

## **CITY OF MONTCLAIR**

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

April 19, 2012

**TO:** Honorable Mayor and City Council

**FROM:** Edward C. Starr, City Manager

**SUBJECT:** WEEKLY REPORT: April 13-19, 2012

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➤ *CITY MANAGER/ADMINISTRATIVE SERVICES DEPARTMENTS*

- Last Friday, I attended a hearing in Chino conducted by the state Legislative Conference Committee on Public Employee Pensions, co-chaired by State Senator Gloria Negrete-McLeod and Assembly Member Warren Furutani. Members of the Legislative Conference Committee are hearing testimony on pension reform pursuant to AB 340/SB 827. Both bills effectively declare the intent of the Legislature to convene a Conference Committee to craft responsible, comprehensive legislation to reform state and local pension systems in a manner that reflects both the legitimate needs of public employees and the fiscal circumstances of state and local governments.

Friday's hearing, the fifth and final in a series of public Conference Committee hearings on Public Employee Pensions, focused on an overview of the County Employees' Retirement Law of 1937; compensation issues related to pension spiking; creative pension plan designs currently in place in several county retirement systems; and an overview of various policies regarding pension benefits for elected officials. Though Friday's testimony was specific to County pension plans, it was clear several members of the Conference Committee considered the information germane to the entire issue of public employee pension reform.

The Conference Committee is evaluating the need to move forward on all or certain aspects of Governor Brown's 12-Point Pension Reform Plan, released in October 2011. Specifics of the plan include the following components:

1. **Equal Sharing of Pension Costs:** Affecting all employees and employers. The funding of annual, normal pension costs would be shared equally by all new and current employees and employers. Sharing of pension costs would be phased in at a pace that takes into account current contribution levels, current contracts, and the collective bargaining process. Unfunded liability portions are not part of normal pension costs, and would continue to be a liability of local public employers.
2. **"Hybrid" Risk-Sharing Pension Plan:** Affecting all new employees. The Governor proposes a pension plan designed to strike a "fair balance" between a guaranteed benefit and a benefit subject to investment risk. The hybrid plan would include a reduced defined benefit component and a defined contribution component managed professionally to reduce the risk of employee investment loss. The hybrid plan would combine the defined benefit and defined contribution components with Social Security to produce an annual retirement benefit equal to 75 percent of an employee's salary—assuming a full career of 30 years for safety employees and 35 years for non-safety employees. The defined benefit, defined contribution, and Social Security components would represent equal portions of the targeted retirement income. For employees not in Social Security, the defined benefit component would make up two-thirds of retirement income, and the defined contribution the remaining balance. A cap would be placed on the defined benefit portion to ensure employers do not bear an unreasonable liability for high-income wage earners.
3. **Increase Retirement Ages:** Affecting all new employees. All new public employees would work to a later age to qualify for full retirement benefits. For most new employees, retirement ages will be set at 67—the current Social Security retirement age. The retirement age for new safety employees will be less than 67, but commensurate with the ability of those employees to perform their jobs in a way that protects public safety. Raising the retirement age would presumably reduce the amount of time retirement benefits must be paid and significantly reduce retiree health care premium costs.

Employees will have fewer, if any, years between retirement and reaching the age of Medicare eligibility, when a substantial portion of retiree health care costs shifts to the federal government under Medicare.

4. **Require Three-Year Final Compensation to Stop Spiking:** All new employees. Final compensation would be defined as the highest average annual compensation over a three-year period.
5. **Calculate Benefits Based on Regular, Recurring Pay to Stop Spiking:** New Employees. Compensation would be defined as the normal rate of base pay, exclusive of special bonuses, unplanned overtime, payouts for unused vacation or sick leave, and other wage-related payments.
6. **Limit Post-Retirement Employment:** All Employees. Would limit the time public pension annuitants can work for a public employer to no more than 960 hours annually/or 120 days per year; would prohibit all retired employees serving on public boards and commissions from earning any retirement benefits for that service.
7. **Felons Forfeit Pension Benefits:** All Employees. Would require public officials and employees to forfeit pension and related benefits if convicted of a felony in carrying out official duties, seeking an elected office or appointment, or in connection with obtaining salary or pension benefits.
8. **Prohibit Retroactive Pension Increases:** All Employees. Would prohibit retroactive application of pension benefit enhancements. For example, improving a pension retirement formula (from 3 percent @ 55 to 3 percent @ 50) would only be applicable to all future years worked, not past years. Retroactive application of pension enhancements created billions of dollars in unfunded liabilities for local government employers.
9. **Prohibit Pension Contribution Holidays:** All Employees and Employers. Would prohibit suspension of employer/employee contributions to fund annual pension costs. During years when pension fund investment returns supported "fully-funded" pension plans, many public employers were required to make minimal or no annual pension contributions—a process that contributed greatly to significant, unfunded liabilities during periods of economic recession.

