

CITY OF MONTCLAIR

Montclair Civic Center
5111 Benito Street
Montclair, CA 91763

April 25, 2013

TO: Honorable Mayor and City Council

FROM: Edward C. Starr, City Manager

SUBJECT: CITY MANAGER'S WEEKLY REPORT: April 19-25, 2013

➤ **CITY MANAGER/ADMINISTRATIVE SERVICES DEPARTMENTS**

- Last week, I reported on the recent decision by the CalPERS Board of Directors to increase the employer rate for municipal agencies by up to 50 percent over a 5-year period, starting in Fiscal Year 2015-16. The objective is to fully fund CalPERS' pension obligations within a fixed 30-year time frame. Clearly, a financially sound pension fund is the interest of CalPERS members. Regrettably, the measure is necessary because operation of the pension fund has been challenged over the past decade by misrepresentations, lack of cooperation with local agency members, poor investment decisions, and uncertainty regarding the true nature of unfunded pension liabilities.

For many municipalities, the promise of significantly higher pension costs may, however, cause consideration of two drastic alternatives:

- 1) Bankruptcy; or
- 2) Re-examination of contractual relationships with CalPERS.

The first indication of a municipal agency examining the second alternative is now in play: the City Council for Pacific Grove, a coastal city on the Monterey Peninsula with a population of 15,000, has directed its City Manager to "fully explore" a theory that CalPERS artificially inflates pension liabilities. Struggling to meet its pension obligations, Pacific Grove cut its workforce to 65 employees from 100 in 2004; fire protection services were

outsourced to the City of Monterey; and the police force has been cut from 22 to 14.

Cities inquiring as to the cost of terminating agreements with CalPERS typically find the cost to exit prohibitively expensive. The expense to terminate comes, in part, from two significant factors:

- 1) Conservative earnings generated by assets of terminating agencies placed in low-risk pools. While CalPERS claims an annual earning rate of 7.5 percent, many analysts argue true earnings are much lower. Assets of inactive and terminated plans, however, are more reflective of the marginal earnings of low-risk investments, reflecting yields closer to 2.9 percent.

- 2) Migration to enhanced retirement plans earlier last decade. In the early 2000s, cities throughout California awarded more generous pension plans on the promise that agencies would not experience significant employer rate increases. That promise proved to be short-lived. Pension rates climbed dramatically to the point that many cities, including Pacific Grove, commit more than 20 percent of their annual general fund budgets to pay pension costs. Montclair's annual employer rate pension payment represents approximately 15 percent of the General Fund Budget.

CalPERS advised Pacific Grove the cost to terminate its agreement with the pension fund would cost the City in excess of \$70 million. Cities throughout California will face a similar financial burden if they determine exiting CalPERS is the only way left to assert local control of future pension liabilities.

CalPERS defends the status quo, arguing it has little leeway to renegotiate debt with member cities, citing its responsibility to keep the pension fund financially sound. Despite this claim, however, CalPERS Chief Actuary says the fund is currently \$87 billion underfunded—other studies put unfunded pension liabilities significantly higher.

Without a clear definition on the true imbalance between funded and unfunded liabilities, cities should expect the recent decision by the CalPERS Board will, in the end, require more of an investment by member agencies than what the recent Board action indicates. In the short-term, CalPERS suggests cities can reduce future pension costs by lowering benefits to new hires and requiring existing workers to pay a bigger share of pension costs. In effect, CalPERS merely reiterates the requirements of the Public Employee Pension Reform Act (PEPRA), signed into law in 2012.

California cities, however, are no longer accepting of CalPERS' refusal to listen to their grievances. Cities are frustrated with CalPERS administrators who fail to offer sound solutions, are unsupportive of meaningful pension reform, and oversaw massive losses to the fund's investment portfolio. City leaders are also frustrated with lack of local control over pension costs.

For some agencies, the frustration has become unpalatable. The City of San Bernardino stopped payments to CalPERS when it filed for bankruptcy protection in 2012—city leaders argue CalPERS is just another creditor that must accept terms mandated by the bankruptcy court. Stockton, the largest California city to file for bankruptcy, has also taken the position that CalPERS must get in line with other creditors for payment.

