



November 27, 2013

**TO:** Honorable Mayor and City Council

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

**SUBJECT:** CITY MANAGER'S WEEKLY REPORT: November 22-27, 2013

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

- Last week, I attended the Annual Conference of the California Public Employers Labor Relations Association (CALPELRA). Each year, the intensive three-day conference covers a number of subjects, focusing on a variety of topical issues including legislative reform, court decisions, labor relations, disciplinary actions, service contracting, public employee pensions, and workplace requirements.

This year's conference provided intensive focus on public employee pension-related issues, including CalPERS funding issues and pension reform as mandated by the Public Employees' Pension Reform Act (PEPRA).

Of particular concern are the following potential cost increase components related to the unfunded status of the pension fund:

1. Actuarial studies related to mortality/demographics.  
Recently completed studies indicate annuitants are living longer, retiring earlier, and earning more during retirement years. Acceptance of the results by CalPERS' actuaries could result in employer rate increases of up to 5 percent.

2. Consideration by the CalPERS Board of Directors to lower the actuarial rate of assumption—estimated earnings on CalPERS' investment portfolio. In March 2012, the Board approved reducing the actuarial rate from 7.75 percent to 7.5 percent, resulting in approximately 2 to 4 percent increases in the employer rate for various pension plans. Lowering the actuarial rate could produce similar increases to the employer rate.
3. Implementation of the CalPERS Board's decision to fully fund pension costs over 30 years, starting in Fiscal Year 2015-16. For the 5-year period from 2015-16 to 2019-20, public agency employers will see high volatility in the employer rate, with anticipated lesser volatility in the 25-year period between 2020-21 and 2045-46.

Volatility is directly related to the experience of CalPERS' investment portfolio. Actuaries insist volatility will only be controlled if and when CalPERS adjusts its expectations related to earnings. Projecting higher earnings, but falling short of projections, pushes volatility onto municipal employer rates. For this reason, CalPERS should consider lowering its actuarial rate of assumption by lowering it to realized earnings. Actuaries agree that lowering projected earnings will produce immediate and significant increases to employers, but provide lesser volatility over the long term. Initial indications suggest the CalPERS Board of Directors will not lower the actuarial rate of assumption in 2014. A final decision will be announced in February 2014.

Some actuaries estimate by 2019, CalPERS' 5-year smoothing plan will result in a number of public agencies witnessing significant employer rate increases—some climbing by as much as 27 percent in order to pay down unfunded pension liabilities over 30 years. Each agency's actual employer rate increases will vary based on pension formulas in place, coupled with adjustments to wages, an agency's employee population size, distribution of employees in pension formulas, and unfunded liabilities.

CalPERS' actuaries insist anticipated increases are essential if the pension fund is to achieve full funding. Under the present funding status, nearly every public agency in California would face bankruptcy if it were forced to immediately pay its unfunded liabilities. Therefore, working toward a solution over 30 years is essential if the pension fund is to achieve a viable status and employers are relieved of excessive rate volatility over the long term.

Similar to the pay off of a credit card balance, elimination of the pension fund's unfunded liability requires annual employer payments in excess of the minimum payment requirement.

- A former Caltrans director has filed a proposed November 2014 ballot measure that would generate an estimated \$3 billion a year for road improvements by more than doubling vehicle license fees.

The "California Road Repairs Act of 2014" would phase in a 1 percent surcharge to the vehicle license fee. The fee has been .65 percent of a vehicle's market value since the late 1990s, with a temporary increase to 1.15 percent from May 2009 through June 2011.

According to the measure's proponents, the proposed constitutional amendment would provide essential funding for critical road repairs, maintenance, and expansion across the state.

The proposal would be the first highway funding ballot measure since Proposition 1B in 2006. That measure, backed by former Governor Arnold Schwarzenegger and placed on the ballot by the Legislature, authorized \$20 billion in bonds for road projects.

Proposition 1B relied on borrowing backed by general fund revenues, with a 30-year pay off. The road repairs act, though, would have a more direct impact on motorists' wallets and involves what is often considered the politically perilous vehicle license fee.