10. **Prohibit Purchase of Service Credit:** All Employees. Would prohibit purchase of airtime service credit. Many pension systems allow employees to buy "airtime"—additional retirement service credit for time not actually worked. The public employer assumes the full risk of delivering retirement income based on years of purchased service credit.
11. **Increase Pension Board Independence and Expertise:** Lack of independence and financial sophistication on public retirement boards has allegedly contributed to unaffordable pension benefit increases. The Governor's plan would add two independent, public members with financial expertise to the CalPERS board, and replace the State Personnel Board representative on the CalPERS board with the Director of the California Department of Finance.
12. **Reduce Retiree Health Care Costs:** Affects state employees, with recommendation for local employees. Would reduce the burden for health care premium costs by requiring new employees to work for 15 years to become eligible for employer payment of a portion of retiree health care premiums; and 25 years to become eligible for maximum contribution to health care premiums.

It remains unclear as to what form, if any, public employee pension reform may take—although many reform-minded groups encourage legislative members to adopt Brown's plan intact. The Governor has already submitted his plan as legislative bills SB 1176 (Huff) and SCA 18 (Huff), and the Legislature is typically required to provide the Governor with the courtesy of an up or down vote on his reform proposal.

Governor Brown promised voters pension reform if they supported his proposed tax plan, anticipated to appear on the November 2012 General Election ballot. Components of public employee pension reform are also expected to appear on the November ballot. To show he means business, the Governor's proposed Fiscal Year 2012-13 budget would cut the state's contribution to CalPERS by \$200 million from current year levels. If the Legislature balks at the reduction, it may indicate a fight on pension reform is brewing between the Governor and majority party in the Legislature—the minority party has signed on to Brown's proposal.

A recent USC Dornsife/Los Angeles Times poll found strong public support for the Governor's tax-hike proposal as a means to address the state's \$9.2 billion budget deficit—64 percent of polled voters support the measure to increase the sales tax rate and raise the tax bracket for upper income wage earners as a means to fund schools and balance the state's budget.

The quarter cent sales tax increase would be in place for four years. Wage earners making over \$250,000 would be taxed an extra one percent; over \$300,000 an extra two percent; and individuals making more than \$500,000 would be taxed an extra three percent. Income tax adjustments would be in place for seven years.

Failure to stand by his pledge and not place public pension reform on the November ballot may impact the Governor's credibility and support for his tax plan. Members of the Legislative Conference Committee and Legislature are aware of the pressure on the Governor and, by extrapolation, on their own efforts to balance the state budget and produce some level of pension reform, even if it is a plan that largely maintains the status quo by introducing only minor tweaks to the current system.

The Legislative Conference Committee on Public Employee Pensions is expected to finalize its review of legislative language over the balance of this month, with pension reform legislation expected to be introduced in May 2012. Senator Negrete-McLeod has indicated a plan would be introduced that Brown will sign. However, beyond a few unrevealing comments, Conference Committee members ended public hearings without debate, discussion, or an indication of where they definitively stood on the Governor's pension reform plan. It does appear that support for Brown's plan among a majority of Conference Committee members is weak, particularly as it relates to a hybrid pension plan for future employees and raising the retirement age.

