



CITY OF MONTCLAIR

**Montclair Civic Center
5111 Benito Street
Montclair, CA 91763**

February 2, 2012

TO: Honorable Mayor and City Council

FROM: Edward C. Starr, City Manager

SUBJECT: WEEKLY REPORT: January 27–February 2, 2012

➤ ***CITY MANAGER/ADMINISTRATIVE SERVICES DEPARTMENTS***

- The California Public Employees Retirement System (CalPERS), the nation's largest public pension fund, is reporting a 1.1 percent investment return in 2011, according to its Chief Investment Officer. The performance is well below the estimated average annual return of 7.75 percent CalPERS typically projects as a necessary target to minimally meet current and future obligations to its members. CalPERS' investment portfolio currently stands at \$229.5 billion, well below full funding targets for pension obligations, which now stand in excess of \$300 billion.

In end of calendar year performance report, CalPERS' public equities lost nearly 8 percent of their value and hedge fund investments dropped nearly 2.3 percent; although nearly every other investment category made money, with bonds earning 12.38 percent and real estate up by 9.92 percent.

In comparison to recent calendar years, CalPERS had a return of 11.6 percent for 2010 and a massive recession-related loss of 23.4 percent for 2009. Poor performance for calendar year 2011 underscores continuing challenges facing the pension fund to meet its pension liabilities.

During the investment update, CalPERS' Board of Directors was advised the fund is likely to have a difficult time over the long-term meeting the expected annual return of 7.75 percent because of subpar stocks and fixed-income performance. The Board was advised that it should only expect to earn a combined 4 percent annualized return over the next 10 years and

should consider alternative investment strategies, including increased exposure to investments in emerging foreign markets.

In early 2011, the Board was requested by actuaries to lower the annual rate of assumption, but refused to do so because of the impact it would produce on employer rates. Cities throughout California are struggling with the cost of pension systems, and lowering the annual rate of assumption would have added to these costs. The CalPERS Board held out hope that investment returns would perform significantly better over succeeding years, reducing pressure on fund assets and contract agencies; however, the 2011 report now suggests employers may see larger than anticipated rate increases in future years.

In evaluating the 2011 end of calendar year investment report, public agencies must keep in mind that returns for the calendar year are not the final say in the Fund's annual performance—for that, CalPERS relies on returns and losses posted for the fiscal year. CalPERS earned nearly 21 percent, its best performance in 14 years, in the fiscal year that ended June 2011. Much of that gain, however, was erased in the last few months of calendar year 2011, leaving CalPERS with the current year-end gain of just 1.1 percent. This weak "checking account" performance, however, comes at a crucial time for the debate over public employee pension reform. With the state, counties, and cities facing revenue shortfalls, a number of legislators are calling for a major overhaul of public employee pension systems; pension reform advocates are circulating several public employee pension overhaul initiatives for the November 2012 ballot; and Governor Brown has introduced a 12-point pension reform plan.

In other Public Employee Pension News:

Last week, the Conference Committee on Public Employee Pensions held its third hearing since being called together last November by Governor Brown. The purpose of the latest meeting was to discuss hybrid pension plans. The committee met twice in 2011, once to review the status of public employee benefits, and a second time to discuss pension reforms taking place locally and statewide.

In the latest round of discussions, the Committee received testimony regarding the Federal Employment Retirement Plan, California State Teachers Retirement System (CalSTRS) hybrid plan, and findings from other states which have instituted hybrid plans including Nebraska, Ohio, Texas, Oregon, and Rhode Island. Three documents were used as a basis for discussions: the [Essential Design Elements of Hybrid Retirement Plans](#), [NASRA Issue Brief: State Retirement Plans](#) and [The Basics of a Cash Balance Plan](#).

Each member of the Conference Committee reacted differently to the testimony:

Senator Mimi Walters (R-Laguna Niguel) raised concern that the committee had not yet taken action on the issue of pension reform, asking the Governor's office to release legislative language for his 12-point plan for the committee to consider.

Senator Joe Simitian (D-Palo Alto) suggested that the work of the committee is to put something forward that is fair, affordable, and sustainable going forward.

Assembly Member Jim Silva (R-Huntington Beach) cautioned against legislation harmful to educators.

Assembly Member Michael Allen (D-Santa Rosa) asked the committee to be thoughtful in crafting legislation that would stand up to scrutiny by the public, Governor's office, and other stakeholders.

Senator Gloria Negrete McLeod (D-Chino), committee co-chair, asked for a deliberate process.

Assembly Member Warren Furutani (D-Long Beach), committee co-chair, asked for pension reform this legislative session and called for a fourth hearing in the near future.

➤ **COMMUNITY DEVELOPMENT DEPARTMENT**

- On Tuesday, February 14, the City of Montclair will hold a blood drive challenge in partnership with the American Red Cross and as part of the 6th Annual Battle of the Badges (a blood donation competition between police and fire agencies).