CalPERS argues it is not a creditor because it is bound by contractual provisions. The pension fund, recognizing the stakes at play should cities be successful in challenging the pension fund's autonomy, is expected to challenge the bankruptcy filings of San Bernardino and Stockton.

Other cities can be expected to exit CalPERS, fearing future costs to fund pension liabilities. Last week, the City of Canyon Lake, with a population of 11,000, in anticipation of pending employer rate increases, served notice to CalPERS earlier this month that it intends to quit the pension plan. The threat of multiple agencies terminating from CalPERS adds additional uncertainty to the fund's future status and health.

Few cities, however, can afford the price of termination. The cost of immediate payoff is typically in the tens to hundreds of millions of dollars; and financing a loan to quit CalPERS can nearly double the cost. The assets of a city that terminates from CalPERS are placed into a more conservative risk pool that generates minimal interest; therefore, the burden to fund growth in pension liabilities falls to the municipal agency.

In the last 10 years, the amount paid to CalPERS by the California state treasury and municipal agencies rose nearly four times to \$7.8 billion in calendar year 2012. In 2002, Montclair's employer rate was nearly non-existent—in Fiscal Year 2012-13 the City's employer rate is approximately \$3.5 million. Based on last week's decision by the CalPERS board, Montclair may be looking at an employer rate easily in excess of \$5 million by Fiscal Year 2019-20.

➤ **COMMUNITY DEVELOPMENT DEPARTMENT**

- Community Development staff was notified this week that Omnitrans has been selected by the Inland Empire Section of the American Planning Association to receive its "Focused Issue Planning Award" for a 250-page Transit Design Guidelines document developed by the Parsons, Gruen Associates and MIG consulting team in tandem with staff from

Omnitrans' 16 member cities, including Montclair. City Planner Michael Diaz and Assistant Planner Silvia Gutiérrez attended and provided input at numerous meetings organized by Omnitrans in the development of the Transit Design Guidelines manual.

The purpose of the manual is to provide design criteria guidelines that should be considered when designing and placing safe and secure transit facilities. The guidelines were developed by Omnitrans, working with the local jurisdictions to achieve the goal of providing safe, comfortable, and convenient high quality facilities at bus stop locations, while considering the operational needs of Omnitrans, the requirements of the Americans with Disabilities Act (ADA), other federal and state accessibility mandates, and public safety and security. The guidelines are primarily intended for use by city planners, designers, traffic engineers, developers, and other public officials.

The goals of the guidelines include:

- Promoting consistency in local bus stop and transit facility placement and design throughout Omnitrans' service area
- Providing guidance for cities, property owners, real estate developers, and other partners to incorporate bus stops and other facilities within new development that meet Omnitrans' operational needs
- Helping communities meet their mobility and sustainability goals by providing safe, comfortable, and convenient transit facilities that encourage public transportation use
- Incorporating intelligent transportation systems (ITS) seamlessly into the Omnitrans system
- Providing comfortable and convenient high quality transit facilities.

Omnitrans' Transit Design Guidelines manual may be viewed online at: <http://www.omnitrans.org/about/reports/pdf/Omnitrans-Transit-Design-Guidelines.pdf>.

- On April 17, the Pomona Valley Chapter of Habitat for Humanity recognized Montclair resident Katierose Crunk at its annual Volunteer Recognition Luncheon at Sierra La Verne Country Club. Katierose was the recipient of Habitat's Millard Fuller Leadership Award, which is presented to volunteers

in recognition of their passion and commitment to the organization, demonstrated leadership, and/or innovation to improve the overall workings of the affiliate. Katierose, a long-time volunteer with Habitat, has served as a crew leader on the local chapter's construction projects and recently took on the responsibility of managing a homeowners' association containing six Habitat homes in Chino.

Community Development Director Steve Lustro presented Katierose with a framed certificate from the City signed by Mayor Eaton recognizing her commitment to Habitat for Humanity.