In any event, legislative members now have less pressure on them after a major voter initiative effort directed at public employee pension reform died earlier this year after the sponsoring group (California Pension Reform) alleged Attorney General Kamala Harris prepared a misleading and prejudicial ballot summary designed to hurt the initiative's chance for success. California Pension Reform withdrew the initiative rather than wait out a court ruling that would have put the group behind in gathering signatures. Despite this failure, however, California voters appear to want some level of pension reform. A December 2011 Field Poll found bipartisan support for the Governor's plan, with nearly two-thirds of likely voters saying they supported reduced retirement benefits for new and current public employees.

➤ **COMMUNITY DEVELOPMENT DEPARTMENT**

- On Monday, April 16, the Montclair Community Action Committee sponsored the *26th annual Volunteer of the Year Program* at City Hall. Eight nominees were recognized during the City Council meeting, followed by a reception, cake-cutting ceremony, and photo session.

This year, eight organizations whose volunteers serve the Montclair community submitted nominations for this coveted award. A panel of three individuals from surrounding communities served as judges, and from the nominations they selected a *Volunteer of the Year*, a first runner-up, and a second runner-up.

This year's *Volunteer of the Year* is Ross Foss, nominated by Montclair Police Department. Detailed information about Ron and why he was selected is covered by the Police Department on Page 7.

The first runner-up was awarded to Elizabeth Garcia Valdez, nominated by El Camino Elementary School. Elizabeth, a parent of two children who attend the school, saw the need for a school crossing guard during the busy morning drop-off periods. She approached school officials with her concerns and volunteered to start a crossing guard program. She also worked with school officials to distribute information to families about safety around the school. Today, El Camino Elementary School has a volunteer crossing guard in front of the school every morning, compliments of Elizabeth, who saw a need, proposed a solution, recruited others to help, and continues to manage the program.

Second runner-up was Theresa Brutico, nominated by the Montclair Senior Nutrition Program. For many years, Theresa has attended every senior party to help with decorations, serve cake to 250 seniors during the event, and clean up after the party. In addition, Theresa volunteers to "call bingo" every Monday afternoon and organizes excursions for her fellow seniors.

Other nominees included:

- ✓ Trisha Martinez, nominated by Montclair-Ontario Junior Women's Club
- ✓ George Messina, nominated by Montclair Senior Citizens Program
- ✓ Cleotilde Miranda, nominated by Montclair Por La Vida Program
- ✓ Nadine Smith, nominated by Montclair Meals on Wheels
- ✓ Alicia Sugerman, nominated by Our Lady of Lourdes Church

Photos are shared on Page 11.

- Tuesday afternoon, the Senior Center hosted a "bring your grandchildren to the movies day," with a special showing of *The Lion King*. Everyone enjoyed themed cupcakes, lemonade, and popcorn. A picture collage is featured on Page 12.

- On Wednesday, the Senior Center hosted a gardening presentation by Dave Coles of Armstrong Nursery in Claremont. Held in the courtyard, Dave provided gardening and pruning tips, answered questions, and clarified many old wives tales seniors had regarding their gardens.

This was a joyous event with lots of laughter. Seniors enjoyed refreshing lemonade and watermelon, and they were also treated to door prizes of gardening gloves and tools. Many seniors asked for a return engagement soon!

A photo collage is included on Page 13.

## ➤ **POLICE DEPARTMENT**

- During the City Council meeting on Monday, Reserve Captain Ron Foss was presented with the Montclair Community Action Committee's *Volunteer of the Year Award* for 2012.

Ron has been a member of the Montclair Police Department since 1980. As Reserve Captain, he oversees the Department's Reserve Officer Program which supplements and assists regular Police Officers in their duties. Reserve Officers wear regular police uniforms, are fully armed while on duty, and handle patrols calls and assist with community events. Although Reserve Officers receive a small monthly stipend to cover legal dues and other miscellaneous expenses, they are classified by the Department as volunteers. All of the Department's Reserve Officers maintain careers in the private sector and volunteer their services to the community during their time off work. Scheduling is flexible, but they must volunteer a minimum number of hours to maintain their positions. Most, like Reserve Captain Foss, volunteer hours well in excess of the minimum requirement of 25 hours per month.

