CITY OF MONTCLAIR

Montclair Civic Center
5111 Benito Street
Montclair, CA 91763

September 6, 2012

TO: Honorable Mayor and City Council

FROM: Edward C. Starr, City Manager

SUBJECT: CITY MANAGER'S WEEKLY REPORT: August 31–September 6, 2012

➢ *CITY MANAGER/ADMINISTRATIVE SERVICES DEPARTMENTS*

- Last Wednesday, Administrative Intern Mikey Fuentes attended the League of California Cities Legislative Task Force Meeting. Guest speakers Rod Hoops, San Bernardino County Sheriff-Coroner, and Rodney Jones, Fontana Chief of Police, discussed the impacts of AB 109, *Public Safety Realignment Act,* in San Bernardino County.

  AB 109 Public Safety Realignment Act

  On April 4, 2011, Governor Brown signed AB 109, creating a significant change to the California correctional system. When the Assembly Bill became effective on October 1, 2011, responsibility for housing/supervising inmate and parolee populations classified as low-level offenders was transferred from the California Department of Corrections and Rehabilitation (CDCR) to counties. AB 109 allows newly sentenced low-level offenders to serve their sentences in county jails rather than state prisons.

  Realignment in San Bernardino County

  Currently, the County Sheriff's Department operates four Type II detention facilities with a total maximum inmate capacity of 6,013: West Valley Detention Center, Central Detention Center, and Adelanto Detention Center house pre-trial inmates; and Glen Helen Rehabilitation Center houses persons sentenced to serve time in a county facility.

The County plans to increase the number of inmate beds from 6,013 to 7,405 with the expansion of Adelanto Detention Center—work on that project is scheduled to be completed in 2013. The County applied for and received $100 million in AB 900 Phase I funds for expansion of Adelanto Detention Center. Expansion will result in a net gain of 1,368 new beds to the facility, which currently has only a 706-bed capacity. Construction began in February 2011, and the estimated cost for the project is $111 million.

Post Release Community Supervision

Since the implementation of AB 109, approximately 3,200 post-release community supervision offenders (PRCS probationers) have been released into the County. According to the San Bernardino County Probation Department, approximately 6,700 PRCS probationers will eventually be released in San Bernardino County due to AB 109. To help cope with the increased number of PRCS probationers and to reduce the recidivism rate (rate of being rearrested), the San Bernardino County Probation Department has hired 48 new probation officers—another 32 recently entered academy training. More than 100 new probation officers will be hired by September 28, 2012.

The County also established day reporting centers in Victorville, Rancho Cucamonga, and San Bernardino. In addition to the required visit to the probation officer, probationers at day reporting centers are offered a number of social service programs providing treatment and rehabilitation. Probationers can visit workforce development offices to find employment, receive drug or alcohol counseling, or visit a behavioral or public health official.

The Probation Department also created a fugitive apprehension team, placing 25 probation officers at police and sheriff's stations throughout the County to directly assist other law enforcement agencies.

Currently in San Bernardino County, the recidivism rate has dropped to approximately 22 percent since the implementation of AB 109. Statewide, the current rate of recidivism is 67.5 percent.

- **SB 340—Public Employee Pension Reform:** Last Friday, the Legislature approved and sent to Governor Brown AB 340, aimed at reducing public employee pension costs. As with many recent bills crafted in the final days or hours before the Legislature adjourned for break and completed its legislative session, AB 340 was pushed before legislators without significant discussion or debate. The 40-member Senate cleared the measure 38-1. In the Assembly, 48 of 80 lawmakers supported the bill; 8 opposed.

AB 340, (California Public Employees' Pension Reform Act of 2013 ("CPEPRA") addresses most of the points raised in the Governor's 12-point plan, but does not provide for a "hybrid" plan with a 401(k) component. If signed by the Governor, CPEPRA will take effect on January 1, 2013.

AB 340 is receiving mixed reviews: several labor groups have expressed anger with the Legislature's action; the Legislature's minority party complained they were pressured to take a position on a flawed bill that didn't surface until the final days of the legislative session; tax groups complained the measure was political pandering to cost-conscious voters ahead of November elections and the Governor's request for voter approval of new taxes; media outlets call the reform effort phony since it has no real impact on current employees and will take decades to produce any meaningful savings—this latter argument is confirmed by a CalPERS' analysis demonstrating that most of AB 340's estimated savings will not come for two decades.

