



July 28, 2016

TO: Honorable Mayor and City Council

FROM: Edward C. Starr, City Manager 

SUBJECT: CITY MANAGER'S WEEKLY REPORT: July 22-28, 2016

CITY MANAGER/ADMINISTRATIVE SERVICES DEPARTMENTS

- Governor Jerry Brown signed legislation Monday requiring that newly purchased vehicles display temporary license plates, approving the bill despite objections from social justice activists who say it will lead to more fines and economic hardships for low income individuals.

The bill aimed to stop toll-road cheats and ensure law enforcement officers can identify vehicles on the road. California currently requires only a small notice of sale, which can't be read or photographed from a distance, to be displayed on a vehicle while the owner is waiting for permanent plates.

The bill (AB516) by Assemblyman Kevin Mullin, (D-San Mateo), will require car dealers to put a temporary license plate on a vehicle when they sell it, beginning in 2019. Altering the expiration date would be a crime, with an option for prosecutors to decide whether to charge as a misdemeanor or felony.

Mullin estimates that vehicles without license plates that skip tolls on roads and bridges cost the state \$15 million a year.

Consumer and civil rights advocates worry it will significantly increase the number of people who receive fines for paperwork violations, because it would be easier for police to spot expired temporary plates. They also worry people will be fined if their permanent license plates don't arrive on time due to mistakes by dealers or the DMV.

Critics warn that fines for registration violations could subject low-income drivers who can't afford the fines to a cascading series of court fines and late fees.

The legislation protects people from fines if they can prove they've submitted registration paperwork to the DMV.

- Last week, the *City Manager's Weekly Report* reported that for the year ending June 30, 2016, the California Public Employees' Retirement System (CalPERS) reported a subpar 0.61 percent return on its \$300 billion investment portfolio, the second consecutive year of flat earnings.

The lackluster portfolio performance means that CalPERS now has a record \$139 billion deficit related to its obligations to cover promised pension payments for retired public employees. Two years ago, as CalPERS emerged from the Great Recession, its unfunded liability was reported at \$46 billion—a figure that has now nearly tripled, despite the fact that CalPERS has annually and significantly increased employer rates, and will continue to do so for the foreseeable future, and at least through 2020.

For local government employers, CalPERS' poor performance record over successive years will only be more bad news as it relates to future employer rate increases. For decades, CalPERS has consistently overstated its projected returns on investments, producing only modest, if not meager, earnings. However in overstating its projected returns, CalPERS officials have seen the fund's unfunded liabilities expand exponentially, saddling public employers with current and future fiscal burdens that promise to undermine their ability to provide services.

For many local agencies, the pension problem is rooted in a 2000-01 push by CalPERS to boost unemployment benefits by as much as 40 percent by promising municipalities and other government agencies that if they migrated public safety employees to the 3 percent @ 50 formula, it would come at little to no direct cost to public employers. Many public agencies positively responded to this promotion, and the consequences and fiscal impacts were realized within the first year.

After agencies up and down the state made the migration to higher pension formulas, CalPERS soon reversed course on employer rates, advising agencies that their super-funded status had been wiped out in the aftermath of the dot-com collapse that wiped out more than \$5 trillion in market value. The impact on CalPERS' investment portfolio only worsened following the economic turmoil of 9-11, the Great Recession, and poor investment decisions by CalPERS. As a result, employer rates have increased dramatically nearly every year since.

While there is no doubt that the Great Recession and other economic downturns contributed greatly to the poor performance of the CalPERS investment portfolio, main contributors to the fund's lackluster performance of the past 15 years may include a series of internal scandals that undermined the fund's confidence, overstated investment assumptions, and poor investment decisions and recovery practices.

To address steep declines to its investment portfolio, CalPERS introduced a series of smoothing practices; reclassification of member pools; a minor decrease to its assumed annual earnings; changes to mortality, longevity and earnings tables; enhanced oversight related to determining pension payments; and annual,

significant increases to the rates paid by member agencies. In 2012, the state Legislator also passed pension reform in the form of the Public Employee Pension Reform Act (PEPRA) to corral pension costs related to new and future hires.

Despite the fact that many local government agencies are struggling to meet annual pension payments and dread the prospect of planned, future increases, including an accelerated plan imposed by CalPERS to pay down the massive unfunded liabilities administered by the fund, it has now emerged that a new round of rate increases cannot be avoided.