The fee had long been 2 percent of a vehicle's value before lawmakers began reducing it in 1998. Reducing the VLF imposed funding issues on local governments. The VLF funded local street projects and operation of the Department of Motor Vehicles. State legislators reduced the fee as a political expedient to generate favor among voters. Following a series of negotiations with local leaders, the state agreed to backfill lost revenues from the state general fund and county educational revenue augmentation funds.

After the dot.com bubble burst in 2002 and a collapse in state revenues, then-Governor Gray Davis raised the fee to the full amount in 2003. Motorists reacted angrily, triggering a recall against Governor Davis. Schwarzenegger and other politicians campaigned against the increase during the summer recall fight—Schwarzenegger restored the lower amount within hours of taking office on November 17, 2003.

In 2009, lawmakers approved a temporary 0.5 percent increase in the VLF, raising about \$1.6 billion annually to help close a budget shortfall. The 0.5 percent surcharge expired in July 2011.

The road repairs act calls for phasing in a road repairs fee of 1 percent of a vehicle's market value over four years, with the fee taking full effect by January 1, 2018.

Once cleared for signature gathering, proponents would have up to 150 days to collect 807,615 valid voter signatures to qualify for the November 2014 ballot.

- California's two giant public employee retirement funds, CalPERS and CalSTRS, will receive nearly \$300 million from a sweeping settlement between the US Justice Department and financial titan JPMorgan.

The Justice Department has wrung a \$13 billion settlement out of JPMorgan for misrepresenting the value of securities made up of mortgages. The widespread failure of similar financial products played a key role in triggering the 2007 financial crisis that led to the Great Recession and collapse of the housing market. Among the victims were public retirement funds that had invested in mortgage-backed securities.

Under the settlement, the California Public Employees' Retirement System and the California State Teachers' Retirement System will draw \$298,973,000 in damages: about \$261 million to CalPERS and \$19.5 million plus interest to CalSTRS, with a share of the remainder going to the attorney general's office for fees.

JPMorgan Chase profited by giving California's pension funds incomplete information about mortgage investments, according to Attorney General Kamala Harris. When selling securities to the massive retirement funds, JPMorgan omitted information about the quality of the mortgages the investment products contained, according to Harris's office. That echoed a broader theme of JPMorgan misleading investors by packaging risky mortgages into financial instruments they then touted as sound investments.

US Attorney General Eric Holder indicated JPMorgan was not the only financial institution during this period to knowingly bundle toxic loans and sell them to unsuspecting investors, sending a clear signal that the Justice Department's financial fraud investigations are far from over.

➤ **COMMUNITY DEVELOPMENT DEPARTMENT**

- There is no new information to report this week.

➤ **FIRE DEPARTMENT**

- On November 19, members of the Fire Department were honored by the Montclair Chamber of Commerce at its Annual Firefighters' Recognition Breakfast.

Firefighters put their lives on the line to save lives, and their efforts often have happy results as was evidenced recently by Nigel Bailey, a young man who was having difficulty breathing. When Fire personnel responded to the 9-1-1 call, they found Nigel in full cardiac arrest after suffering an asthma attack. Engineer Derek Holloway and Paramedic Narak Babayan administered Advance Life Support (ALS) measures and were able to revive him. Nigel and his grateful mother were introduced at the breakfast.

In addition to all of the Firefighters who exercise life-saving efforts daily, two individuals were selected for their outstanding and exemplary performance in the line of duty. Firefighter Brian Ciszek was selected as the "Firefighter of the Year for 2012." Brian has been with the Montclair Fire Department since 2010 and has excelled in his position and has taken on many additional responsibilities.

The "2012 Fire Department Employee of the Year" went to Captain David Pohl. David, currently Acting Division Chief, started with the Department in 1989 as a Reserve Firefighter, and in 1992, he was hired as a full-time Firefighter. David has been involved in many Department operations with the Department and currently manages the Training Program.

Brian and David were presented with awards from local dignitaries and the Chamber of Commerce. We would like to congratulate both Brian and David for their exemplary service to the Fire Department, the City, and to the residents of Montclair.

Photos are included on Page 13.

- From November 20-22, Montclair and Upland Fire Departments participated in a Trench Rescue Operations course. This technical rescue course is certified by the California State Fire Marshal's office. As a result of this training, 19 members of the two departments became certified as trench rescue technicians.