- Last Saturday, the 24th Anniversary of the Golden Follies senior citizen talent showcase was held at the Community Center. Over 300 talented individuals from the cities of Chino, Rancho Cucamonga, Upland, and Montclair, performed in front of an audience of 400. Acts included vocal solos, choral groups, line dancers, and tap dancers.

The City of Montclair received recognition for hosting the event for the past 24 years.

- On Tuesday, I joined Mayor Pro Tem Bill Ruh; Council Members Leonard Paulitz, Carolyn Raft, and John Dutrey; and 180 volunteers at the Annual Human Services Division Volunteer Recognition Dinner. The "fiesta," themed *Our Volunteers—The Spice of Montclair*, was held at the Community Center. This event is held every April in conjunction with National Volunteer Month to thank the individuals who volunteer throughout the year in Human Services Division programs, including Senior Nutrition, Montclair Walker's Choral Group, After-School Program, senior activities, youth programs, special events, Por La Vida, and the Medical Clinic. In the last year alone, approximately 270 volunteers have volunteered over 7,000 hours to Human Services programs!

Entertainment included a celebration of music across the decades, with lots of music notes, a collection of fun popular music, a violinist, and a slideshow of photos showing volunteers in action. Assistant Director of Human Services Marcia Richter, dressed as a vibrant senorita, twirled into the event as she welcomed guests to the festivities. The entertainers, Mariachi El Aventurero, Montclair resident Eddy Martin, and DJ Richard Centeno, played and sang a variety of Mexican and Latin music throughout the night. Keeping with the Fiesta theme, a special Mexican dinner was served to guests by the Human Services Division staff.

Our heartfelt appreciation goes to everyone else who helped make this event a success. A photo collage is featured on Page 11.

➤ **POLICE DEPARTMENT**

- Last Friday, Officers Rob Pipersky and Andy Graziano from the Department's Major Accident Investigation Team (MAIT) were called out to investigate a fatal traffic collision on Ramona Avenue at the San Antonio Channel. Only one vehicle was involved, a white Dodge Intrepid. Going southbound on Ramona Avenue, the driver, for some reason unknown to us, turned his vehicle to the left across the northbound lane and drove to the left of the protective bridge guard rail. The guard rail was sheared at its base, and the vehicle struck a 20" water main that crossed the channel and slid a short distance before falling into the channel. The driver of the vehicle was trapped inside. Fire Department emergency personnel had to extricate him and lift him out of the channel. (More details on the Fire Department's rescue are detailed in its section below). The collision is under investigation by Montclair Police.

Public Works staff inspected the damage and made repairs to the bridge, making it safe for pedestrians and vehicular traffic. Our appreciation goes to Maintenance Worker Tommy Sierra, Leadworker Jeff Flanders, Public Works Inspector Jim Diaz, and City Engineer Mike Hudson.

- Yesterday, the Department's command staff hosted a luncheon in honor of Administrative Professionals Day and Police Dispatchers Week. Most of our Dispatchers were able to attend as well as administrative staff from the Fire and Police Departments, and on duty Police Officers and Cadets.

➤ **FIRE DEPARTMENT**

- Recently, Fire suppression personnel responded to the following three separate traffic incidents, two of which required the use of the extrication tools.

- 1) On April 19, at 7:05 a.m., ME151, MS151, ME152, D1701, and D1715 responded to a reported traffic accident with an overturned vehicle. While en route, ME151 was informed by Montclair Police they had located the vehicle in the San Antonio Channel. Fire personnel gained access to the area by ladder and found an unconscious occupant in the vehicle. All rescue and medical equipment had to be lowered by rope into the channel, and the door on the driver's side was removed to gain access to the male occupant. Once removed from the vehicle, he suffered cardiac arrest. He was then put on a backboard and pulled out of the channel on a ladder using a rope system. CPR was administered to the victim by Paramedics while en route to Montclair Hospital Medical Center. Unfortunately, he was pronounced dead on arrival.

