



December 17, 2015

TO: Honorable Mayor and City Council

FROM: Edward C. Starr, City Manager

SUBJECT: CITY MANAGER'S WEEKLY REPORT: December 11-17, 2015

CITY MANAGER/ADMINISTRATIVE SERVICES DEPARTMENTS

- This is the last issue of the *City Manager's Weekly Report* for the 2015 calendar year. I wish everyone a very Merry Christmas and q Happy New Year, and please be safe!
- The California Public Employee Retirement System (CalPERS) recently announced that at some point in 2012, the fund stopped collecting the payroll-deducted payments of at least 3 percent of members who purchased service credit, or "airtime." The problem wasn't discovered until late in 2015. Affected members have been contacted regarding the error.

CalPERS announced the fund would probably not require affected members to make retroactive payments of interest related to the oversight; the fund may, however, extend the number of payments due from those same members.

Until January 2013, the pension fund allowed members with as little as 5 years on the job to purchase up to another 5 years of their pension costs and their employers' pension costs. If an employee, for example, retires with 15 years of real service and five years of airtime, CalPERS treats it like 20 years on the job when calculating the member's pension. However, the Public Employee Pension Reform Act (PEPRA) of 2012 ended the purchase of airtime for all members on and after January 1, 2013. Other forms of service credit purchases, including military service and sabbatical credit, remain.

Airtime payments were intended to require the purchasing member to cover the added cost of additional service credit. This assumption, however, was based on the position that members would purchase the service credit on or before the midpoint of their careers, giving contributions time to grow through investments to cover additional pension costs to the fund. Instead, members typically bought

airtime toward the end of their careers, never paying for the true cost of airtime credits.

In 2010, CalPERS finally recognized their miscalculations related to airtime purchases and increased the cost to members who purchased airtime after 2010. The airtime purchase deficiencies became worse during the Great Recession, when CalPERS lost nearly a third of its investment portfolio.

During the post-recession era, airtime costs effectively have become an added component of the employer rate.

Airtime purchases enjoy the same guaranteed payouts as normal service credit-related pension payments; thus, when deficiencies in the fund occur, employers are required to make up the difference through increased contributions to the fund. The pre-2010 miscalculations, coupled with fund losses from the Great Recession and the failure to collect airtime credit payments since 2012, have combined to exacerbate the economic burden for local government employers who are already faced with massive annual increased contributions to the pension fund.

- Earlier this week, Los Angeles Mayor Eric Garcetti announced City Council approval of a Settlement Agreement that will lead to the transfer of ownership of Los Angeles-Ontario International Airport (ONT) to the Ontario International Airport Authority (OIAA). The agreement was approved in closed session and will become final with approval from the OIAA. The transfer is expected to improve air travel throughout the region and provide economic benefit to the Inland Empire.

The Settlement Agreement resolves all claims brought by Ontario in a litigation process that has been ongoing since June 2013. The City of Ontario pursued acquisition of ONT from Los Angeles World Airports (LAWA) based on allegations of mismanagement of the asset to the benefit of Los Angeles International Airport (LAX). In its lawsuit against LAWA, Ontario alleged a loss of over 2 million annual passengers in the last decade, significant increases in operating and maintenance costs, a decline in flights into and out of ONT, and excessive fees, including a 15 percent administrative fee charged by LAWA. ONT is often cited as one of the most expensive airports in the nation for air carriers. As a result, many air carriers no longer service the airport. These adverse impacts belie the fact that ONT has the most growth opportunity of any airport in the area, with runways longer than those serving LAX, few operating constraints, the physical capacity to serve 13 million passengers annually (ONT currently serves 4 million annually and LAX serves more than 75 million annually), space for a third terminal, and the capacity to use the old terminal facilities.

The OIAA was formed in August 2012 by a Joint Powers Agreement between the City of Ontario and the County of San Bernardino to provide overall direction for the management, operations, development and marketing of ONT for the benefit of the regional economy and the residents of the airport's four-county service area (San Bernardino, Riverside, Los Angeles, and Orange Counties). OIAA Commissioners are Ontario Mayor Pro Tem Alan D. Wapner (President), Ontario Council Member Jim W. Bowman, San Bernardino County Supervisor Curt Hagman,

Retired Riverside Mayor Ronald O. Loveridge (Vice President), and Orange County Business Council President and CEO Lucy Dunn (Secretary).