During his years of service with the Montclair Police Department, Ron has developed his proficiency as a patrol officer. He has received numerous commendations throughout the years for exemplary performance and courage, including the *Reserve Officer Award for Outstanding Performance* seven times! Ron has also been selected as the Department's *Reserve Officer of the Year* on seven separate occasions. In 1995, Ron was recognized by his peers statewide when he was awarded the California Reserve Peace Officers Association's *Meritorious Service Award* for the extraordinary level of service to the Department and the community.

Along with his responsibilities as a devoted husband, father, and grandfather, Ron sacrifices much of his time off for the benefit of the community. Throughout the years, he has shown great courage in critical situations and has proven to be a powerful asset to the City. He inspires the cooperation and confidence of others and demonstrates great initiative in

fulfilling his organizational responsibilities. Ron is truly the mortar that bonds the Reserve Officer Program. Without his loyalty and dedication, the program would not be as successful as it is today.

Please be sure to congratulate Ron and thank him for 31 years of exceptional service.

➤ **FIRE DEPARTMENT**

- On April 11, Fire Chief Troy Ament attended LA/Ontario International Airport's (ONT) tabletop exercise of the Airport Emergency Plan. Required by the Code of Federal Regulations Title 14 and Federal Aviation Regulation Part 138, the tabletop exercise is designed to provide training, review and evaluate plans and procedures, and resolve questions of coordination and assignment of responsibilities in the event of an airport emergency. Representatives from Air Traffic Control, National Transportation Safety Board, Federal Bureau of Investigation, Federal Aviation Administration, California Emergency Management Agency, San Bernardino County Office of Emergency Services, local fire and law enforcement, and regional and local hospitals were all in attendance.

This complex exercise scenario was designed to challenge airport operations and first responders. It included a multicasualty incident and fire as a result of a commercial airliner colliding with a fuel truck that unintentionally entered an active runway because of extremely dense fog at the airport.

➤ **PUBLIC WORKS/SUCCESSOR REDEVELOPMENT AGENCY**

- No information to report this week.

ECS:spa

*"Climb the mountains and get their good tidings. Nature's peace will flow into you as sunshine flows into trees. The winds will blow their own freshness into you, and the storms their energy, while cares will drop off like autumn leaves."*

*~ John Muir*

# APRIL 2012



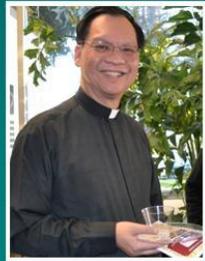
19	Public Works Committee Meeting City Hall Conference Room	2:00 p.m.
22	Earth Day	
23	Planning Commission Meeting - <b>Canceled</b>	
25	Legislative Action Days, April 25-26 Sacramento	
27	Arbor Day	

# MAY 2012

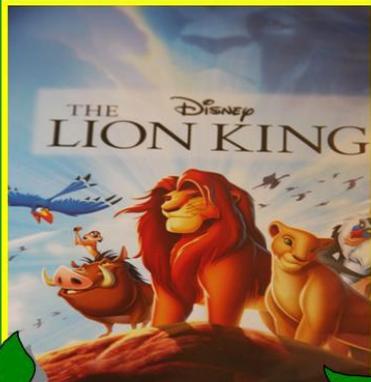


02	Community Action Committee Meeting Council Chambers	7:00 p.m.
07	City Council Meeting Council Chambers	7:00 p.m.
13	<b>Mother's Day</b>	
14	Planning Commission Meeting Council Chambers	7:00 p.m.
17	Safety Committee Meeting City Hall Conference Room	9:00 a.m.
17	Public Works Committee Meeting City Hall Conference Room	2:00 p.m.
21	Code Enforcement Committee Meeting City Hall Conference Room	6:00 p.m.
21	City Council Meeting Council Chambers	7:00 p.m.
28	<b>Memorial Day – City Offices Closed</b>	
29	Planning Commission Meeting Council Chambers	7:00 p.m.

# Volunteer of the Year



# Montclair Senior Center



**Bring Your Grandchildren  
to the Movies Day**



# Senior Center Gardening Presentation