Because the most significant rollbacks of AB 340 apply as of January 1, 2013, to new hires and not current workers, CalPERS estimates savings for the coming fiscal year will reach just $146 million at most. Twenty years from now, annual savings would come to as much as $2.5 billion. CalPERS estimated savings will total between $43.3 billion and $55.8 billion over 30 years. CalPERS' estimates are not adjusted for inflation and include local employers such as cities, counties, and school districts.

The measure achieves those savings through several changes—the most significant for new workers: caps on how much of higher-earners' pay counts toward their respective pensions, retirement formula rollbacks, and later retirement ages. All employees, regardless of hire date, would have to split their normal pension costs with their employers 50-50.

Highlights of AB 340/CPEPRA are outlined below:

✓ **Broad Coverage:** The CPEPRA is intended to apply to all public agencies, with the exception of the University of California and charter cities and counties that have their own independent retirement systems.

  Aside from these exceptions, the CPEPRA covers all state and local public retirement systems including the California Public Employees' Retirement System (CalPERS), as well as individual retirement plans offered by public employers and defined benefit governmental plans under Section 401(a) of the Internal Revenue Code.

Most of the provisions of the CPEPRA apply to public employees defined as "new members"—*i.e.*, individuals hired after January 1, 2013, who have never been members of a public retirement system; individuals who move between retirement systems with more than a six-month break in service; and individuals who move between public employers within the same retirement system after a six-month break in service. Certain provisions of the CPERA apply to both current and new members.

✓ **Reduced Benefit Formulas for New Members:** The available retirement formulas for "new members" hired after January 1, 2013, will be limited. CPEPRA establishes a single defined benefit formula for new non-safety (miscellaneous) members and three defined benefit formulas for new safety members. Employers will be prohibited from providing new members with a supplemental defined benefit plan.

- The retirement formula for nonsafety members, with the exception of teachers, is 2 percent at 62.
- The three formulas for safety members are: the Basic Safety Plan (2 percent at 57); the Safety Option Plan I (2.5 percent at 57); and the Safety Option Plan II (2.7 percent at 57).

✓ **Increased Retirement Ages for New Members:** The retirement age for full retirement benefits will be raised to 67 for non-safety members; 57 for safety members.

✓ **No Retroactive Enhancements to Benefit Formulas:** Enhancements to a benefit formula that are adopted or apply to a member on or after January 1, 2013, may only be applied to the member's future service.

✓ **Requires Equal Sharing of Normal Costs:** New employees are required to pay at least 50 percent of annual normal costs. Employers are precluded from paying any part of the required employee contribution. Normal cost is defined as the portion of the present value of projected benefits under the defined benefit plan attributable to the current year of service, as determined by the public retirement system's most recent actuarial valuation. Employee contributions may be more than one-half of the normal cost rate, but only if the increase has been agreed to through the collective bargaining process.

- ✓ **Caps Pensionable Compensation for New Members:** The amount of compensation used to calculate pension benefits for new members is limited to no more than the Social Security wage index limit ($110,100) for employees who participate in Social Security, and 120 percent of that amount ($132,120) for those employees who do not. Retirement systems must adjust the cap each year based on changes in the Consumer Price Index (CPI) for all Urban Consumers. The Legislature may make prospective changes to the annual CPI adjustments as long as the change does not result in a decrease in an employee's accrued benefits.

- ✓ **Pensionable Compensation:** For "new members," pensionable compensation means the normal monthly rate of pay or base pay of the member. Pensionable compensation does include payments made for the purpose of increasing a member's retirement benefit; in-kind compensation; one-time or ad hoc payments; severance or other payment made in anticipation of a separation from employment; payments for unused vacation, annual leave, personal leave, sick leave, or compensatory time off; payments for additional services rendered outside of normal working hours; any employer-provided allowance such as one made for housing, vehicle, or uniforms; compensation for overtime work, other than as defined in Section 207(k) of Title 29 of the United States Code; employer contributions to deferred compensation or defined contribution plans; any bonus paid; or any other form of compensation a public retirement board determines should not be pensionable compensation.

