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After the Rescue Workers Go Home

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# After the Rescue Workers Go Home

by Cory Fleming

The year 2005 was arguably one of the worst in history for communities' being hit by disasters. From the tsunami in Southeast Asia to Hurricanes Katrina and Rita on the U.S. Gulf Coast to the earthquake in Pakistan to the wildfires in Texas and Oklahoma, disasters literally and figuratively have destroyed whole communities. The nightly news reports have recorded heartbreak and despair as rescue personnel searched through the rubble.

After a time at any given site, though, the media leave, the rescue workers go home, and the process of rebuilding begins. Proceeding on the long road to recovery is difficult. How does a community pick up the pieces and move forward? How can community leaders restore what was and perhaps make it better than before?

To answer these and other questions, three ICMA members—Sandy Wanner, county administrator of James City County, Virginia; Clay Killian, county administrator of Aiken County, South Carolina; and Wade McKinney, city manager of Atascadero, California—came together to discuss how they saw their communities through disaster and on the road to recovery. The experiences and insights that they gained and that shape this article point out the real value of sharing information with peers and establishing support networks for disaster recovery.

## THUMBNAIL SKETCHES OF CRISES

### JAMES CITY COUNTY, VIRGINIA

In recent years, James City County has been hit by a series of emergencies and disasters. On December 24, 1998, the area had a major ice storm that left some 98 percent of the county without power. The commonwealth of Virginia declared an emergency, and the county sheltered 30 people during the event. On September 16, 1999, Hurricane Floyd came through Virginia. The event caused a widespread power outage and dropped 14.3 inches of rain. During the storm, up to 95 percent of the county lost power, yet the locality was able to provide shelter for 166 people.

Hurricane Isabel came ashore and struck the area on September 18, 2003. This was a large-scale event that left 900,000 households in the commonwealth without power. In James City County, 100 percent of customers lost power, with some portions of the county remaining without it for up to two weeks. The locality housed 196 people and offered shower facilities for hundreds more.

### AIKEN COUNTY, SOUTH CAROLINA

On January 6, 2005, at approximately 2:40 a.m., two freight trains collided in Graniteville, South Carolina. The collision resulted in a catastrophic release of chlorine gas to the atmosphere from a tank car damaged in the derailment. This release rapidly vaporized to form a dense and highly toxic cloud affecting Graniteville residents and the employees of nearby Avondale Mills.

Other hazardous-materials cars involved in the derailment included two additional chlorine tank cars, one carrying sodium hydroxide, and another hauling creosol. More than 500 people sought medical attention, about 70 were admitted to area hospitals, and nine people were killed by chlorine exposure.

Ultimately, a one-mile radius around the crash site was evacuated, requiring some 5,400 people to leave their homes. Many of these residents, particularly those closest to the crash site, were out of their homes for about a week as the site was stabilized and cleaned.

### ATASCADERO, CALIFORNIA

On December 22, 2003, at 11:15 a.m., a 6.5-magnitude earthquake struck the central coast of California. The shallow, but powerful, earthquake uplifted the Santa Lucia Mountains and triggered a vigorous aftershock sequence. Although

the epicenter was located just northeast of San Simeon, the most severe damage occurred in and around the cities of Paso Robles and Atascadero.

There were two deaths and 49 reported injuries attributable to the earthquake. More than 40 buildings collapsed or were severely damaged in the quake, and estimated damage to public property exceeded \$70 million. FEMA assistance to private property owners and small businesses came to more than \$7 million.

## WORDS OF EXPERIENCE AND KNOWLEDGE

As Sandy Wanner pointed out, the recovery process really begins before a disaster, when communities are developing their emergency preparedness plans. But an actual emergency may bring surprises. In the case of James City County, Virginia, initial recovery efforts during and just after Hurricane Isabel were severely hampered when power, wireless, and telephone lines were taken out. The county's emergency preparedness plan had not taken into account the possibility of these important communications tools becoming unavailable.

And the county also could not implement its emergency communication plans because they were based on delivering information through the local television stations. Without power, citizens did not have access to these traditional sources of information. Initial recovery simply meant determining a way to restore lines of communication and get information out to local residents.

### Look to ICMA for Resources on Disaster Response

#### *Electronic Records Management*

(2006, 160 pages, paperback, Item number 43353, \$48.00).

#### *Disaster Readiness and Response InfoPak*

(2004, 140 pages, ICMA InfoPak, hard copy, Item number 43082, \$40.00).

#### *Planning for Disaster Recovery*

(1993, 24 pages, hard copy, Item number 40834, \$16.95).

#### *The Loma Prieta Quake: What One City Learned*

(1991, 64 pages, hard copy, Item number 40518, \$18.95).