In August 2015, Mayor Garcetti and Ontario Mayor Pro Tem Alan Wapner announced a Settlement Agreement Term Sheet had been signed which would lead to the transfer of ownership of ONT to OIAA, subject to approvals by the Los Angeles Board of Airport Commissioners, Los Angeles City Council, Ontario City Council, the OIAA, and the Federal Aviation Administration (FAA). Once all steps are concluded, the transfer will remove the 600 acres of ONT-proper from the control of LAWA. As the last remaining step, the OIAA must now obtain a certificate to operate the airport from the FAA.

The Settlement Term Sheet agreed to in August adheres to the premise that LAWA will be reimbursed to the extent needed to make them whole regarding investments they made in ONT, while providing job protection to the airport's current employees. The OIAA is required to pay LAWA \$250 million over a 10-year period, including a \$30 million up-front payment and assumption of existing debt. LAWA is permitted to retain \$40 million in cash reserves.

The Settlement Agreement also ensures that ONT employees will not be negatively impacted by a lapse in airport operation. The agreement ensures uninterrupted operations at ONT by providing the 191 Los Angeles World Airports employees with key employee protections and stability during the transition.

- Earlier this year, Verizon and Frontier Communications publicly announced that Frontier would be acquiring from Verizon its wireline assets in three states for \$10.5 billion. In a separate deal, Verizon is also selling over 11,300 of its company-owned wireless towers to American Tower Corporation for \$5 billion.

By completing the wireline asset transaction to Frontier, Verizon gains two potential benefits: It can concentrate its wireline operations on the East Coast while paying down debt related to its recent purchase of AWS-3 Spectrum. Under the terms of the agreement, Frontier is purchasing Verizon's wireline operations in California, Florida, and Texas. Each of these properties will be integrated onto Frontier's systems at the time of closing the deal.

The transaction includes Verizon's FiOS Internet and Video customers, switched and special access lines, as well as its high-speed Internet service and long-distance voice accounts in these three states. Frontier will continue to provide each of these services in California, Florida, and Texas after the completion of the transaction. The deal does not include the services, offerings, or assets of other Verizon businesses, such as Verizon Wireless and Verizon Enterprise Solutions. Subject to regulatory approval, the transaction is expected to close at the end of March 2016.

As of the end of the fourth quarter of 2014, Verizon's operations in these three states served the following customer accounts: an estimated 3.7 million voice connections; approximately 2.2 million broadband customers, including 1.6 million FiOS Internet customers; and about 1.2 million FiOS Video customers.

Montclair has been a Verizon customer since June 2000, when Bell Atlantic and GTE merged to form Verizon Communications.

Frontier Communications Corporation is a U.S.-based telephone company mainly serving rural areas and smaller communities. It was known as Citizens Utilities Company until May 2000 and Citizens Communications Company until July 31, 2008. Frontier is the 6th largest local exchange carrier and the 5th largest provider of digital subscriber line (based on coverage area) in the United States. In addition to local and long-distance telephone service, Frontier offers broadband Internet, digital television service, and computer technical support to residential and business customers in 28 U.S. states.

A key element of the deal is that it will enhance Frontier's FiOS fiber-to-the-home (FTTH) service base, which will consist of a total of seven states after the transaction closes. Frontier currently operates FiOS in Washington, Oregon, Indiana, and South Carolina. The company asserts it is system-ready for expanded FiOS operations in the new territories. In preparation to deal with the new FiOS customer base, Frontier has built a number of back office support systems.

Verizon's wireline assets represent the largest acquisition Frontier has made, to date; the company, however, assures new customers that it has the necessary experience to deal with the new integration challenges. To smooth the transition and maintain consistency in operations, Frontier will acquire approximately 11,000 Verizon employees. Verizon and Frontier transition teams will work to ensure that customer accounts, billing information, and other assets from the operations are transferred to Frontier and that the transition is seamless for customers as well as employees.

As a provider of rural and small community telephonic-, video- and data-related services, there is concern that Frontier can respond to the high-service demands of urban areas. Significantly, Frontier is assuming substantial debt. Previous companies like Fairpoint Communications and Hawaiian Telecom went bankrupt after incurring a large amount of debt as a result of similar landline deals with Verizon Communications. While Frontier has a better post-acquisition performance record, its stock has never regained its post-acquisition high of \$9.73 after its last major acquisition in December 2010.

