



CITY OF MONTCLAIR

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

March 15, 2012

TO: Honorable Mayor and City Council

FROM: Edward C. Starr, City Manager

SUBJECT: WEEKLY REPORT: March 9-15, 2012

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

- Yesterday the California Public Employees' Retirement System (CalPERS) Board of Directors voted 9-1 to reduce its expected average annual return on investments from 7.75 percent to 7.5 percent—a quarter of a percentage point higher than the 7.25 percent rate of return recommended by Chief Actuary Alan Milligan. Milligan predicted CalPERS has a 54 percent chance of maintaining a 7.25 percent annual rate of return over the next 19 years, and a 50 percent chance of hitting 7.5 percent. The Board also agreed to reduce its assumed average annual inflation rate from 3 percent to 2.75 percent. The 7.75 percent rate of assumption, used to calculate how much money CalPERS expects to have and how much it needs from contract agencies to cover pension liabilities, had been in place for two decades before the Board voted yesterday to lower it. The move is expected to trigger significant increases to employer rates for the state and local government agencies.

Lowering the rate of assumption below the current benchmark is intended to recognize the state's slow recovery from the Great Recession and the less than stellar performance of the CalPERS investment portfolio. In 2011, CalPERS saw a meager 1.1 percent return on investments, far below the 7.75 percent rate of assumption. CalPERS' rate of return averaged 8.4 percent over the last 20 years according to the CalPERS website. However, in recent years the rate of return has been volatile, down 23.4 percent for fiscal year 2008-09; up 11.6 percent in fiscal year 2009-10; and up 20.9 percent in the fiscal year ending June 30, 2011, only to fall to 1.1 percent for calendar year 2011.

CalPERS is considered the nation's largest public pension fund, serving 1.6 million members, with an estimated asset value of \$238.4 billion—down from a peak of \$258 billion recorded on June 30, 2008. CalPERS actuaries believe the Fund's investment portfolio faces slow growth over the next decade, and has current unfunded liabilities in excess of \$75 billion. As of June 30, 2011, various plans had 63 percent to 70 percent of funding required to meet future obligations—80 percent total funding is generally considered the minimum safe funding level. A Stanford University study found that CalPERS was only 58 percent funded, based on a 6.2 percent annual return on assets. The Government Accounting Standards Board (GASB) and many economists believe the Stanford study is closer to identifying CalPERS' actual unfunded liabilities.

CalPERS has not yet calculated the impact on cities; however, the new rate will take effect on July 1, 2012, although CalPERS has been asked to phase the change over two years to spread the cost. The effect of both changes, lowering the annual rate of assumption and the inflation assumption, is expected to produce an additional 4 percent to 5 percent increase in Montclair's public safety employer rate for the 3 percent @ 50 plan, and a smaller rate increase of 1 percent to 2 percent for all other plans. The increase for Montclair employees under the 3 percent @ 50 plan will be in addition to 4 percent to 6 percent increases already projected by CalPERS, effective July 1, 2012.

The decision by the CalPERS Board of Directors is expected to increase pressure on a Joint Legislative Committee to act on a 12-point pension reform plan submitted by Governor Brown and designed to reduce pension costs to the state and local governments.

➤ **COMMUNITY DEVELOPMENT DEPARTMENT**

- Yesterday the air smelled sweet at the Senior Center as Senior Program Specialist Ester Vargas Pipersky demonstrated easy ways to make chocolate-covered strawberries and a variety of candy. Over 50 seniors attended the demonstration, eager to make their own sweets. Ester also showed simple and economical ways to gift wrap the goodies.

After the demonstration, one senior announced her plan to make the Marshmallow Pops for her grandchildren this Easter.

Everyone had a sweet time, as you can see by the photos on Page 6.

➤ **POLICE DEPARTMENT**

- The Police Department participated in Serrano Middle School's Open House and Community Fair on Tuesday, March 13. School Resource Officer Amanda Holloway and Reserve Officers Joe Kuskie and Keith Dow greeted attendees and distributed promotional items.

The event gave members of the community the opportunity to view exhibits and to see the hard work that students have been putting in all year.

➤ **FIRE DEPARTMENT**

- The Fire Department recently purchased two new Stihl rotary saws and one new Stihl chainsaw, replacing saws that are nearly 20 years old and have surpassed their service life. These saws are assigned to front line emergency response apparatus and are critical to first response capabilities.

The rotary saws are primarily utilized to cut metal when forcible entry is necessary to get inside locked doors, windows, and barred windows; they can also be used to cut through concrete. Chainsaws are primarily utilized to cut ventilation holes in the roofs of burning structures to release heat and toxic smoke from the building. This aids Firefighters in locating and removing victims during a fire when smoke levels create zero visibility conditions.

During the week of March 5, a Field Application Specialist from Stihl provided training to Fire suppression personnel on the operation, maintenance, and safe use of the new saws.

➤ **PUBLIC WORKS/SUCCESSOR REDEVELOPMENT AGENCY**

- On March 8, the Deputy City Clerk received and opened bid proposals for the Intersection Rehabilitation Project. Of the 11 bid proposals received, Sequel Contractors, Inc., was deemed the lowest responsive bidder with a bid of \$349,722.

The project is intended to repair asphalt rutting and remove hazards within the intersection areas of the following locations:

- Central Avenue/Palo Verde Street
- Monte Vista Avenue/Arrow Highway
- Ramona Avenue/Holt Boulevard

Improvements include the removal and replacement of badly damaged asphalt concrete pavement and removal and replacement of non-ADA compliant concrete pedestrian ramps at all three intersections, and the installation of new concrete bus pads at the Ramona Avenue/Holt Boulevard intersection.

Sequel Contractors, Inc., is expected to begin construction during the first week of May and be completed by August.

The project is funded by the San Bernardino Associated Governments' Local Stimulus Program, combined with some Measure I funds.

ECS:spa

"You give but little when you give of your possessions. It is when you give of yourself that you truly give."
 ~ Khalil Gibran

MARCH 2012



15	Public Works Committee Meeting City Hall Conference Room	2:00 p.m.
15	League of California Cities General Membership Dinner Meeting, Embassy Suites Ontario	6:00 p.m.
17	St. Patrick's Day	
19	Code Enforcement Committee Meeting City Hall Conference Room	6:00 p.m.
19	City Council Meeting Council Chambers	7:00 p.m.
26	Planning Commission Meeting Council Chambers	7:00 p.m.
27	City Manager's Staff Meeting City Hall Conference Room	9:00 a.m.
28	Soroptimist International of Montclair/Inland Valley 21st Annual Prism Award Luncheon Ontario Convention Center	11:30 a.m.

APRIL 2012

		
2	City Council Workshop Impound Lot Operational Status Report Council Chambers	5:45 p.m.
2	City Council Meeting Council Chambers	7:00 p.m.
4	Community Action Committee Meeting Council Chambers	7:00 p.m.
8	Easter	
9	Planning Commission Meeting Council Chambers	7:00 p.m.
16	Code Enforcement Committee Meeting City Hall Conference Room	6:00 p.m.
19	Safety Committee Meeting Council Chambers	9:00 a.m.
19	Public Works Committee Meeting City Hall Conference Room	2:00 p.m.
22	Earth Day	
23	Planning Commission Meeting Council Chambers	7:00 p.m.
25	Legislative Action Days, April 25-26 Sacramento	
27	Arbor Day	

Senior Center Candy Corner Demonstration