#### *Homeland Security: Best Practices for Local Government*

(2003, 192 pages, Special Report, hard copy, Item 42858, \$40.00).

#### *GIS Guide for Local Government Officials*

(2005, 167 pages, paperback, hard copy, Item number 43350, \$24.95).

#### *Emergency Press Kit*

(1992, 25 pages, Clearinghouse Report, Item number 40723, \$14.00).

### ICMA'S IQ REPORTS, AVAILABLE AS DOWNLOADABLE E-DOCUMENTS:

#### *Wireless E-9-1-1*

(2004, 16 pages, IQ Report, hard copy, Item number 43035, \$16.95; downloadable e-document, Item number E-43212, \$14.95).

#### *Managing the Threat of Terrorism*

(2002, 20 pages, IQ Report, hard copy, Item number 42671, \$16.95; downloadable e-document, Item number E-43032, \$14.95).

#### *Crisis Communication for Local Government Managers*

(2003, 20 pages, IQ Report, Hard copy, Item number 42792, \$16.95; downloadable E-document, Item number E-43056, \$14.95).

#### *Developing an Emergency Operations Center*

(1998, 12 pages, IQ Report, hard copy, Item number 42350, \$16.95; downloadable e-document Item number E-43057, \$14.95).

### OTHER:

Check the PM Index or Issues Archive at [ICMA.org/pm](http://ICMA.org/pm) to find the May 2005 cover story "Coping with Community Trauma."

More information on these publications can be viewed at ICMA's Bookstore&More Web site, at [bookstore.icma.org](http://bookstore.icma.org). No shipping and handling charges for downloadable e-documents. Secure ordering is available online, or call ICMA's distribution center at 800/745-8780.

For approximately two weeks, James City County used runners to post notices on people's houses and to take messages to and from the field. Beyond reestablishing communication capabilities, Wanner said that compiling reliable damage assessments and restoring critical government services were also crucial in what he defined as the initial, or short-term, recovery phase.

Overall, Wade McKinney suggested that the recovery process is a series of overlapping phases: the short-term, the

intermediate, and the long-term. He echoed Wanner's observations on what happens in the initial, short-term phase after a disaster. During the intermediate phase, McKinney said that local governments need to be concerned with securing the area and getting people back into their houses and businesses.

Long-term recovery, Wade McKinney continued, requires considerable patience and perseverance. It involves rebuilding infrastructure and people's homes. He reported that it had been about two years since the historic Atascadero City Hall was rendered uninhabitable by the earthquake, and a decision on how to resolve this issue alone is still being debated.

#### Dealing With Disasters

The key to building understanding and competence in dealing with disasters is for local governments to share their knowledge and experience in this area. Within the following topics are some of the questions that might be answered through sharing.

#### Mitigation

1. Is our insurance coverage sufficient for large-scale losses of city or county property?
2. What impact would the most likely types of disasters or emergencies have on the property tax base? Sales tax base? Water and wastewater service charges? Other major revenue sources?
3. What level of budget reserves is appropriate given a community's vulnerability to particular types of disasters or emergencies?
4. What protection should be available to cover debt service costs in the event of a disaster?

#### Preparedness

1. What role should state government have in ensuring the continuity of operations in disaster-prone local governments?
2. What is the cost and what procedures should be followed to restore revenue administration (collections and enforcement) in the event of a disaster?
3. Do mutual aid agreements include assistance with revenue-related needs in the event of a disaster?

#### Response

1. What surcharges to taxes or service charges would be available to cover short-term revenue needs in the event of a major disaster?
2. Under what conditions can the local government incur short-term debt to cover the operating costs associated with an emergency or disaster?
3. What loans or grants are available from the state or federal government to ensure continuity in operations for the local government?

#### Recovery

1. What tax relief options should be considered for households and businesses in the event of a disaster?
2. What alternatives should be available for taxpayers unable to pay their liability? For those unable to pay for locally provided utility services? How should penalties and interest on late payments be treated for victims of a disaster?

Source: *A Revenue Guide for Local Government*, published by ICMA, 2005 (Item number 43305; [bookstore.icma.org](http://bookstore.icma.org)).

For his part, Clay Killian cautioned that, while evacuations during emergencies may take place fairly quickly, the return process is much slower. The train derailment and chemical spill in Aiken County was a localized event, involving the evacuation of some 5,400 people from within a one-mile radius of the site. Getting that many people back into their homes took significant time. Ensuring the safety of residents must be the top priority, and it takes time to inspect homes, assess damage, and correct problems.

Federal and state assistance for recovery is available, but the logistics involved in securing this assistance can be confusing and frustrating. Requests for assistance are defined at the city and county level, then move to the state, which officially submits community needs to the appropriate federal agency. Communication among local, state, and federal governments, however, does not always go smoothly. A frustrating time lag often occurs between when a request is submitted and when the deliverables are produced. The same is also true in securing such professional services as engineering and site planning.

