undermine their existing local authority to regulate land use or collect local TOT revenue.

RESOLVED, at the League of California Cities General Assembly, assembled at the League Annual Conference on October 2, 2015 in San Jose, as follows:

1. Land use regulation and local tax collection are best overseen and implemented locally.
2. While temporary rental of residential units can offer innovative opportunities for travelers and property owners within the developing sharing economy, cities must retain flexibility to address any problems raised by such uses in a manner that reflects the unique issues and conditions in their communities.
3. Cities have existing legal authority and tools to regulate and collect revenue from the temporary rental of residential units, and SB 593 provides the data and framework that supports and bolsters such local efforts.
4. The League encourages cities to support SB 593.

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Background Information on Resolution No. 3

Source: City of West Hollywood

Background:

The sharing economy has quickly become common place in the everyday life of many individuals, whether they participate in ride-sharing, have rented a short-term residential unit, or live in a community where either is prevalent. The sharing economy has provided benefits to many, but also includes many issues that must be addressed in order to allow these sharing practices to effectively incorporate into our communities. Specifically, the short-term rental of residential units has grown exponentially within the last several years throughout the State, and its impacts need to be addressed.

Presently, many cities and counties prohibit the renting of residences for less than 30 days. However, these prohibitions are frequently ignored by Online Vacation Rental Businesses (“OVRBs”), causing unwanted burdens on cities while reducing TOT collection from sanctioned hotels. The short-term rental of residential properties presents numerous challenges within neighborhoods and to adjacent property owners. They may create additional noise, traffic, parking, privacy and public safety issues, subvert local rent-control laws, decrease available housing stock and in some cases turn residential neighborhoods into de-facto hotel rows. The rentals facilitated by OVRB’s in these cities and counties go against the expressed wishes of the residents.

For the cities and counties that do allow short-term residential rentals, most require hosts to register and that transient occupancy taxes be paid. However, registration and payment of TOT in these cities and counties are based on the owners of the short terms residential units voluntarily reporting their rental activity. However, there has been a severe under-registration of hosts and underpayment of TOT. Only 10% of hosts in San Francisco have followed the city ordinance to register. Sonoma County has had to spend in excess of \$200,000 in an attempt to track down those rentals that are not paying the required TOT under the ordinance. And Los Angeles is currently experiencing a rental housing shortage due in part to the recent popularity of OVRBs.

Cities and counties have been unable to obtain this information due to the fact that OVRB's pass their responsibility to individual homeowners. This lack of oversight and enforcement presents a gap in accountability, and as a result, local laws and regulations are not being followed.

Sen. Mike McGuire's Thriving Communities and Sharing Economy Act (SB 593) will provide local jurisdictions with the data and framework necessary to collect TOT revenues from short-term rentals, to pay for vital local services; or conversely, the data necessary to help cities enforce local regulations designed to ensure the safety of the public and residents living adjacent to short-term rentals, if those rental are not allowed.

Specifically, SB 593 would: 1) Prohibit the operators of short-term residential hosting platforms from advertising residential units for tourist or transient use if such use will violate any ordinance, regulation, or law, within the applicable city that opts into the bill's provisions; 2) Require short-term rental housing platforms to collect and remit applicable transient occupancy tax (if short-term rentals are allowed in the city and the collection of TOT is required by the city); and 3) Require the confidential quarterly reporting of the address of each residential unit that was occupied for tourist or transient use during the quarterly period, the total number of nights the residential unit was occupied for tourist or transient use, and the amounts paid for the occupancy of the residential unit for tourist or transient use.

The premise of SB 593 is simple: reinforce local laws already on the books. Where vacation rentals are legal, the bill will assist local jurisdictions in their regulation and collection of Transient Occupancy Taxes, (TOT) as more than 430 cities and 56 counties impose a TOT. Where vacation rentals are illegal by local ordinance, the bill will prohibit online vacation rental businesses from making a rental.