- ✓ **36-Month Final Compensation Period:** To end the practice of "spiking," which can occur when compensation is increased in the final 12-months of service to increase the retirement benefit owed, final compensation for new members will be determined based on the highest average annual pensionable compensation earned over a consecutive 36-month period. Effective January 1, 2013, employers cannot modify benefit plans to permit calculation of compensation on the basis of less than a consecutive 36-month period for existing employees.

- ✓ **Employers May Continue to Offer Defined Contribution Plans And Certain Defined Benefit Plans:** If an employer offers a retirement plan consisting solely of a defined contribution plan that was in place before January 1, 2013, the employer may continue to offer that plan instead of the defined benefit plan required by CPEPRA.

- ✓ **Cost Sharing Agreements for CalPERS Agencies:** CalPERS agencies may reach agreements with employee organizations to share some portion of the employer contribution under Government Code section 20516.

  No later than January 2018, employers shall require current employees to pay at least 50 percent of normal costs after meeting and conferring in good faith and exhausting any required impasse procedures—the employee contribution may not exceed specified percentages of pay for the various retirement categories.

  CPEPRA caps employer contributions to any public retirement plan. For new members, employers are prohibited from making contributions on any amounts of compensation that exceed the limit established by Internal Revenue Service Code (IRC) Section 401(a)(17). For tax year 2012, that limit is $250,000.

- ✓ **No More Purchase of "Air-Time":** CPEPRA prohibits the purchase of non-qualified permissive service credit ("air time") on and after January 1, 2013. This category includes service credit for periods for which there is no performance of service and may include service credited in order to provide an increased benefit under the plan.

- ✓ **Securing Retirement Systems for the Future—No Pension Holidays:** CPEPRA would prohibit employers from suspending employer and/or employee contributions necessary to fund the annual normal cost rate of the pension.

- ✓ **Limitations on Post-Retirement Employment:** CPEPRA forbids post-retirement employment, without reinstatement, for a period of 180 days after the employee's date of retirement from the public retirement system, with certain exceptions. A retiree is limited to performing a cumulative 960 hours of work in a 12-month period for all employers in the same public retirement system. If a retiree has received any unemployment compensation, he or she is prohibited from working for the next 12-month period for any public employer. CPEPRA incorporates the requirement established for CalPERS agencies under AB 1028 that a retiree's rate of compensation may not exceed the maximum paid to current employees performing comparable duties. Retirees would be ineligible for another reappointment under the section for the 12-month period following the end of the first appointment.

- ✓ **Forfeiture of Pension Allowance Upon Conviction Of a Felony:** CPEPRA proposes a strict standard for public officials and public employees convicted of a felony while performing official duties, while running for elected office or seeking appointment, or if the felony involves an attempt to wrongfully obtain salary or pension benefits: the convicted felon would forfeit pension and retirement-related benefits.

SB 863—Workers' Compensation Reform: Wide-ranging changes to California's system for treating and compensating injured workers also received bipartisan support. Key elements of SB 863 would increase permanent disability payments by $740 million—an average hike of approximately 30 percent–and would create a $120 million program for workers injured severely enough that they cannot go back to a job at their previous wage level. As with AB 340, ABX1 26 (community redevelopment agency dissolution), and recent budget bills, SB 863 emerged in the final days of the current legislative session.

SB 863 was drafted to:

- ✓ Reduce frictional costs achieved through tighter claims management
- ✓ Set reasonable, achievable time frames for claims resolution
- ✓ Create an accountable lien process
- ✓ Stem the flood of unnecessary "add-ons" to nearly every workers' comp claim for sexual dysfunction and sleep disorders as a way to drive up the permanent disability award
- ✓ Provide better access to care for injured workers
- ✓ Establish needed fee schedules, among other cost saving changes.

SB 863 has been praised by the business sector for easing prospects of a potential 18 percent increase in workers' compensation insurance costs. The bill was, however, fiercely opposed by lawyers representing injured workers. The objective of SB 863 was to increase benefits by creating a savings through changes to the workers' compensation program likely to reduce the number of lawsuit filed over treatment and compensation.