What can help counteract some of these difficulties, McKinney said, is to seek advice from other entities that have already suffered such emergencies. His local government, for example, ended up speaking with the city of San Francisco and the University of California at Los Angeles (UCLA)—both of whose metropolitan areas had experienced heavy damage in previous earthquakes. McKinney received a tremendous amount of help in determining how Atascadero could best navigate its way through the various federal and state assistance systems.

One of the most surprising aspects of receiving assistance is the sheer amount of effort it takes on the part of the local government. McKinney and Wanner warned that local governments need to be prepared to help set up offices for field workers coming in from federal and state agencies and to provide appropriate security for these personnel. Access to phones, computers, and other office amenities all have to be arranged. And local staff must also supply information on the area to field workers, who have no practical knowledge of sites within the community.

This task often means pulling local staff away from their regular responsibilities and assigning them to help field workers with inspections and other assessment and reconnaissance work. Frequently, routine services must be interrupted to aid disaster recovery staff, for example, when accounting staff go into the field to document loads of debris being taken to local waste facilities.

Killian shared the fact that Aiken County had to coordinate the work of nearly 100 agencies from the local, state, and federal governments after the train derailment and chemical spill. Most agencies were invited to assist, some were not, but no help was turned away. A complicating factor was the need to treat the site as a crime scene because of homeland security concerns.

The FBI and the National Transportation Safety Board had to investigate the site to determine whether there was any possibility of sabotage. Only after this determination had been made could the other agencies continue with their work. An existing mutual-aid agreement for emergency management among the local governments in the area helped coordination efforts run smoothly.

## HANDLING THE PAPERWORK

Wanner, Killian, and McKinney all noted the value of the services afforded by such community and nonprofit organizations as the American Red Cross and the Salvation Army. These groups assumed responsibility for the sheltering and feeding of emergency response personnel. Clay Killian noted that Aiken County received invaluable assistance from a nonprofit organization that ran a 211 system.

The nonprofit functioned as a public information office, answering questions about where and when people could move back into their houses.

For Sandy Wanner, a network of neighborhood groups made a real difference. The James City County Neighborhood Connections office coordinates activities with nearly 125 neighborhood groups that track the services needed for local residents. Wanner notes that the county is providing formal training for these neighborhood groups through the national Community Emergency Response Team (CERT) program. The added training will give the community a greater capacity to be self-sufficient in a disaster until assistance can arrive.

In looking back at their experiences, all three professionals wished they had understood the amount of documentation required to receive assistance, which was described as “immense.” James City County, for example, had a tremendous amount of debris that needed to be picked up and hauled to waste facilities. Every truck dumping a load of debris had to be weighed, and the load contents verified, as part of the documentation effort. As a result, every truck had to have a county employee assigned to it to record the haul.

Wade McKinney said that Atascadero’s government was advised to hire someone to handle the paperwork but opted to handle it internally. He wished he had taken the earlier advice. He reported that documentation was a timeconsuming process.

Clay Killian said that his locality learned a lot on the fly during its recovery. GIS mapping operations, for instance, had not originally had a place within Aiken County’s Emergency Operations Center (EOC), but the county quickly learned—with 100 agencies involved, many from outside its boundaries—that maps were particularly helpful in explaining local geography. When a given area was deemed ready for reoccupation, an area map was prepared and distributed to every police car in the jurisdiction to aid in instructing residents.

## DETAILS THAT ARE IMPORTANT

Another important issue is dealing with family pets. During the evacuation in Aiken County’s hazmat crisis, people were forced to leave their pets behind because most hotels and emergency shelters did not allow them. When the evacuation and cleanup efforts took longer than many people had anticipated, questions began popping up about what the county was going to do about recovering the animal population.

Ultimately, animal control staff were fitted with safety gear and brought in to retrieve animals. Nearly 300 animals were recovered and brought to a series of staging areas to be reunited with their owners. Clay Killian reported that enabling the owner/pet reunions was among the most rewarding work undertaken during the recovery effort.

Wade McKinney could not stress the importance of communications enough. Phone lines frequently go down during an emergency, and cellphones can go out. Sandy Wanner echoed this observation, noting that work done with a local AM radio station made a real difference in getting factual, accurate information out to Atascadero residents in a timely fashion.

Wanner sees value in current plans for the Restoration 2006 conference (see information on page 9) because it will enable people to share their experiences and learn from others. “I think it’s a benefit to be able to know that you’re not in this alone, and there are solutions to the problem,” said Wanner. As McKinney commented, “Until you have your disaster, it’s just a planning process you go through. People never think it’s going to happen to them.”