The Thriving Communities and Sharing Economies Act will empower local control, provide desperately needed funding for parks, local roads, fire and police services, and promote safe neighborhoods. SB 593 will require online vacation rental businesses to disclose information to cities and counties and/or collect and disperse Transient Occupancy Tax dollars – projected to be in the hundreds of millions of dollars statewide.

The emerging short term rental industry is an important segment of the state economic fabric and an issue of statewide importance. SB 593 would assist in facilitating a shared economy that will be beneficial to California's cities and their residents.

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League of California Cities Staff Analysis on Resolution No. 3

Staff: Dan Carrigg
Committees: Housing, Community & Economic Development; Revenue & Taxation

Summary:

This Resolution seeks to highlight and increase support for SB 593 (McGuire), which is pending in the Legislature. SB 593, titled the Thriving Communities and Sharing Economy Act, seeks to bolster local efforts to regulate and collect transient occupancy taxes from the temporary rental of residential houses, condominiums, rooms, and apartments for tourists and transient use. The League is currently in support of this legislation.

Background:

The City of West Hollywood and other cities are sponsoring the resolution in an effort to expand awareness of the issue among cities and encourage additional support for SB 593. They view the

legislation as helpful in bolstering local efforts to appropriately regulate a growing vacation rental industry.

The author introduced SB 593 based upon his past experience as both former Mayor of Healdsburg and a Sonoma County Supervisor. These areas are popular with tourists, and the affected communities are facing increasing land use and revenue collection issues. SB 593 is currently on the Senate Floor and is considered a “two-year bill,” meaning that it cannot move until January 2016.

In addition to the League, SB 593 has a broad range of support:

Support: American Federation of State, County, and Municipal Employees, AFL-CIO; American Hotel and Lodging Association; Asian American Hotel Owners Association; American Insurance Association; Association of California Insurance Companies; Andaz West Hollywood General Manager Lin Schatz; Association for Los Angeles Deputy Sheriffs; City of Big Bear Lake; Borrego Springs Chamber of Commerce & Visitors Bureau; California Apartment Association; California Association of Boutique and Breakfast Inns; California Association of County Treasurers and Tax Collectors; California Apartment Association; California Association of Code Enforcement Officers; California College and University Police Chiefs Association; California Narcotics Officers Association; California Police Chiefs Association; California Hotel and Lodging Association; California Labor Federation; California Professional Firefighters; California State Association of Counties; California Teamsters Public Affairs Council; Contra Cost County Treasurer-Tax Collector Russell Watts; Paul Desterman, Mindy Desterman; El Dorado County Treasurer-Tax Collector C.L. Raffety; Douglas Engmann; Fairmont San Jose General Manager Kelley Cosgrove; Hilton Los Angeles/Universal City General Manager Mark Davis; Hotel Association of Los Angeles; Hotel Council of San Francisco; Humboldt County Convention and Visitors Bureau; International Faith Based Coalition; League of California Cities; Long Beach Firefighter Association; Los Angeles Alliance for a New Economy; Los Angeles Police Protective League; Town of Mammoth Lakes; Marin County Council of Mayors and Councilmembers; Marriot Courtyard in Larkspur General Manager Sam Pahlavan; Denise McNicol; Mendocino County Board of Supervisors; Mendocino County Treasurer-Tax Collector Shari Schapmire; Mono County Board of Supervisors; Ashok Mukherje; National Association of Mutual Insurance Companies; Neighbors for Overnight Oversight; Jenny Oaks; Pacific Association of Domestic Insurance Companies; Riverside Sheriffs Association; Rural County Representatives of California; Sacramento Hotel Association; San Diego County Hotel-Motel Association; San Franciscans for Reasonable Growth; San Luis Obispo County Auditor-Controller-Treasurer-Tax Collector James Erb; San Mateo County Central Labor Council; Santa Cruz County Convention and Visitors Council; Service Employees International Union; ShareBetter San Francisco; Sierra County Auditor-Treasurer-Tax Collector Van Maddox; Siskiyou County Treasurer-Tax Collector Wayne Hammar; Sonoma County Auditor-Controller-Tax Collector David Sundstrom; Sonoma County Board of Supervisors; City of Thousand Oaks; Tulare County Auditor-Controller-Treasurer-Tax Collector Rita Woodard; Tuolumne County Treasurer-Tax Collector Shelley Piech; UNITE-HERE, AFL-CIO; United Firefighter of Los Angeles City, Local #112; Natasha Yankoffski.