- As the massive baby boomer population grows older, many industries are shifting their practices to serve more seniors, public transportation among them.

According to the Metropolitan Transportation Authority (Metro), approximately 6 percent of the transit agency's riders in and around Los Angeles County are currently over 65, although seniors make up more than 12 percent of the county's total population. By 2030, 1 in 5 people in the Los Angeles County area will be older than 65, according to a [study from the University of Southern California](#), double the rate in 2000 and among the highest in the state and country.

Metro is already taking steps to make transit more usable and appealing to older passengers, including:

- ✓ Expanding accessibility in stations
- ✓ Offering buses and trains with features like elevators, color-coded priority seating, and more space for wheelchairs and walkers
- ✓ Tactile paths on platforms
- ✓ Larger fonts on signage

Metro's [On the Move](#) program organizes and trains groups of seniors to use public transit and has recruited the authors of a new Los Angeles tour book to share their tips for senior travel with the groups: [Loving L.A. the Low Carbon Way](#) provides detailed instructions for 24 sightseeing adventures using public transit. The book contains tips that might be particularly helpful to seniors, including a [hotline](#) number to speak to a Metro operator for trip-planning assistance, locations of nice restrooms and suggested lunch spots. The authors concede that it does take more time to use transit and requires a certain level of mobility that's not optimal for all seniors. For example, walking between stations or destinations and frequently standing in waiting areas may prevent some older people from taking buses, trains, subways, and light rail. Buses and trains can also be overcrowded, riders can be rude and refuse to give up priority seating for seniors, and there can be a lack of bench seating in waiting areas.

There are other likely barriers to accessing transit. According to [research by the Brookings Institution](#), most aging baby boomers live in suburban areas where transit services are limited, and studies show they're likely to stay there as they age. People also tend to hold onto their cars as long as they can, and may opt for carpooling before transit. However, as with much of daily life, technologies are creating great opportunities for transit. For example, with apps, riders can use public transit to general destinations and then use available ridesharing, bicycle rental, autonomous vehicles, and Uber-type services to their final destinations. These conveniences could convince more seniors, and other generations, to consider parking their personal vehicles on occasion, or give up driving altogether.

Metro's tips for seniors taking transit:

- ✓ Those 62 years or older can qualify for [one of several discount TAP cards](#) or passes. If transit is used frequently, a monthly card offers the most value. A senior 30-day pass costs \$14 and one day of unlimited rides is just \$1.80 with a TAP day pass.
- ✓ Seniors can take advantage of 35-cent off-peak senior fares. Off-peak hours include weekdays 9 a.m. to 3 p.m. and 7 p.m. to 5 a.m., weekends and federal holidays.

- ✓ Take advantage of priority seating for seniors and the disabled.
- ✓ Ridership safety tips are available on the [Metro website](#).
- ✓ The [On the Move Riders Club](#) provides seniors with information and guidance on using buses and trains, teaching older adults about the benefits of public transit and familiarizing them with local transportation options, whether it is Metro, Foothill Transit, local Dial-A-Ride, or one of the other municipal operators.

Once an On the Move Riders Club is established at a local center for older adults, the Club provides access to a new support system of travel-savvy friends and tailor-made club activities, such as group sight-seeing trips or one-on-one trips to the grocery store or doctor. The service also connects inexperienced riders with travel buddies – older adults who are experts at navigating bus and rail transit and trained on how to help their peers. To find or establish a group, email onthemove@metro.net.

COMMUNITY DEVELOPMENT DEPARTMENT

- Fatburger is coming to Montclair! The quick-service restaurant, established in 1952, is in the initial stages of plan submittal and review to take over the former KFC location on Central Avenue south of Richton Street. The indoor dining area and drive-thru will be reestablished, and outdoor patio seating is being contemplated on the west side of the building.
- For those who are health-conscious or just looking for a break from burgers and sandwiches, Waba Grill is preparing to open at the north end of the Montclair Promenade at the southeast corner of Central Avenue and Olive Street. Waba Grill's menu focuses on plates and bowls featuring steak, chicken, shrimp, salmon, and fresh vegetables. Tenant improvements for the new restaurant are underway and expected to be completed in early 2016.

FIRE DEPARTMENT

- Fire Station 151 was recently visited by Sherry L. Fitch, the wife of Mo Fitch who served with the Montclair Fire Department from 1970 to 1974 and was in the fire service from 1957 to 2013.