“You never really know when disaster could strike,” said Killian. “With trains and trucks moving hazardous materials all across the country, it [a disaster] could happen anywhere. The opportunity to learn from others and plan for contingencies is critical for being prepared for an emergency.”

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Steps for Long-Term Disaster Recovery				
Categories of functions	Time (in weeks) after the disaster			
	Phase 1		Phase 2	
	1	2	3	4 → 12
<b>Information gathering and assessment</b>	Assess damage relative to prior plans; determine physical, social, economic, and environmental impact. Determine level and type of disaster assistance needed and identify available resources. Clarify objectives and policies with respect to obtaining assistance, and assign expeditors.		Continue assessing damage and identifying needs and sources of assistance.	
<b>Organizational arrangements</b>	Create ad hoc recovery task force. Deal with convergence of volunteers and with donated goods.		Establish recovery coordinating organization: acquire or hire needed staff. Develop local plan for recovery, and implement recovery component of state plans.	
<b>Resource mobilization</b>	Expedite disaster relief. Restore vital community services and facilities. Obtain cooperation of local contractors.		Clarify available resources. Identify possible sources of outside aid and investment for repairs and rebuilding. Coordinate local and outside resources.	
<b>Planning, administration, and budgeting</b>	Review and revise existing plans. Develop community plan for restoring affected structures, facilities, and systems. Acquire vacant land. Secure hazardous property and facilities.		Develop a master plan for community development, taking account of local hazards and incorporating a recovery plan for damaged areas. Refine the plan and obtain necessary approvals. Obtain state and local appropriations to implement the plan.	
<b>Regulation and approval</b>	Review, revise, and implement existing building codes, permit processes, land use controls. Assess need for special ordinances (e.g., construction moratoriums) and permits.		Obtain approval for special ordinances and for needed regulating and permitting programs. Get appropriations for new programs.	
<b>Coordination and interorganizational relations</b>	Coordinate activities of key community service agencies. Establish interlocal, regional, state, and federal liaisons. Create any new coordination mechanisms needed for intergovernmental and interorganizational relations. Work with local and national church groups to gain assistance. Form interfaith group to help with citizens' unmet needs.		Apply for state and federal aid.	
<b>Monitoring and evaluation</b>	Establish mechanisms for monitoring and feedback. Widen contacts with local civic and nonprofit groups assisting citizens with housing and other needs.		Determine data needs. Incorporate results of planning studies into revised emergency preparedness plans. Review all available sources of assistance. Assess need for organizational change. Establish and implement auditing system.	

The duration of phases 1 and 2 may vary considerably, depending on the type and magnitude of the disaster and the capability and sophistication of the local and state governments affected. This time frame is offered as generally representative and not definitive.

Source: ICMA Green Book, *Emergency Management: Principles and Practice for Local Government*, 2005 (Item no. 40471; [bookstore@icma.org](mailto:bookstore@icma.org)). Adapted from Claire B. Rubin, "Natural Disaster Recovery for Local Public Officials" (Washington, D.C.:Academy for Contemporary Problems, 1979).

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# OPEB: Coming to Grips with the Cost of Retiree Health Care

by Marcia Taylor, Mt. Lebanon, Pennsylvania, and Dean Michael Mead, Norwalk, Connecticut.

City and county officials across the United States are talking about staff retirement benefits. This reflects the national media scrutiny that pensions—both public and private—have received lately. In addition, the Governmental Accounting Standards Board (GASB) recently issued new government accounting standards related to other post-employment benefits (OPEB).

OPEB consist primarily of retiree health insurance coverage, which in many cases carries a hefty price tag; reporting costs of retiree health insurance in audited financial statements reflects the significant effect that these benefits sometimes have on a government's finances. Many government entities have granted OPEB in lieu of current wage or benefit increases because the financial impact of OPEB often is not realized for many years.

## WHY IS EVERYONE TALKING ABOUT OPEB?

In 2004, GASB issued Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions. (The GASB also issued Statement No. 43, which applies to financial reporting by OPEB plans themselves.) Essentially, Statement 45 extends the accounting and financial reporting rules that apply to pension benefits to all other retirement benefits provided to government employees.

The most expensive item included in OPEB is post-retirement health insurance coverage, but OPEB also include other types of post-retirement benefits such as dental, vision, and prescription plans, and some types of life insurance, legal services, and other benefits.

The GASB issued the new standards because the annual costs and long-term obligations associated with OPEB were not fully reported in the financial reports of state and local governments. Like pensions, OPEB are a part of the compensation that employees earn each year, even though these benefits are not received until after employment has ended. Therefore, the cost of these future benefits is a part of the cost of providing public services today.