Opposition: Airbnb; Consumer Watchdog; Internet Association, TechNet.

Fiscal Impact:

Transient Occupancy Taxes are a significant source of local revenue. Many cities and counties are encountering challenges identifying units in their community that are being used as vacation rentals and collecting associated revenue. Where vacation rentals are permitted by local ordinance, the passage of SB 593 can assist local efforts, thereby increasing local revenues to support local services.

Comment:

- 3) Earlier this year the League’s Housing Community and Economic Development Committee and Revenue and Taxation Committee reviewed an earlier version of SB 593 and initially adopted a

Support, If Amended position, which was concurred with by the League board. The author later incorporated the League's amendments into the bill and the League issued a support letter on the current version of the bill.

- 4) Local governments already have extensive authority to regulate land use and collect local taxes. While vacation rentals may be an increasingly popular option for the traveling public, local ordinances are beginning to adjust. The League supports SB 593 because it is crafted in a way that supports local authority in dealing with this emerging issue. Local agencies can either opt in to its provisions or continue to address issues differently under their existing local authority.

Existing League Policy:

Related to this Resolution, existing policy provides:

HCED Policy: The League believes that local zoning is a primary function of cities and is an essential component of home rule.

Rev. & Tax Policy: Additional revenue is required in the state/local revenue structure. There is not enough money generated by the current system or allocated to the local level by the current system to meet the requirements of a growing population and deteriorating services and facilities.

RESOLUTION REFERRED TO ENVIRONMENTAL QUALITY POLICY COMMITTEE

4. **RESOLUTION CALLING UPON THE GOVERNOR AND THE LEGISLATURE TO WORK WITH THE LEAGUE OF CALIFORNIA CITIES TO ENACT LEGISLATION OR TO OTHERWISE COMPEL SOUTHERN CALIFORNIA EDISON TO CREATE A PROGRAM TO AUTOMATICALLY PROVIDE DIRECT COMPENSATION TO ITS CUSTOMERS AFFECTED BY PROLONGED ELECTRICAL POWER OUTAGES UNDER SPECIFIED CIRCUMSTANCES.**

Source: City of Rancho Palos Verdes

Concurrence of five or more cities/city officials: Cities of Hermosa Beach, Lomita, Palos Verdes Estates, Rolling Hills and Rolling Hills Estates

Referred to: Environmental Quality Policy Committee

Recommendations to General Resolutions Committee:

WHEREAS, local governments in California are often reliant upon investor-owned private utility companies for the provision of electrical power to their citizens, businesses and institutions; and,

WHEREAS, the reliability and consistency of electrical supply and transmission is critically important to local governments to ensure the protection of the public safety, health and general welfare of communities; and,

WHEREAS, prolonged disruptions in electrical service can jeopardize the health of citizens who have a variety of physical challenges and rely on a constant source of power for medical devices; the safety of senior citizens who are particularly susceptible to injury if power outages persist for long periods of time into evening hours; and the financial well-being of citizens, businesses and institutions that suffer from the loss of food, medication and other perishable items during prolonged power outages; and,

WHEREAS, Southern California Edison (SCE), an investor-owned utility serving 15 million customers in Southern and Central California, experiences frequent and prolonged service disruptions due to both planned and unplanned outages, equipment failures and weather-related events, which adversely affect local governments within its service area; and,

WHEREAS, SCE has been fined by the California Public Utilities Commission in the past due to prolonged service disruptions, most recently being levied a \$24.5 million penalty as a result of a prolonged outage that resulted from a wind storm in 2011; and,

WHEREAS, although SCE provides a claim process by which its customers may seek compensation for financial losses incurred as a result of prolonged service disruptions, SCE appears to reject most such claims; which places an unreasonable burden upon its customers and creates a false impression that customers will be compensated for their losses; and,