Mo passed in 2013, and Sherry continues to honor his fire service in creative, inspiring, and artistic ways. During her visit, Sherry shared with staff a quilt she has been working on that showcases all of the fire departments her husband served with, including the Montclair Fire Department.



- On December 11, Battalion Chief Pohl, Captain Jackson, Engineer Holloway, and Firefighter/Paramedic Boehm attended the 2015 There is Hope Foster Family Agency's holiday party. The event was hosted at John's Incredible Pizza Co. and featured a visit from Santa Claus.

Santa delivered awesome gifts, and kids enjoyed games and rides. It was a frosty, magical, fun-filled night enjoyed by all!



Fire Captain Chris Jackson and Fire Engineer Derek Holloway



Firefighter/Paramedic Boehm and Fire Engineer Derek Holloway

HUMAN SERVICES DEPARTMENT

- On Tuesday, City staff and volunteers took part in the annual food and toy basket sorting in the Community Center. The next day, staff and volunteers distributed the baskets to 180 needy Montclair families. Donations from City staff members, businesses and community members helped provide the baskets; plus, this year we had special donations of turkeys from Global Link Distribution, Inc., County Supervisor Curt Hagman, and Costco. It is always heartwarming to see the appreciation from the families who received the baskets.

Special thanks goes to the Fire, Police, Public Works, and Community Development Departments, as well as the Montclair Community Collaborative, Montclair Ontario Junior Women's Club, Montclair Chamber of Commerce and members of the business community, and community volunteers for giving their time and energy to make this program a success.

Page 15 features photos taken at the sorting and distribution.

- Last Friday, members of the Police and Fire Departments collected new, unwrapped toys at Costco for less fortunate Montclair children. We received abundance of toys and over \$600 in monetary donations!

The next day, members of the Montclair Fire Department joined the radio station, KFROG, in the collection of toys at Montclair Place. Those toys were also distributed yesterday as part of the City's Holiday Toy and Food Basket Program.

A sincere "thank you" goes to all who helped make the holidays brighter for those in need.

A photo collage of the toy drives is included on Page 16.

POLICE DEPARTMENT

- Yesterday, Police Chief Mike deMoet announced the recipients of the Police Departments 2015 awards at the Department's annual holiday luncheon.

Newly promoted Police Sergeant John Minook was unanimously nominated for the 2015 Officer of the Year award. John is pictured below, right, accepting his award from Chief deMoet.



Technical Services Supervisor Ricky Tankersley (below, right) was selected by his peers as the recipient of the 2015 Annual Achievement Award.



The top shooter awards went to Officer Rod Godoy (first place); Officer Ben Martin (second place); and Sergeant Jim Michel (third place).

Congratulations go to all!

PUBLIC WORKS DEPARTMENT

Crack Sealing Begins in Montclair

- You may have seen Public Works crews hauling a large, red trailer filled with hot, steaming material and a Maintenance Worker spreading the hot emulsion liquid like a wet mop across a tile floor. The process, known as "crack sealing," helps to extend the life of a paved road. Leadworker Albert Guerrero and crew began this project last week when temperatures began to drop.

Did you know that water is the most destructive element to our pavements? If the rain never touched our roads, 90 percent of street work would be eliminated. With El Niño weather predicted this winter, we need to be proactive in preventing water intrusion on our pavements. Filling or sealing pavement cracks extends pavement life by five to ten years.

Filling cracks and joints with asphalt materials or asphalt emulsions is not new to the industry—these pavement-repair techniques have been commonplace practices for decades.

Crack sealing has one objective: to prevent water from further damaging roads. Sealing buys time and saves money by delaying the expense of major reconstructive pavement work.

SUCCESSOR REDEVELOPMENT AGENCY/ MONTCLAIR HOUSING CORPORATION

- According to the market research firm NPD Group, McDonald's decision to sell Egg McMuffins or biscuit sandwiches after 10:30 a.m. has brought new or lapsed customers into the restaurants in the program's first two months.

The firm's study was based on an analysis of receipts from 27,000 customers who visited McDonald's before and after the launch of all-day breakfast in October. The study found that the chain has enjoyed a sizeable lift in breakfast orders throughout the day.

NPD found that a third of the people who purchased breakfast items at lunch or dinner had not purchased from McDonald's at all before the promotion.