Most governments, however, currently report their cash outlays (direct payments to or on behalf of retirees) for OPEB in a given year instead of reporting the cost of OPEB earned by employees in that year. These two amounts may be vastly different. Furthermore, most governments do not report information about the nature and size of their actuarially determined long-term financial obligations and commitments related to OPEB.

Consequently, readers of financial statements—including rating agencies, mutual fund analysts, and taxpayers—have incomplete information with which to assess the cost of public services and analyze the financial position and long-run financial health of a government.

## WHAT DO THE NEW STANDARDS REQUIRE?

As they do for their pension benefits, many cities and counties will need to hire an actuary to evaluate their OPEB. (Some governments with a small number of employees in OPEB plans may be eligible to use an alternative approach that allows the use of simplified methods and assumptions.) The actuary calculates how much should be contributed now to ensure that an adequate level of resources is available in the future.

The future cash outlays for OPEB are projected on the basis of economic and demographic assumptions such as the number of employees, how long they are expected to live after re- tirement, and how much the costs of health care are expected to rise, if ap- plicable. These cash outlays are then discounted to their actuarial present value—their estimated value if paid today—using a discount rate equal to an assumed long-term rate of return on investments.

The actuarial present value generally is spread over a period that approximates the anticipated years of an average worker's employment with the government. The portion of the actuarial present value allocated to a particular year is called the normal cost.

The actuarial calculations take into account not only benefits as they are earned, but also those benefits the employees have already earned. One reason for this is that governments have already been granting pensions and OPEB for many years. Second, governments sometimes retroactively improve the benefits they provide to their employees.

The prospect of starting to report OPEB obligations to the public has prompted many public officials to consider whether it makes sense to start setting aside funds for OPEB in advance and, more fundamentally, whether their benefits are affordable as currently structured.

The portion of the actuarial present value allocated to prior years of employment—and thus not provided for by future normal costs—is called the actuarial accrued liability (AAL). If an OPEB plan has cash, investments, or other resources, these may be applied to fund the AAL. The value of these resources is referred to as the actuarial value of assets.

The excess of the AAL over the actuarial value of assets is the unfunded actuarial accrued liability (UAAL, or unfunded liability). Governments are not required to put the whole unfunded liability on their financial statements initially; instead, the unfunded liability is amortized (spread) over a period of up to 30 years. The normal cost and the portion of the UAAL to be amortized in the current period together make up the annual required contribution (ARC) of the government for the period.

For a government with its own plan or a government participating in a multiple-government plan in which there is no commingling of contributions, the annual OPEB cost equals the ARC plus or minus certain adjustments if the government's actual contributions in prior years differed from the ARC. The annual OPEB cost is the OPEB expense that a government would report in its financial statements.

Generally, the cumulative sum of differences between an employer's annual OPEB cost and the amounts actually contributed to the plan since the effective date of the GASB standards makes up a liability called the net OPEB obligation, which is reported on the balance sheet. If a government makes contributions each year at least equal to the ARC, no OPEB-related liability ever appears on the balance sheet.

For a government participating in a multiple-government plan in which contributions are pooled and costs are shared among the participating governments, the annual OPEB expense is equal to the government's contractually required contribution to the plan—the amount assessed by the plan for the period—which may or may not equal the ARC.

The information reported in the financial statements will be accompanied by note disclosures and supporting schedules. The notes to the financial statements will include the annual cost of OPEB, contributions made, the net OPEB obligation (if any), the AAL, and the extent to which assets have been set aside to fund the AAL.

The notes will also present descriptions of the types of benefits provided and how contributions are made toward financing them, the types of employees covered and the benefits they receive, and the methods and assumptions used to calculate the OPEB costs and obligations.

Supporting schedules will be presented in either the government's financial report or a separately issued financial report of the OPEB plan. One schedule describes the "funded status" of the OPEB over time by comparing the actuarial value of assets set aside for OPEB with the AAL and the annual payroll of covered employees. A key piece of information in this schedule is the "funded ratio," which is calculated by dividing the assets by the AAL.

For example, if the value of the assets is \$1 million and the AAL is \$2 million, then the OPEB are 50 percent funded. The other supporting schedule compares the ARC with actual contributions made by the government over several years.

## FREQUENTLY ASKED QUESTIONS

**If a government does not pay for retirees' health insurance, does it have OPEB?** If a government's retirees and current employees are insured together as a group, then the premiums paid by the retirees may be lower than they would have been if the retirees were insured separately—this is called an implicit rate subsidy. Although such a government may require these retirees to pay the premium themselves, the government is in fact subsidizing the cost of the premium by paying higher premiums for current employees. The value of that subsidy is considered to be OPEB and should be reported.

**Do cities and counties have to start setting money aside for OPEB?** When similar requirements for pension benefits were introduced a decade ago, many governments were already setting money aside every year in a retirement system. Consequently, when the long-term liability associated with pensions was calculated, it was at least partially offset by the value of investments that had been made over many years to help finance pension benefits.