WHEREAS, at least one other investor-owned utility in California, Pacific Gas and Electric (PG&E) in Northern and Central California, has existing programs and procedures in place (“Safety Net” and “Service Guarantee”) that automatically and directly compensate its customers when they are affected by prolonged service disruptions, including disruptions due to weather events and other causes, without the need for customers to seek compensation through a claim process; and,

WHEREAS, these PG&E programs provide for “Storm Inconvenience Payments” of \$25 to \$100 for weather-related service disruptions of forty-eight (48) hours or more; as well as \$30 service credits in instances of where the customer’s electrical service is not restored within four (4) hours, or the customer is not provided with a time for service restoration within four (4) hours; the customer is without electrical service for twenty-four (24) hours or more in the event of unplanned service disruptions (unless the cause of the disruption is completely beyond the utility’s control); and the customer is without electrical service as a result of a planned service interruption where less than seventy-two (72) hours’ notice is provided to the customer; and,

WHEREAS, local governments within SCE’s service area believe that requiring SCE to implement automatic and direct compensation programs for prolonged service disruptions, similar to those implemented by PG&E, will provide tangible relief to citizens, businesses and institutions that are adversely affected by prolonged outages, and will incentivize SCE to improve the reliability of its equipment and service; and now therefore let it be,

RESOLVED by the General Assembly of the League of California Cities, assembled in San Jose on October 2, 2015, that the League calls for the Governor and the Legislature to work with the League of California Cities to enact legislation or to otherwise compel SCE to create a program to automatically provide direct compensation to its customers affected by prolonged electrical power outages under specified circumstances; and let it be,

FURTHER RESOLVED that such program shall be modeled upon PG&E’s “Safety Net” and “Service Guarantee” programs, and shall cover weather-related events and planned and unplanned service disruptions.

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Background Information on Resolution No. 4

Source: City of Rancho Palos Verdes

Background:

The City of Rancho Palos Verdes and other cities in the South Bay region of Los Angeles County have longstanding concerns regarding the ineffective process by which Southern California Edison (SCE) addresses residents’ claims, and desires to obtain the League’s assistance in correcting that process. On the Palos Verdes Peninsula, SCE’s aged infrastructure has caused fires and repeated, prolonged power

outages. The prolonged power outages are the focus of this request, because they adversely affect residents in a variety of ways, particularly:

- Residents who have a variety of physical challenges and rely on a constant source of power for medical devices;
- Residents who are senior citizens and are particularly susceptible to injury if power outages persist for a long period of time into the evening hours; and,
- Residents who suffer financial burdens as a result of losing food, medication and other perishable items during prolonged power outages.

The California Public Utilities Commission (CPUC) has the authority to impose penalties on utilities, including for prolonged power outages, and did so in connection with an extreme wind event that occurred in the Los Angeles area in 2011. However, the CPUC is not authorized to award claims to residents for prolonged electrical power outages. If a resident has a claim he or she wishes to pursue, the resident must file a claim with SCE, along with documentation of the financial loss that was incurred. If the claim is rejected, the resident then must file a lawsuit against SCE (probably in small claims court). Most residents will not want to spend the time and effort to pursue small claims for monetary damages arising from extended power outages.

SCE only awards claims for damages caused by its own negligence. This means that if an extended power outage is caused by a weather-related event, the claim will be denied. The SCE website also states that it will not cover claims for power surges. Since SCE often moves power from one line to another to enable repairs and maintenance, SCE can be the cause of the power surge, but residents still will not receive compensation for those claims.

Proposed Legislation

The proposed resolution calls upon the Governor and Legislature to enact legislation (or take other action) that will provide rebates in flat amounts to SCE customers for extended power outages under specified conditions. The proposed legislation could be modeled on the "Safety Net" and "Service Guarantee" programs offered by Pacific Gas and Electric (PG&E), another California-based investor-owned utility, which provides specific rebates to its customers based upon the type, cause and duration of service interruptions. These penalties are designed to provide direct compensation to SCE's customers who are adversely affected by prolonged power outages, and to incentivize SCE to restore the power as quickly as possible. They also will eliminate the frustration that SCE's customers experience as a result of SCE's existing claim process.