Perhaps most importantly to the chain's franchisees: Customers aren't just limiting their orders to breakfast items. Nearly two thirds, 61 percent, of customers who bought breakfast items at lunch also bought some non-breakfast items. That helped increase average check size.

Customers were most likely to buy breakfast items at lunch, because many people skip breakfast.

The results don't come as a surprise. McDonald's backed the promotion with heavy advertising spending in its early weeks. And consumers have been pining for this for years. The big question is how long the increased traffic will continue without the benefit of advertising. But, at least for now, it appears that the early results are good for McDonald's all-day breakfast.

- Chipotle is moving some of its food preparation from restaurants to a central kitchen as it works to increase food safety in the wake of illness outbreaks tied to its restaurants, the Wall Street Journal's Julie Jargon reports.

Tomatoes, cilantro, and lettuce are among the ingredients that are now being prepared in the central kitchen and shipped to restaurants in plastic bags, according to the report. Chipotle has historically derided other major food chains, such as McDonalds, for their reliance on massive food suppliers and factories to prepare and freeze ingredients before sending them to restaurants.

The company is also expecting to start scaling back on its use of local ingredients, because smaller suppliers will likely have difficulty meeting its new standards for food safety and testing. Despite the changes, though, Chipotle isn't giving up entirely on local suppliers as it continues to be committed to working with local suppliers to provide fresh produce to its restaurants. Chipotle founder, Steve Ells, promised investors at a meeting that the changes won't affect food quality and taste.

The burrito chain has warned that its same-store sales could fall for the first time in company history this quarter because of the recent E. Coli and norovirus outbreaks. The company is expecting a decline of between 8 percent and 11 percent. Analysts expect same-store sales to continue declining even longer, through at least June 2016.

ECS:spa

"One of the most glorious messes in the world is the mess created in the living room on Christmas day. Don't clean it up too quickly."

~ Andy Rooney

DECEMBER 2015



21	Winter Begins	
21	Real Estate Committee Meeting City Hall Conference Room	5:30 p.m.
21	Code Enforcement/Public Safety Committee Meeting City Hall Conference Room	6:15 p.m.
21	City Council Meeting Council Chambers	7:00 p.m.
23-31	City Offices Closed in Observance of Christmas and New Year's Eve	

JANUARY 2016



01	New Year's Day – City Offices Closed	
04	City Council Workshop – El Niño Preparedness Council Chambers	5:45 p.m.
04	City Council Meeting Council Chambers	7:00 p.m.
06	Community Action Committee Council Chambers	7:00 p.m.
11	Planning Commission Meeting Council Chambers	7:00 p.m.
12	City Manager's Staff Meeting City Hall Conference Room	9:00 a.m.
18	Martin Luther King Jr. Day – City Offices Closed	
19	Real Estate Committee Meeting City Hall Conference Room	5:30 p.m.
19	Code Enforcement/Public Safety Committee Meeting City Hall Conference Room	6:15 p.m.
19	City Council Meeting Council Chambers	7:00 p.m.
21	Safety Committee Meeting City Hall Conference Room	9:00 a.m.
21	Public Works Committee Meeting City Hall Conference Room	4:00 p.m.
25	Planning Commission Meeting Council Chambers	7:00 p.m.
26	City Manager's Staff Meeting City Hall Conference Room	9:00 a.m.

Holiday Food & Toy Baskets!

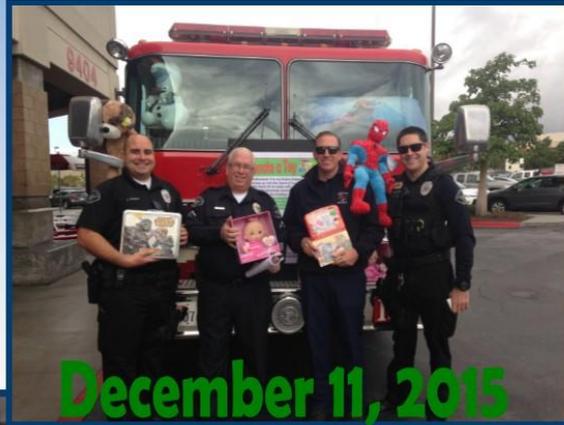


December 16, 2015

Police & Fire Toy Drive



Costco



December 11, 2015



Montclair Place With KFROG



December 12, 2015