Few localities, however, have set aside any resources for their OPEB, and therefore OPEB obligations are largely unfunded. The prospect of starting to report OPEB obligations to the public has prompted many public officials to consider whether it makes sense to start setting aside funds for OPEB in advance and, more fundamentally, whether their benefits are affordable as currently structured.

Note that the GASB standards do not require cities and counties to set aside resources in advance to fund their OPEB. Local governments can continue to finance OPEB on a pay- as-you-go basis. Local governments should be aware, however, that there may be financial reporting consequences for not setting aside resources to fund OPEB.

As described above, the difference between the ARC and a government's actual contribution is added to the balance sheet as a liability. Such liabilities can grow quickly because the ARC is often much larger than current cash outlays. As the net OPEB obligation grows, it could adversely affect a government's financial position as portrayed in the financial statements—liabilities are increasing without any offsetting assets.

**When do local governments have to comply?** Localities that prepare audited annual financial reports should implement the new standards in three phases that are based on a government's total annual revenues in the first fiscal year ending after June 15, 1999:

- If total annual revenues were \$100 million or more, the new standards apply to fiscal years beginning after December 15, 2006.
- If total annual revenues were \$10 million or more, but less than \$100 million, the new standards apply to fiscal years beginning after December 15, 2007.
- If total annual revenues were less than \$10 million, the new standards apply to fiscal years beginning after December 15, 2008.

If an OPEB plan issues financial statements of its own, it will implement the standards one year prior to its related government or its largest participating government (if it is a multiple-government plan).

**Where can I learn more about OPEB?** The GASB provides materials about the OPEB standards on its Web site ([www.gasb.org](http://www.gasb.org)), including a two- page fact sheet with basic questions and answers and a plain-language summary of the pertinent GASB statements. They can be found on a special page set aside for OPEB information (look in the "Project Pages" section of the Web site). As governments begin to implement the OPEB standards, this page will include a list of the implementers.

GASB has also published a guide to implementing the OPEB standards; it includes more than 250 detailed questions and answers as well as extensive illustrations and examples. The guide can be ordered through the Web site or by calling 800/748-0659.

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# PM MAGAZINE

MAY 2006 · VOLUME 88 · NUMBER 4

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NEOGOV has helped agencies nationwide streamline and optimize workforce management processes, aligning these processes to support agency goals and initiatives, while establishing agency-wide best practices.

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# Ethics

## MOM, CAN YOU COSIGN MY LOAN?

**Q.** The city manager's son wants to start his own business, but he does not have sufficient credit history to qualify for the small-business loan. He called his mother to see if she could cosign the loan application. While the city government is unlikely to have any dealings with the son's enterprise, the city manager wanted advice on how to assist her son in a way that would minimize any perception problems.

**A.** The first and most important step the city manager can take is to disclose the loan openly. Should there be any zoning issues or other questions that arise regarding her son's business, she should recuse herself from any involvement with the city's review processes and should not make recommendations of any kind. Tenet 12 of the ICMA Code of Ethics contains a guideline on personal relationships that emphasizes the importance of disclosing to the governing body any personal relationship when there could be the appearance of a conflict of interest.

## THE UNITED WAY VIDEO OPPORTUNITY

**Q.** The town manager serves on the board of directors of the United Way and has been asked to participate in a video for the local chapter's campaign. While he would not be identified in the video as the town manager, he would appear for about 10 seconds, responding to such questions as "Why do you support the United Way?" Are there any ethical issues that the manager should think about concerning the video or other United Way campaign activities?

**A.** The town manager's appearance in the video does not present any ethical issues, as described. Service on such boards of directors, however, can sometimes present a conflict of interest for managers in such areas as fundraising. ICMA advises its members to avoid making, to businesses or to employees, personal solicitations for donations. This advice is given to avoid any impression that a business might believe that it will receive favored treatment from the town manager in exchange for a donation. Employees might feel pressured to give donations when their boss makes a direct solicitation, so it is best to keep solicitations for donations at arms' length.

For these reasons, managers often help to design fund-raising strategies, rather than ask for donations personally. Here are some questions that ICMA encourages its members to ask themselves when they consider service on the board of directors of a nonprofit or community group:

- Should you consult elected officials before making a commitment to serve?
- Could your board service lead a reasonable person to wonder whether your loyalty to the local government could be questioned in any way?
- Is it likely that the organization will come before your local government to request funding or some other consideration?
- Would your involvement appear to lend support to one group in the community over another?
- Is it likely that you will be in a position of having to abstain from a decision of the nonprofit board because of your service to the local government?
- In instances in which you must abstain from voting on a board decision because of a conflict of interest, can you still be an effective board member?
- Will you be expected to engage in fundraising?
- Are there rules about soliciting donations within the local government organization?
- Is it clear that potential donors are free to "just say no" and that they are not entitled to any special consideration, treatment, or access?
- Could you be just as effective by devising a fund-raising strategy, rather than by making direct solicitations?
- Will the local government be a beneficiary of a successful fund-raising effort?
- How might your participation be reported factually by the media?
- Are you free to terminate your outside involvement in the event that a conflict of interest arises that cannot otherwise

be avoided?