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League of California Cities Staff Analysis on Resolution No. 4

Staff: Jason Rhine
Committee: Environmental Quality

Summary:

Resolution No. 4 calls upon the Governor and the Legislature to work with the League of California Cities to enact legislation or to otherwise compel Southern California Edison (SCE) to create a program to automatically provide direct compensation to its customers affected by a prolonged electrical power outage under specified circumstances.

Background:

City of Rancho Palos Verdes asserts that the South Bay region of Los Angeles County has longstanding concern regarding the ineffective process by which SCE addresses residents' claims associated with

prolonged electrical power outages. The City believes that SCE's aged infrastructure has caused fires and repeated, prolonged electrical power outages. Prolonged electrical power outages can adversely affect residents who have physical challenges and rely on a constant source of power for medical devices; residents who are senior citizens and are particularly susceptible to injury if electrical power outages persist for a long period of time into the evening hours; and, residents who suffer financial burdens as a result of losing food, medication and other perishable items during prolonged electrical power outages.

According to information provided by SCE, SCE has the following customer compensation program:

Service Guarantee Program

SCE shall provide the following four service guarantees to its electric customers and provide a \$30 credit when these service guarantees are not met. Unless otherwise stated below, the four service standards apply only to active service accounts served under the Residential, General Service and Industrial, or Agricultural and Pumping rate schedules.

- **Restoration of Service Within 24 Hours:** SCE will restore electrical service within 24 hours of when SCE first becomes aware of a power outage. The first credit will be applied if the outage exceeds 24 hours. Additional credits will be applied for each succeeding 24-hour period that the customer is without service. Partial credits will not be paid for outage periods less than a full 24-hour increment. *Power outages associated with a moderate, severe, or catastrophic storm condition are exempt from the program.*
- **Missed Appointments:** When an appointment for a field service visit is made with a customer for a specific appointment time, and the customer's presence is required for establishing new service, a billing inquiry, or meter installation, SCE will arrive at the agreed upon appointment within 30 minutes before or after the scheduled time.
- **Notification of Planned Outages:** SCE will provide customers with notification of a planned outage at least three calendar days prior to the event. SCE will notify customers either by US Postal Service mail, by phone, in-person or door-to-door through door hangers, or by e-mail if SCE has the customer's e-mail address on file. If a planned outage is rescheduled to a new date not specified in the original notice to the customer, SCE will provide a new notice at least three calendar days in advance of the rescheduled planned outage.
- **Timely and Accurate First Bill:** SCE will issue an accurate first bill to a new customer of record within 60 days of establishing service. The bill and bill accuracy is defined according to the terms and conditions of SCE's Rule 9 (Rendering and Payment of Bills) and Rule 17 Section A (Adjustment of Bills and Meter Tests Usage) and Section D (Adjustment of Bills for Billing Error). The service guarantee credit process will be initiated once SCE is aware that the first bill was either inaccurate or issued beyond sixty days of establishing service. The first bill for any given customer account is eligible for only one service guarantee credit regardless of whether the bill is late, inaccurate, or both.

According to PG&E's website, PG&E offers the following customer compensation programs:

Compensation for Extended Outages

STORMS MESSAGE: If you are a residential customer and have gone without power for at least 48 hours due to severe storm conditions, you may qualify for a payment under PG&E's Safety Net Program. This program provides for the automatic payment of \$25 - \$100, which is paid about 60 days following the storm outage. In some cases, processing may take 90-120 days (heavy storm season).

Safety Net Program

We understand how inconvenient it is for customers who go without power for 48 hours or longer due to severe events, such as a storm. That is why PG&E created the following:

- PG&E will provide payments to residential customers we determine were without power for more than 48 hours due to a severe storm.
- The payments will range from \$25 up to \$100, depending on the length of the outage.