Governor Brown has said he will sign both AB 340 and SB 863.

➢ *COMMUNITY DEVELOPMENT DEPARTMENT*

- The L.A. County Fair at Fairplex in Pomona runs through Sunday, September 30. The Fair is open Wednesday through Sunday (closed Mondays and Tuesdays). Live thoroughbred horse racing will be held September 7 through September 23–also dark on Mondays and Tuesdays.

  City employees and the community may again purchase discounted Fair tickets at the Recreation facility and the Senior Center. Tickets are good any day the Fair is open. Adult tickets are $10 and child tickets (ages 6 to 12) are $6. Children 5 and under are free. "Senior Wednesday" coupons, good for free admission for seniors on September 5, 12, 19, and 26 are also available from the Recreation facility and the Senior Center. Tickets must be purchased with cash.

Montclair Day at the Fair is Wednesday, September 26. The day's activities will include a parade featuring Montclair groups and a special ceremony for Montclair's Community Heroes, Ron Foss and Hollis Judkins. Coupons good for $5 admission to the Fair on Montclair Day are available at the Senior Center, Recreation facility, and City Hall. These tickets must be purchased online in advance.

The Montclair Golden Express will provide free transportation for adults (18 and older) on Montclair Day only, beginning at 11 a.m. To make reservations, call Program Aide Martha Medina at (909) 625-9456. For more information on discounted tickets, call the Recreation facility at (909) 625-9479.

- ***POLICE DEPARTMENT***

  - Last week the Police Department conducted a Sobriety and Drivers License checkpoint in the 4600 block of Holt Boulevard. The checkpoint was funded through a grant obtained from the Office of Traffic Safety.

    The operation went very well, with 240 vehicles being screened out of 856 vehicles traversing the checkpoint. Out of all the vehicles screened, 7.5 percent were driving without ever being issued a driver's license (Violation of California Vehicle Code 12500), 1.7 percent had some other form of driver's license violation, and 1.25 percent were in violation of the mandated insurance law. The checkpoint resulted in three arrests (one DUI).

    The operation was conducted in accordance with California Vehicle Code 2814.2 (Sobriety Checkpoint Inspection Law) which became effective January 1, 2012. This new law prevents the impoundment of a vehicle at a sobriety checkpoint if the driver's only offense is CVC 12500; therefore, only three vehicles were impounded.

    The success of the operation can be attributed to pre-planning by Sergeant Brian Ventura, as well as the 17 employees who worked the operation.

- ***FIRE DEPARTMENT***

  - No items to report.

PUBLIC WORKS/SUCCESSOR REDEVELOPMENT AGENCY

- Over the past several years, concrete walkways leading into the south entrance of City Hall have become lifted, cracked, and uneven from overgrown tree roots. Repairs made by grinding and patching have not fully addressed the problem. Rather than continue with stopgap measures, the time has finally come to remove the trees and reconstruct walkways, ramps, and stairs. Doing so will bring the City into compliance with the latest access requirements of the Americans with Disabilities Act (ADA).

  The timing of this work makes this project something special. As most employees grow with the City and then retire, it's been said that many leave with a heavy heart and go off into the sunset only to never look back. This past March, Nobu Ikeda, Junior Account, retired after 27 years of employment with the city. On her last day of employment, Nobu approached me with a generous cash donation to the City. Her only request was that the funds be used to purchase or create something special for employees to remember her as a coworker and friend. During our discussions, it was decided a City Hall break room patio would be constructed as part of the already planned City Hall walkway project.

  Last Thursday, Public Works crews began site demolition; and this week they began grading and forming for the new walkways that meet ADA requirements. Work includes concrete walkways, stairs, hand railing, fencing, and a new employee gate entrance.

  While being short handed and juggling daily parks and street maintenance schedules, Public Works crews expect construction to be completed by October 1.

  Photos of the construction site are included on Pages 13-14.

- The Metro Gold Line Foothill Extension Construction Authority (Construction Authority) continues to make significant progress toward completing final design and construction of the Foothill Extension light rail extension from Pasadena to Azusa. And, good news! The Construction Authority is also progressing on the Azusa to Montclair segment of the extension.