For advice on the ICMA Code of Ethics, or to find out more on ethics training and technical assistance available to local governments, call the Ethics Center at ICMA at 202/962-3521, or visit the Web site at <http://icma.org/ethics>. Calls or e-mails can also be directed to ICMA's ethics advisers Martha Perego, 202/962-3668, [mperego@icma.org](mailto:mperego@icma.org), and Elizabeth Kellar, 202/962-3611, [ekellar@icma.org](mailto:ekellar@icma.org).

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DEPARTMENTS

# Profile

## CITY MANAGER MAKES A POSITIVE MARK



Shawn Nelson is city manager of Temecula, California.

The *wunderkind* is a grandpa now, but the only time he slows down these days is when he spots the picture of four-month-old Dani on his office wall. "Every time I look at her," Temecula [California] City Manager Shawn Nelson said, "the world just seems to stop."

The world hasn't slowed often for Nelson, 46, in the 15 years since he first took the job as community services director for the newly incorporated city and was charged with developing recreation programs—there were few—and building parks—the city had one.

Developing parks—the city now has about 40—and managing one of the fastest-growing and most prosperous cities in California weren't part of the future plans for college sweethearts, Shawn and Stephanie, when they married 25 years ago.

"The plan was to be a history teacher and coach football and basketball," said Nelson, who was a star athlete at Yucca Valley High School. "Then, one day, I was back in town after playing baseball for a season at the College of the Desert and was offered a job working part-time with the Yucca Valley Parks and Recreation District."

Soon after, in 1983, he was hired as a recreation supervisor in nearby Twentynine Palms, California. An excited Nelson, then 23, called his wife. "They're going to pay me \$17,000 a year," Shawn said excitedly. "Do you believe it?"

In early 1986, Nelson was named the recreation director for Twentynine Palms, a position he would hold for nearly five years. "It was a great experience," he recalled. "We didn't have a lot of money or resources, so it was a great learning environment."

Never one to stand still, that same year Nelson completed the course work for a bachelor's degree in management from the University of Redlands.

### A JOB BECKONS

In 1988, Nelson's father moved to Temecula's wine country, and Shawn got to see the area during frequent visits. "I told him if Temecula ever incorporated to give me a call," he said.

Not long after, in November 1989, residents in Temecula voted to become a city. The following spring, a newspaper article reported that Temecula was looking to hire a parks and recreation director. Shawn's father called. "I decided to throw my hat in the ring to see what would happen," he said.

Nelson interviewed for the job in June 1990. "I didn't hear a word," he said. "I guessed I didn't do as well as I thought."

Back in Twentynine Palms, where the couple had built a small house and started a family, Nelson made plans to pursue his master's degree and also pulled the necessary paperwork to make a run for a city council seat. "Not many people know that," he said.

In August 1990, Temecula City Manager Dave Dixon called and asked Nelson if he was interested in the Temecula job. After an interview with Dixon, Mayor Ron Parks, and City Councilmember Pat Birdsall, Nelson was offered the position. "In a very short period of time, my life turned around completely," Nelson said. "Stephanie said 'Take me to Temecula' and that's what I did."

## IN TEMECULA

When Temecula incorporated, there was one official park within city boundaries—the Rancho California (now Ronald Reagan) Sports Park—and a growing population that wanted more. "The lack of parks and programs was a huge issue," Nelson said. "Everyone kept asking me, 'What's the plan?'"

"Heck, I didn't know what the plan was." But Nelson knew the goal. "Within five years, I wanted the residents here to take pride in their parks and recreation programs," he said.

That was five years away, and residents, many of whom had moved from established cities, wanted parks—and they wanted them right away. "I thought we could start to make things happen in six to nine months," Nelson said. "But it took more time than that to lay the groundwork."

The first year was spent hiring staff and setting priorities, and the second on developing plans and preparing for construction, Nelson said. Rumblyings increased in the community. "I really felt the pressure," Nelson said. "There were a lot of sleepless nights those first few years."

In year three things began to happen, and, "by the fifth year, we had 15 parks," Nelson laughed. "People wanted to know how we'd done it so fast." About the same time, Nelson completed work on his master's degree in public administration at California State University, San Bernardino.