Blood donations from City employees and members of the community will take place in the American Red Cross Blood Mobile, which will be parked at the Montclair Police Department's public parking lot at 4870 Arrow Highway from 10 a.m. to 4 p.m. Donations will be accepted from employees and community members.

Supervisor approval is required to donate blood for employees not using their lunch hours to do so. Please contact Human Services Division Intern Jetske Wauran at 909-625-9457, or jwauran@cityofmontclair.org, to schedule an appointment. The donation process from start to finish takes approximately 40 minutes.

Questions regarding donation eligibility should be directed to Estella Gonzalez at the American Red Cross Office, (909) 772-8546.

In addition to helping save lives, those that donate blood will receive a coupon for a free appetizer at Mimi's Café, two tickets to an LA Galaxy game, two vouchers to the LA Grammy Museum, and a Battle of the Badges T-shirt.

A flyer promoting the blood drive was attached to City employees' paychecks today and is also included on Page 7 of this report.

- On Tuesday, the Senior Center hosted the Traveling Game Show Company, which provided interactive games—such as Jeopardy, Wheel of Fortune, and Family Feud—for seniors to play as a group. Twenty-five seniors enjoyed the friendly competition and refreshments.

A photo collage of the day's events is shown on Page 8.

➤ **POLICE DEPARTMENT**

- Reserve Officers conducted a Traffic Enforcement Program on Saturday, January 28 which resulted in 52 issued citations and one impounded vehicle. They also responded to calls for service.

The next Traffic Enforce Program is scheduled for February 4, 2012.

Our appreciation goes to Reserve Officer Joe Kuskie, Reserve Sergeant Scott Stephenson, and Reserve Captain Ron Foss for helping to keep our City safe.

- On Monday evening, Officer Jim Michel was honored by the Ontario Elks Lodge for being named the 2011 Officer of the Year by the Montclair Police Department. Co-workers that attended included Chief Keith Jones; Captain Mike deMoet; Sergeants Ronny Cespedes and Brian Ventura; Officers Brian Blyther, Shane Buschini, Drew Lofquist, and John Minook; and Community Service Officer Susana Okada.

➤ **FIRE DEPARTMENT**

- Last night, The Leadership Connection held a class session on Emergency Preparedness at the City's Emergency Operations Center. Fire Chief Troy Ament presented principles of emergency management, Fire Department operations during disasters, California's Mutual Aid System, and the reimbursement process to recover funds spent by a local agency during Strike Team responses.

The Leadership Connection, in partnership with the Chaffey College Business and Professional Development Institute, is a nonprofit corporation dedicated to developing community leaders and enhancing individual leadership skills through a ten-week series of educational workshops.

➤ **PUBLIC WORKS DEPARTMENT**

- No items to report.

ECS:spa

"I firmly believe that any man's finest hour, the greatest fulfillment of all that he holds dear, is that moment when he has worked his heart out in a good cause and lies exhausted on the field of battle—victorious."

~ Vince Lombardi

FEBRUARY 2012



06	City Council Meeting Council Chambers	7:00 p.m.
13	Planning Commission Meeting Council Chambers	7:00 p.m.
14	City Manager's Staff Meeting City Hall Conference Room	9:00 a.m.
14	6th Annual Battle of the Badges Bloodmobile Montclair Police Department Parking Lot 4870 Arrow Highway	10:00 a.m. - 4:00 p.m.
15	Midyear Budget Review Council Chambers	5:45 p.m.
16	Safety Committee Meeting City Hall Conference Room	9:00 a.m.
16	Public Works Committee Meeting City Hall Conference Room	2:00 p.m.
20	Presidents Day – City Hall Closed	
21	Code Enforcement Committee Meeting City Hall Conference Room	6:00 p.m.
21	City Council Meeting Council Chambers	7:00 p.m.
27	Planning Commission Meeting Council Chambers	7:00 p.m.

Help Save Lives in the Community

Sign up to Donate Blood

at the City of Montclair Blood Drive



In partnership with the American Red Cross, the City of Montclair will be hosting a blood drive. The Blood Mobile will be on site for donations.



When: Tuesday, February 14, 2012
10:00 a.m. - 4:00 p.m.
If donating during work hours please get your supervisor's approval.



Where: Police Department Front Parking Lot
4870 Arrow Highway, Montclair

Who: Montclair Employees, Family Members and the Community

To Sign Up: Contact Human Services Intern Jetske Wauran at 625-9457 or jwauran@cityofmontclair.org or go online to www.redcrossblood.org and use sponsor code: badge

Those that donate blood will receive a Battle of the Badges T-shirt, a coupon for a free appetizer from Mimi's Café, a voucher for two tickets to an LA Galaxy game and a voucher for two tickets to the LA Grammy Museum.

If you have questions about blood donation please contact Estella Gonzalez from the Red Cross at (909) 772-8546.

The Montclair Senior Center Presents:
THE TRAVELING GAME SHOW



January 31, 2012