This latest problem, beyond successive years of poor investment performance, is CalPERS' insistence on maintaining overly optimistic projections on earnings. In light of successive years of poor performance on investments, CalPERS will be forced to lower its annual projected rate of earnings from the current 7.5 percent to a more reflective number, perhaps as low as 6 percent—though many economists insist that even this lower number is too high, arguing that 4 percent to 4.5 percent return on investments represents a more realistic projection.

In acting responsibly by lowering the projected rate of earnings, CalPERS would push massive new pension increases on public employers to make up for the loss in perceived earnings. In lowering the projected rate of return, the pension fund is expected to announce a gradual reduction in the projected rate of earnings by lowering the rate only during years when CalPERS realizes returns that exceed projected earnings. While this delaying action may provide local governments with a temporary stay on the inevitable increase to employer rates, long-term it produces no benefit either to local agencies or to the health of the pension fund.

CalPERS needs to stop its agenda of formulating policies and practices that leave out contracting agencies as participating partners. Member agencies are effectively treated no better than a fountain for funds. CalPERS also needs to proactively end the one major issue that directly led to the current crisis—reverse the longstanding policy that pension formulas, once improved, are sacrosanct and cannot be reversed to a prior, existing formula. For the majority of municipal agencies experiencing fiscal problems related to pension costs, the economic burden has been the 3 percent @ 50 formula—a formula that for many agencies doubled, if not quadrupled, their annual pension costs. Allowing agencies, in cooperation with bargaining units, to retroactively migrate back to the 3 percent @ 55 formula for active employees, coupled with mandated formulas under PEPRA, would have significant long-term impacts on reducing pension costs, allowing cities to weather the storm of increases still ahead as CalPERS seeks to address its overstated projections on annual returns and massive unfunded liabilities.

- Last Saturday, at his Chino District Office, Assembly Member Freddie Rodriguez hosted his annual Summer Open House, where he honored a number of dedicated residents and business and community leaders from the cities of Montclair, Ontario, Chino, and Pomona for their service, and offered members of the 52nd Assembly District opportunities to ask questions about state legislation and issues affecting their respective communities.

Joining me at the Summer Open House from the City of Montclair were Mayor Paul Eaton, Council Member Bill Ruh, Police Chief Robert Avels, Human Services Director Marcia Richter, Police Lieutenant Brian Ventura, and Officers Chris Fisher and Nick Lopez.

Honorees from Montclair included:

- **Veteran of the Year – Donald Vodvarka** (Honored for his military service in WWII, Mr. Vodvarka serves as a Planning Commissioner for Montclair and was one of the original advocates behind the incorporation of the City of Monte Vista in 1956, later renamed Montclair)
- **Veteran of the Year - John Minook** (Honored for his military service during the protracted armed conflict in Iraq and Afghanistan, Mr. Minook is a Police Sergeant with the City of Montclair)
- **Woman of the Year – Virginia Eaton** (Honored for her many contributions to the community and education, Mrs. Eaton, wife of Mayor Paul Eaton, is Chairperson of the Reeder Heritage Foundation)
- **Small Business of the Year – Ruccsana Ahmed** (Honored for her professional service as a small business operator, Mrs. Ahmed is the owner and operator of Laptop Xchange)
- **Teacher of the Year – Barbara Shiffermiller** (Honored for her service as a Montclair High School teacher demonstrating exceptional talent and commitment to her students)
- **Special Recognition in Education – Michale Hamlin** (Mr. Hamlin is recognized for his perseverance, strength, courage and fortitude in overcoming difficult life circumstances and, despite his hardships, graduating from Cal Poly Pomona with honors)



Pictured L-R are: Don Vodvarka, John Minook, Ginger Eaton, Ruccsana Ahmed, and Barbara Shiffermiller



Pictured L-R are: Lt. Brian Ventura, Sgt. John Minook, Chief Robert Avels, and City Manager Edward Starr

Congratulations to each of our distinguished honorees.



Assemblymember Freddie Rodriguez is shown presenting a certificate to Sgt. John Minook



Assembly Member Freddie Rodriguez (52nd Assembly District) presenting at his 2016 Summer Open House



Assembled guests and dignitaries at the Open House

- California officials do not have to pay property owners to access their land and decide whether to move forward with a \$15.7 billion plan to build two giant water tunnels that would supply drinking water for cities and irrigation for farmers, the California Supreme Court ruled unanimously last Thursday.

The landowners in the Sacramento-San Joaquin Delta in Central California had demanded payment for thousands of acres the state sought for pre-project testing, which would have added millions of dollars to the cost of the tunnels project.

State officials said being forced to rent the land for testing would have also set a dangerous precedent that would have driven up the costs of other California public works projects and made some of them too expensive.