## AND THEN HE LEFT

Parks and programs continued to multiply. But in May 1998, Nelson cleaned out his desk at Temecula city hall and headed north to Corona to become one of that city's two deputy city managers.

Although they were sorry to see him go, there was a feeling among city hall insiders that Nelson might return someday in a different capacity. "We all knew when he left he was going to be coming back," said longtime Temecula City Councilmember Ron Roberts.

Nelson said he wasn't so sure. "It was kind of hinted to me that it may be a possibility," Nelson said. "Still, in this business, you never know." Someday came sooner than most expected.

When City Manager Ron Bradley unexpectedly announced in October 1998 his plan to retire the following December, the city hired a consulting firm to look for his replacement and then looked north to Corona for someone to fill the position in the meantime.

Just months after Nelson left for what he now calls "my seven-month on-site training program," he was back in Temecula, this time with the title of interim city manager. "Corona was a great place to work," Nelson said. "The people there were wonderful. But it just wasn't the same."

Nelson began his new duties in January 1999, while the city continued searching for a new chief administrator. "I think they were hopeful I wouldn't run the city off a cliff while they searched for a new manager," Nelson said.

By mid-February, city council members said the search for a new city manager had been moved to the back burner. In July, Nelson was offered a three-year contract and interim was removed from his title. "I think everyone knew he had the ability," Roberts said. "Why should we go outside to search (for a city manager) when the best available person was right here?"

Unlike his predecessors—Bradley had been a city manager in Oceanside and La Mesa, and Dixon had served in the top spot in Banning, Rancho Mirage, and Moreno Valley—Nelson had no experience as a chief administrator. "I'm grateful the city council took a chance on a 39-year-old with little experience," he said.

Roberts, who has a son about Nelson's age, said at first he had a problem dealing with the new city manager whose boyish looks made it seem as if he was straight off the Yucca Valley High gridiron. "We laugh about it now, but at first I found myself talking to him as if he were my son," Roberts laughed. "I actually used to scold him like I was his father."

Roberts's scolding days are over. "He's been perfect," Roberts said. "And he's such a great guy."

## RESULTS, WITHOUT FANFARE

While some city managers are the focus of much attention, Nelson flies under the radar much of the time. "It's not done purposefully, it's just who I am," he said. "So many good things have happened to me with this job that I have no desire for public recognition."

He also knows where he fits in the management of the city. "I understand the role of the city council," he said. "They

are the policymakers. [Our staff] tries to give the council the best recommendations we can. Once [the council] decides, it's our job to get things done."

Nelson, however, is not shy about making his own views known. "He's not afraid to look a council member in the eye and say, 'That's not a good idea,'" Roberts said. "I know other city managers who wouldn't do that."

Mayor Jeff Comerchero who, like Roberts, was on the council when Nelson was hired as city manager, agreed. "The problem I've noticed in other cities is they don't seem to be able to get the relationship right between the city manager and the city council," Comerchero said. "Shawn does an excellent job of knowing when to involve the elected officials and when not to."

Nelson, as usual, credits those around him for much of the city's success. "We have an excellent council and an outstanding team," he said. "We've had a lot of stability on the council and at the leadership positions in our city." Of the 14 members of the city staff who make up the executive management team, 10 have been in Temecula nearly 15 years. "That kind of stability and experience is very important," he said. "We work very well as a team."

Parks, recreation, and other quality-of-life issues have continued to be a priority at city hall under Nelson's tenure as city manager. Next spring, the 44-acre Patricia H. Birdsall Sports Park will open in the city's southern section, bringing the city's total to 35 parks, with six additional joint-use facilities maintained by both the city and the Temecula Valley Unified School District.

In addition, the city has two recreation centers, a senior center, two museums—the Temecula Valley Museum and the Imagination Workshop children's museum—the \$11 million Old Town Temecula Community Theater that debuted in October, and an \$18 million library under construction.

"What sets Shawn apart is his tremendous love of this community," Comerchero said. "I know it sounds corny, but it's true. He's not in it for the money or the glory. He truly wants to make Temecula the best city it can be."

## MORE TO DO

Despite the city's success, traffic and congestion continue to be sore points with many residents, and plans are in the works to help alleviate the problem—both on city streets and on Interstate 15—something Nelson said is a top priority. "I've got four and a half years left on my contract," he said. "There are a lot of things we're working on."

In June, the council approved an extension of Nelson's contract through June 2010. Re-enlisting, however, for another hitch as city manager is not a done deal, he said. "I want to finish this race strong and, at the end of the contract, we'll make an assessment," he said. "Twenty years is a long time in one place."

With that, Nelson looked at his watch—another meeting loomed—and then at the picture of his granddaughter on the office wall. And then he stopped. "You know," he said, "when it comes to livable cities, it doesn't get any better than this."

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