Eligibility

- The Storm Inconvenience Payment provision of the Safety Net Program applies to residential customers only (rate schedules E-1, E-6, E-7, E-8, E-9, EM, ES, ESR, ET, and EV); customers also may be enrolled in programs such as CARE and medical baseline.
- Businesses, agricultural accounts, multi-family building common areas, streetlights, and all other customers other than residential customers are ineligible for Storm Inconvenience Payments.
- Storm Inconvenience Payments will not be issued to customers in areas where access to PG&E's electric facilities was blocked (mud slides, road closures or other access issues). Also, if customer equipment prevented restoral or extended customer outage (ex. weatherhead, service drop, etc.).
- The outage must have occurred during a major weather-related event that caused significant damage to PG&E's electric distribution system.
- The outage must have lasted more than 48 hours.
- Storm Inconvenience Payments are in increments of \$25 (\$100 maximum per event). Payment levels are based on the length of the customer's outage:
 - 48 to 72 hours \$25
 - 72 to 96 hours \$50
 - 96 to 120 hours \$75
 - 120 hours or more \$100
- Both bundled-service and direct-access residential customers qualify for Storm Inconvenience Payments.
- Storm Inconvenience Payments will be issued to the customer of record.
- A customer with multiple residential services such as a primary residence and a vacation home is eligible for Storm Inconvenience Payments at each location where there was a storm-related outage of more than 48 hours.
- Customers must have an open account (service agreement) in good standing at the time of the outage and at the time payment is issued (generally 45 to 60 days after the event).
- For master-metered accounts such as mobile home parks, the customer of record will receive the Storm Inconvenience Payment for the master meter only.

Service Guarantee Program

Gas and electricity are essential to keep your life running smoothly, safely and efficiently. When your service is interrupted or in need of repair, you expect a reasonable and timely response. To ensure that we provide this to you, PG&E has implemented service guarantees, which spell out our commitment to prompt customer service for our customers:

- **Guarantee 1: Missed Appointments:** PG&E will meet the agreed upon appointment time set with our customer during contact with our Call Center or automatically credit your account \$30.
- **Guarantee 2: Non-Emergency Investigations:** PG&E will investigate non-emergency situations (check meter) and communicate results to a customer within seven days of a customer's request. Check-meter appointments between October 15 and December 15 of each year will be scheduled within 10 workdays. If an off-site meter test is required, PG&E will communicate the results to the customer within 30 days. If access is required to the customer's premises, then an appointment is necessary. Failure to meet the service guarantee will result in a \$30 credit to the customer's account. An automatic credit to the customer's account would apply only if PG&E misses a scheduled appointment date. If

the appointment is scheduled beyond five workdays, the customer must notify PG&E to receive the credit. If PG&E's records show that such scheduling was at the customer's request, the credit does not apply.

- **Guarantee 3: Emergency:** The Emergency Service Guarantee is not currently in effect.
- **Guarantee 4: Complaint Resolution:** PG&E will decide on a course of action to resolve a complaint and communicate it to the customer within three working days. PG&E will communicate the complaints resolution to the customer within 10 working days, or 30 working days when an off-site meter test is required or an on-site home audit is requested. Failure to meet the service guarantee will result in a \$30 credit to the customer's account.
- **Guarantee 5: New Meter Installations:** PG&E will meet the agreed upon date for new service meter installations and service turn-ons or automatically credit your account \$50.
- **Guarantee 6: Electric Service Disruptions:** PG&E will respond to customer calls reporting electric service interruptions within four hours by restoring service; or by informing the customer, upon request, when service restoration is expected; or automatically credit your account \$30.
- **Guarantee 7: Electric Service Restoration:** PG&E will restore electric service within 24 hours, unless the cause is absolutely beyond our control, or we will automatically credit your account \$30 for each 24-hour period you are without service.
- **Guarantee 8: Commencing Bills:** PG&E will issue an accurate commencing bill to a new customer account within 60 days of service initiation, or we will automatically credit your account \$30.
- **Guarantee 9: Planned Interruptions:** PG&E shall provide at least three days' notice of a planned interruption in service. Failure to meet the service guarantee will result in a \$30 credit to the customer's account. This guarantee will require a customer call and PG&E investigation to determine if PG&E's commitment to notify customers 72 hours in advance of planned interruptions was missed. Customers notified of planned service interruptions 72 hours in advance may have their service interrupted on multiple occasions on the date(s).
- **Guarantee 10: Service Termination in Error:** Impacted customers will be eligible for a \$100 credit adjustment if PG&E terminates service in error.