The Supreme Court ruled 7-0 in the state's favor, giving Governor Jerry Brown a major victory in his fight to build the tunnels.

State officials insisted the tests would not significantly interfere with or damage the land, and that the state should be required to compensate landowners only for any actual damage or interference.

Property owners said the tests the state plans to conduct on their land will be lengthy and invasive and constitute an occupation of their property. While the ruling specified no rent payments are required, it did affirm that landowners could seek and get compensation if they can show the pre-testing damages their land.

The project would run four-story-high twin pipes underground for 35 miles and eventually pull thousands of gallons of water a second from a stretch of the Sacramento River to cities and farms to the south.

Supporters say the project would ensure a more reliable water supply and protect fish species.

Opponents contend it would jeopardize delta farming and destroy vital wildlife habitat.

The testing involves access to about 150 properties covering tens of thousands of acres in San Joaquin, Contra Costa, Solano, Sacramento, and Yolo counties, state officials said in court documents.

The environmental testing includes trapping wild animals and taking soil samples. For geological testing, experts would bore holes up to 8 inches in diameter and 205 feet into the ground. The holes would be filled after the testing is completed.

Attorneys representing the property owners said in court documents that the preliminary project work would destroy crops and disrupt fertilizer and pesticide use.

An appeals court in a 2-1 ruling two years ago sided with property owners, saying the testing constituted "taking" of private property. That court said that under California's state constitution, the property owners were entitled to a determination of the market value of the property rights the state was acquiring for the project.

COMMUNITY DEVELOPMENT DEPARTMENT/ECONOMIC DEVELOPMENT

- On July 25, the Planning Commission unanimously approved the following auto-related projects:

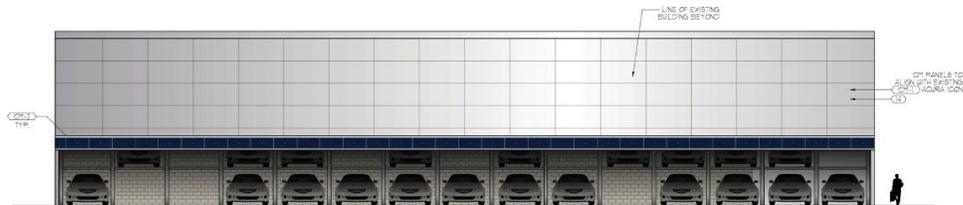
Metro Acura Remodel. This project includes a minor building expansion to accommodate a new, covered service entry and a new, vertical-stacked car inventory storage structure to be located on the east end of the building (9377 Autoplex Drive). The new, multi-level car storage system would be the first of its type in the City and would be capable of vertically storing 60 vehicles over roughly the same foot print as 15 surface parking spaces. Exterior changes to the building include new paint and the addition of higher end materials and finishes in keeping with the upscale Acura car brand. When completed, the new look for the Acura dealership will complement the recently upgraded Honda dealership located on the same site.



EXISTING WEST ELEVATION W/ NEW SERVICE CANOPY

SCALE: 3/32" = 1'-0"

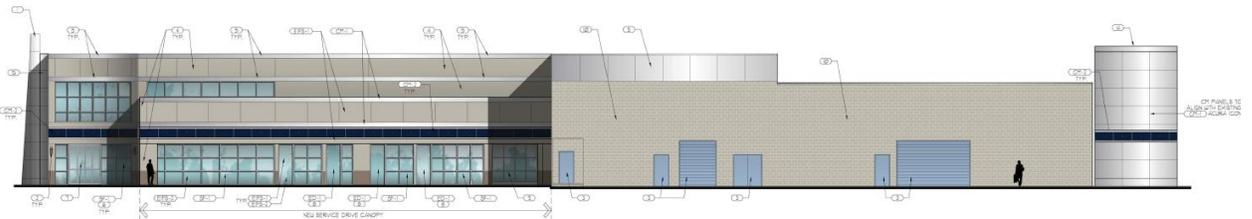
1



EAST ELEVATION W/ NEW CAR INVENTORY STRUCTURE

SCALE: 3/32" = 1'-0"