The class consisted of three days of both classroom lecture and rescue scenarios using a live trench in a vacant lot in south Montclair. The trench, which was dug by Montclair City Yard staff, was 15 feet long with a depth of 9 feet. For the Firefighters, inclement weather added to the real scenarios challenge of rescuing victims of trench and excavation collapses.

A photo collage can be found on Page 14.

➤ **HUMAN SERVICES DEPARTMENT**

- The City's Annual Tree Lighting Ceremony and visit with Santa and Mrs. Claus will be held on Thursday, December 5 at 6 p.m. (note the earlier time this year) at the Youth Center. Complimentary family photos with Santa and Mrs. Claus will be available outside, while the free refreshments and letters to Santa station will be inside the Youth Center. The event will also include a community holiday sing-along both inside and outside of the Youth Center. Gift lights in honor of, or in memory of, a loved one will be available for purchase at \$10 each.

Call (909) 625-9451 for additional information regarding this event.

- Dashing through Montclair will be held on Saturday, December 7. Santa's sleigh will leave the Police Department at 11 a.m. to drive through the streets of Montclair, stopping at Lehigh Elementary School, Essex Park, Saratoga Park, Alma Hofman Park, and MacArthur Park. The final stop of the day, the Police Department at 6 p.m., will include cookies, hot cocoa, and cider and a community sing-along, courtesy of Montclair Youth Center kids.

Santa will greet people at each stop, and he needs help filling his sleigh. Santa's elves will be collecting new toy donations at each stop and along the route. Toys collected will be distributed to needy Montclair children as part of the City's Annual Toy and Food Basket Program.

To see the scheduled route and stops and to live track Santa on Saturday, December 7, visit [www.cityofmontclair.org/dashingthroughmontclair](http://www.cityofmontclair.org/dashingthroughmontclair), or call 625-9479.

➤ **POLICE DEPARTMENT**

- The Police Department's newest Officer, Javier Aguilar, was sworn in to duty by Chief Mike deMoet on Tuesday, November 19 during a general assembly. Javier worked full time while enrolled in the San Bernardino County Sheriff's Department Modular Police Academy. The modular academy is an extended format of a police academy in which those enrolled attend on weekends and evenings, allowing for the opportunity to continue working full time while attending. Javier completed the academy in August 2013. He was appointed to the position of Police Officer on November 18.



Officer Aguilar is pictured with his mom and dad and Mayor Paul Eaton

Two presentations were also made at the general assembly. Property Custody Clerk Haidee Reyes was surprised with the 2013 Annual Achievement Award, presented to her by Chief deMoet. Haidee was awarded this honor by her peers (the past four recipients of this award review the nominations and select the person they believe is the most deserving of the award). Haidee has come a long way in the Department since she first started as a volunteer in the Records Bureau. When the Records Bureau was short-staffed, she stepped up to assist with citation sign-offs and other duties as needed. Then, as a part-time Police Cadet, Haidee volunteered to learn the evidence aspect of the Department when the need arose, and she volunteered to manage the coffee fund. Haidee shops for coffee fund supplies on her days off.

A cancer survivor, Haidee has volunteered for the American Cancer Society Relay for Life of Montclair, and she is a long-time Montclair resident.



From left: Detective Gloria Perez, Records Specialist Christine Wolfe, Haidee Reyes, and Receptionist/Office Specialist Gina Davis

Runner-up for the Annual Achievement Award was Officer Ashlee Westall. Ashlee is also an experienced police dispatcher. This year when the Police Department experienced significant staffing shortages in Dispatch, Officer Westall agreed to work in Dispatch as needed. That need soon grew to working two days a week in Dispatch. This past August, when Ashlee was asked to work her full work week in Dispatch, she agreed to do whatever was necessary to help out. Ashlee was then assigned to work an additional overtime shift each week! In October, Chief deMoet presented Officer Westall with a formal commendation for her commitment to the Police Department and the community.

At the general assembly, Chief deMoet presented a commendation to CSU Officer Eric Ruziecki for organizing a SMASH (San Bernardino Movement Against Street Hoodlums) event last month. The event attracted over 100 staff members from 12 different law enforcement agencies. Eric was responsible for researching data, gathering intelligence for personnel, and organizing multiple teams of officers who were directed to various locations.