Fiscal Impact:

No Impact on City Funds. Compelling SCE to create automatic direct compensation programs modeled on PG&E's "Safety Net" and "Service Guarantee" programs would have no direct fiscal impact on cities because the "Safety Net" program is limited to residential customers and the "Service Guarantee" program is very similar to SCE's existing program. However, residential customers would receive direct payments in specified circumstances for prolonged electrical power outages.

Comment:

- The City of Rancho Palos Verdes, in sponsoring this resolution, does not believe that SCE has an effective process to address customer damage claims associated with prolonged electrical power outages. According to the resolution, the City of Rancho Palos Verdes would like to compel SCE to create a program to automatically provide direct compensation to its customers affected by prolonged electrical power outages under specified circumstances. Additionally, the program would be modeled upon PG&E "Safety Net" and "Service Guarantee" programs, and shall cover weather-related events and planned and unplanned service disruptions.
- *What is SCE's process to provide relief to customers that have experienced a prolonged electrical power outage?* As part of SCE's four point service guarantee program, customers experiencing an electrical power outages exceeding 24 hours, may qualify for a \$30 credit under specific conditions. However, prolonged electrical power outages

caused by a moderate, severe, or catastrophic storm condition are exempt from the program.

- *How does PG&E provide relief to customers that have experienced a prolonged electrical power outage?* Like SCE, PG&E has a multi-point service guarantee program that provides customer credits that range from \$30 -\$100 for a wide range of activities. In addition, PG&E has a specific, weather related program, the “Safety Net” program, which provides automatic, direct payment to customers experiencing electrical power outages, in excess of 48 hours.
- *What type of customer compensation program does the Resolution call for?* The Resolution calls for a customer compensation program that expands beyond PG&E’s two existing programs. Under the Resolution, the City of Rancho Palos Verdes would like to compel SCE to adopt a program based on PG&E’s “Safety Net” and “Service Guarantee” programs, and also cover weather-related events and planned and unplanned service disruptions.
- *Do these programs really provide funds to residential customers?* While the Resolution holds PG&E’s programs in high esteem, after hearing from a number of city officials in PG&E’s service territory, it seems that there is a great deal of skepticism around the effectiveness and utilization of their residential compensation programs. Is PG&E’s program really working as described?
- *What about California’s other Investor Owned Utilities (IOU) and municipal utilities?* The Resolution is directed at SCE. However, the committee may want to consider the implications of the Resolution on the other investor owned utilities and municipal utilities.
- *Is legislation the best approach?* The Resolution calls upon the Governor and the Legislature to work with the League of California Cities to enact legislation or to otherwise compel SCE to create a program to automatically provide direct compensation to its customers affected by a prolonged electrical power outage. Given that the California Public Utilities Commission regulates all of the investor owned utilities, it may be more appropriate to seek a regulatory change rather than a legislative proposal.
- *More information to come.* The Resolution could have broader implications beyond SCE and PG&E. Prior to the Environmental Quality Policy Committee and General Resolutions Committee meeting at Annual Conference, League staff will provide additional background information on the following:
 - Other IOU electrical power outage compensation programs.
 - Municipal utility electrical power outage compensation programs.
 - Role of the California Public Utilities Commission.

Existing League Policy:

In response to the energy crisis of 2001, the League of California Cities established extensive policy and guiding principles related to the electric industry. However, there is no existing policy that pertains to prolonged power outages or compensating customers for damages incurred during a prolonged power outage.