- 2) On April 11 at approximately 11 p.m., ME152, MS151, ME151, and D1715 responded to a possible trapped subject as a result of a vehicle running into a block wall. The impact pushed the driver's side of the vehicle in by almost two feet, trapping the unconscious driver. The doors and the roof were removed to gain access for medical treatment. The driver was transported to Essex Park where he was airlifted by Mercy Air 4 to Arrowhead Regional Medical Center for further treatment.
- 3) On April 13 at 9:05 p.m., ME151, MS151, and D1715 responded to a vehicle rollover at the Central Avenue off-ramp. The vehicle ended up in the parking lot of Firestone Tire where medical aid was rendered. Two of the occupants sustained injuries; one was classified as a critical trauma and was transported to Arrowhead Regional Medical Center; the second had minor injuries and was taken to a local hospital. Three other occupants, one adult and two small children, were not injured.

PUBLIC WORKS DEPARTMENT

- On April 1, the City Council awarded a construction contract to KAD Paving Company for the Ramona Avenue Rehabilitation Project. The work limits extend from Mission Boulevard south to Phillips Boulevard and also the unincorporated County area on the west side of Ramona Avenue between Grand and Phillips. The work includes removal and replacement of uplifted curb, gutter and sidewalk; grinding and overlaying the street with a new asphalt pavement; installing a new landscape irrigation system; planting trees and creeping fig along an existing block wall; and repairing a sewer mainline offset in the Howard Street sewer main.

A preconstruction meeting was conducted today with KAD Paving Company. Construction is expected to begin the first week of May and should be completed by the end of June.

Since some of the work is within unincorporated County, a joint agreement between the City and the County was previously approved by both agencies. The County will contribute \$32,500 towards the cost of the \$532,000 project. The City will use the Gas Tax Fund and the Sewer Fund for its portion of the work.

During the time of construction, traffic may be reduced to a single lane of travel in each direction. No full road closures are expected.

➤ **SUCCESSOR REDEVELOPMENT AGENCY/MONTCLAIR HOUSING CORPORATION**

- The finishing touches were made to the Montclair Housing Corporation-owned Canoga Street apartment buildings with the installation of new midcentury-style wall signs identifying the complexes as the *Patio Apartments*, similar to signs that once graced the buildings. The 4820 Canoga Street complex is now dubbed the *Patio Apartments North*, and the 4811 Canoga Street complex is now referred to as the *Patio Apartments South*. The adjacent 4791 Canoga Street fourplex is now called *Canoga West*.

The new identification signs are the latest design elements to a major rehabilitation of the buildings and properties late last year. The interior courtyard landscaping was also revamped with a drought-tolerant and "Palm Springs-style" design incorporating rocks, gravel, succulents, and low-water usage plant materials. The *Patio Apartments* (both North and South) and *Canoga West* comprise a total of 32 units and are operating at near 100 percent capacity.

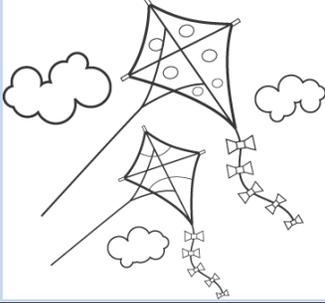


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"The best way to find out if you can trust somebody is to trust them."

~ Ernest Hemingway

APRIL 2013

		
30	City Manager's Staff Meeting City Hall Conference Room	9:00 a.m.

MAY 2013

		
1	Community Action Committee Meeting Council Chambers	7:00 p.m.
2	Mayor's Prayer Luncheon Montclair Community Center	11:30 a.m.
6	City Council Workshop Council Chambers	5:45 p.m.
6	City Council Meeting Council Chambers	7:00 p.m.
12	Mother's Day	
13	Planning Commission Meeting Council Chambers	7:00 p.m.
14	City Manager's Staff Meeting City Hall Conference Room	9:00 a.m.
15	Police Appreciation Luncheon, hosted by Montclair Chamber of Commerce, Dolce Café	11:30 a.m. - 1:00 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	Code Enforcement Committee Meeting - Canceled	
20	City Council Meeting Council Chambers	7:00 p.m.
27	Memorial Day – City Hall Closed	
28	Planning Commission Meeting Council Chambers	7:00 p.m.
30	Retirement Celebration for Police Chief Keith Jones Montclair Senior Center	6:00 p.m.

City of Montclair Volunteer Recognition Dinner