  Last month, the Construction Authority published its Draft Environmental Impact Report (EIR) for the proposed Azusa to Montclair segment. The Draft EIR evaluates the environmental impacts of the mostly street-running 12.3-mile light rail extension, with its six proposed stations (in Glendora, San Dimas, La Verne, Pomona, Claremont, and Montclair) and two proposed grade-separated crossings.

The Draft EIR is available for review at each corridor city public library, at the Construction Authority's office in Monrovia (address below), and online at www.foothillextension.org.

Two public meetings have been scheduled to receive public comments:

Thursday, September 20, 2012 – 5:30 p.m.
Montclair Senior Center
5111 Benito Street, Montclair

Monday, September 24, 2012 – 5:30 p.m.
The Meeting House at Hillcrest
2705 Mountain View Drive, La Verne

Comments on environmental issues raised in the Draft EIR, along with the document's accuracy and completeness, must be submitted to the following address by October 5, 2012:

Metro Gold Line Foothill Extension Construction Authority
ATTN: Lisa Levy Buch, Director of Public Affairs
406 E. Huntington Dr., Suite 202, Monrovia, CA 91016
Fax: 626-471-9048 or 626-471-9049
Email: llevybuch@foothillextension.org

- Since the 1990s, nontraditional retailers have steadily increased their share of food-at-home sales at the cost of traditional grocery stores, according to the U.S. Department of Agriculture. Most of the growth in food sales is now found in warehouse club stores and superstores. More recently, dollar stores and drugstores have all increased sales by expanding their in-store retail food offerings. Economic pressures on traditional grocery store anchors, which already operate on slender margins, are continuing to see rising price competition from big-box retailers benefitting from size and scale with suppliers such as Costco, Sam's Club, and Target, according to Suzanne Mulvee, Senior Real Estate Strategist for CoStar Group. Per CoStar Group, total leasing volume for traditional grocery stores has slid 60 percent since 2007, with the exception of leasing for high-end specialty organic grocers.

  This year the historic drought ravaging America's farmland is likely to deliver another blow to grocery store-anchored shopping centers. Corn prices have already increased by roughly one-third this year and nearly 90 percent of the crop has been affected by the drought. Since corn products are so widely used for corn syrup, processed foods, and animal feed, the impact on food prices rising next year is likely to be strong, according to Garrick Brown, Director of Research for the Terranomics. "A strong rise in food prices could prove to be catastrophic next year for a number of grocery chains," said Brown. Smaller chains have struggled in recent years against the rapid expansion of discount grocers such as Target and Wal-Mart. According to Brown, a squeeze in grocery store prices will only further benefit the discounters and wholesale clubs that benefit from scale and volume. Brown believes the rate of grocery store consolidations will pick up next year.

ECS:spa

"Be a yardstick of quality. Some people aren't used to an environment where excellence is expected."
~ Steve Jobs

SEPTEMBER 2012

6	Memorial Service for Maynard Lenhert Bethany Baptist Church, Reception to follow at the Montclair Community Center	1:30 p.m.
10	Planning Commission Meeting Council Chambers	7:00 p.m.
11	City Manager's Staff Meeting City Hall Conference Room	9:00 a.m.
17	Code Enforcement Committee Meeting City Hall Conference Room	6:00 p.m.
17	City Council Meeting Council Chambers	7:00 p.m.
20	Safety Committee Meeting City Hall Conference Room	9:00 a.m.
20	Public Safety Committee Meeting City Hall Conference Room	2:00 p.m.
20	Metro Gold Line Foothill Extension Public Meeting Montclair Senior Center	5:30 p.m.
22	MCEA Picnic Alma Hofman Park	11:00 a.m.
24	Metro Gold Line Foothill Extension Public Meeting The Meeting House at Hillcrest 2705 Mountain View Drive, La Verne	5:30 p.m.
24	Planning Commission Meeting Council Chambers	7:00 p.m.
25	City Manager's Staff Meeting City Hall Conference Room	9:00 a.m.
26	Montclair Day at the Fair	

Before

During