My congratulations go to Javier, Haidee, Ashlee, and Eric!

The Police Department appreciates that Mayor Paul Eaton took time from his very busy schedule to attend the general assembly.



Chief deMoet and Officer Ruziecki

- Police Chief Mike deMoet attended the Community Swear-In Ceremony for the newest member of the State Assembly, Freddie Rodriguez. Assemblymember Rodriguez, of the 52nd District, was sworn in to office by Senator Norma Torres on Saturday, November 23 at the District office in Chino. Mayor Pro Tem Bill Ruh emceed the event.



Assemblymember Rodriguez being sworn in by Senator Torres



Mayor Pro Tem Bill Ruh at the podium at Master of Ceremonies



Chief deMoet with Assemblymember Rodriguez

➤ **PUBLIC WORKS DEPARTMENT**

- One of the functions of the City's Engineering Division staff is to review accident reports throughout the City and identify locations where accidents occur more frequently than other locations. One of those locations is the intersection of Central Avenue and San Bernardino Street.

Virtually all of the accidents occurring at this intersection involve left-turn movements and through movements. The east/west left-turn movements are permissive in nature, meaning they occur with a green signal, but drivers must yield to oncoming traffic. The north/south left-turn movements are protected/permissive in nature, meaning they occur first with a green arrow (protected), followed by a green signal (permissive). It is during the permissive operations that the accidents occur. Drivers misjudge the speed of an oncoming car, or fail to see the car altogether. The drivers see a green signal and make a left turn. A protected left turn with a green arrow minimizes the likelihood of an accident.

Recognizing the higher-than-normal accident rate at this location, the City applied to the state for federal funds through the Highway Safety Improvement Program to modify the signal operations, adding protected left-turn signals in all directions. On Monday of this week, the City was notified by the state that the grant request had been approved for \$125,000, which includes a local match of about 12 percent. Engineering staff has already begun the design and hopes to see construction by next summer.

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

- The Helena Gardens and Castlerock Owners Associations have approved preliminary operating budgets for the next calendar year. The Helena Gardens budget will be officially approved by the Board at the Helena Gardens Owners Association's annual meeting on January 8, 2014. The Castlerock Owners Association budget should be approved next month. The 2014 budgets for both associations do not include increases in owners' monthly dues. Both associations have worked hard to keep costs down during these challenging economic times so the owners/members would not experience an increase in their monthly dues. Both associations operated smoothly during the year and have been able to continue to grow their reserve funds.

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# DECEMBER 2013



02	City Council Workshop Council Chambers	5:45 p.m.
02	City Council Meeting Council Chambers	7:00 p.m.
5	Annual Tree Lighting Ceremony Montclair Youth Center	6:00 p.m.
7	"Dashing Through Montclair"	11:00 a.m. - 7:00 p.m.
09	Planning Commission Meeting Council Chambers	7:00 p.m.
11	Oversight Board Meeting Council Chambers	6:00 p.m.
12	Safety Committee Holiday Luncheon Romano's Macaroni Grill	11:30 a.m.
16	Code Enforcement Committee Meeting City Hall Conference Room	6:00 p.m.
16	City Council Meeting Council Chambers	7:00 p.m.
19	Public Works Committee Meeting City Hall Conference Room	2:00 p.m.
23	Planning Commission Meeting - <b>Canceled</b>	
23-26	<b>City Hall Closed in Observance of Christmas</b>	
31	<b>City Hall Closed for New Year's Eve</b>	

**ANNUAL FIREFIGHTERS'  
RECOGNITION BREAKFAST  
NOVEMBER 19, 2013**

**Employee  
Of the Year  
2012  
David Pohl**



**Firefighter of the Year  
2012  
Brian Cizek**



**Full cardiac arrest victim, Nigel Bailey, saved by  
Engineer Holloway and Paramedic Babayan**



**Dave Pohl, Steve Jackson &  
Brian Cizek**



**Brian and David with Mayor  
Eaton, and Council Members  
Carolyn Raft and John Dutrey**

# Trench Rescue Training

November 20 - 22