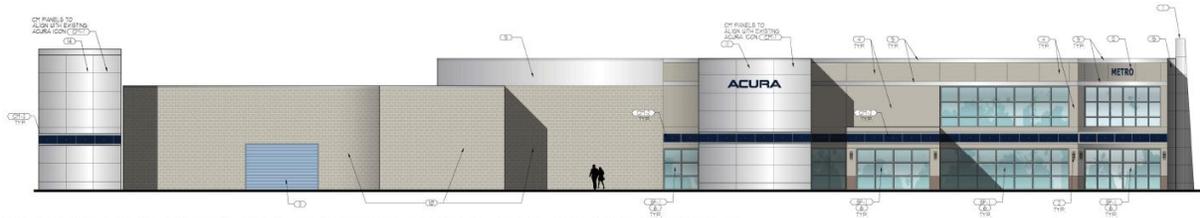
2



EXISTING SOUTH ELEVATION W/ NEW FINISHES, SERVICE DRIVE CANOPY & CAR INVENTORY STRUCTURE

SCALE: 3/32" = 1'-0"

3



EXISTING NORTH ELEVATION W/ NEW EXTERIOR STAIR & CAR INVENTORY STRUCTURE

SCALE: 3/32" = 1'-0"

4

Circle K/Mobil Carwash/Convenience Store/Gas Station/Oil Change Facility.

Located at the southeast corner of Holt Boulevard and Vernon Avenue, the former gas station and car wash site (5515 Holt Boulevard) will be completely remodeled after being vacant for over 2 years. The property owners have signed an agreement with Circle K to operate an express carwash at this location. Circle K will also operate a convenience C-store selling beer and wine and an assortment of general merchandise items, including a fresh food "island," frozen foods, candy, fruit, sandwiches, and soft drinks. The existing 5,992 square foot main building would be expanded by approximately 727 square feet with additions to the north and west sides of the building. The main change to the appearance of the existing building will be to remove the dated mansard roof and replace it with a clean, modern parapet roof design. The remainder of the building elevations will feature a simple cornice, bronze-colored storefront windows/doors frames, projecting awnings (with tie-back rods) over main windows and doors, and a brick base. Walls will be finished in stucco and painted in 3 complementary colors. Mobil will operate the gas station.

Lastly, Circle K/Mobil will also operate a quick oil-change facility with an existing freestanding 1,284 square foot building. This will be the first multi-service car wash, gas station, and oil-change facility in the City of Montclair.



C-Store



Generic Perspective Lube Center

- Nordstrom has acquired a minority stake in DS Co., a Utah-based supply chain software firm, as the retailer looks to grow its e-commerce business, according to The Wall Street Journal.

The software, which is branded under the name Dsco, is cloud-based and acts as a middle man between retailers and their suppliers to reduce the complexity of the e-commerce supply chain.

Retailers are using the software to help them minimize the risks and costs associated with online orders. The software allows retailers to utilize "drop shipping," a delivery method in which the product is shipped to the consumer directly from the manufacturer, as opposed to the traditional method of shipping from the retailer's distribution center.

For example, when a customer places an order on Nordstrom's website, the software will automatically send the order to the manufacturer, and it will be responsible for packaging and shipping the product directly to the consumer's home. This enables retailers to reduce their inventory levels and shift inventory holding costs to their suppliers. It also reduces the risk of holding inventory that will not sell, as the supplier only fulfills an order once it is placed. Furthermore, this leads to an enhanced customer experience, as there is less risk of an order being out of stock after it has been placed.

Nordstrom's investment is aimed at growing its e-commerce business. Nordstrom is a traditional brick-and-mortar retailer that now has to compete against e-commerce giants like Amazon in order to drive online sales. As of March, about 21 percent of Nordstrom's revenue came from e-commerce sales.

With this investment, Nordstrom will be able to expand its product offerings via the drop-shipping method, while keeping costs down. In addition, the investment will allow DS Co. to develop new initiatives, like using historical inventory data to predict future stock levels, further reducing the potential for stock shortages. Nordstrom could continue to invest in other e-commerce-related solutions to improve its e-commerce efficiency and grow online orders.

- TJ Maxx has a food section and it's filled with gourmet items you never knew you wanted, such as obscure spices, seemingly random dry goods, and quirky jams. TJ Maxx buys gourmet items in large quantities at a huge discount. Then, the stores purposefully understock the shelves, creating a sense of urgency for shoppers who spot items, like bacon spice, that they're unlikely to see elsewhere, and certainly not at the same price. Customers know that the random spice won't be there the next time they stop by TJ Maxx to go shopping (likely for clothes, not food), and are pressured to buy as soon as possible.

Buying the items from manufacturers, instead of taking overstocked food from more traditional gourmet retailers, means that TJ Maxx actually sells what customers want—if they can get it in time. As a result, the budget retailer has been able to successfully sell obscure items like Sriracha ketchup, garlic-stuffed olives with organic beetroot powder, and Himalayan pink salt at locations across the United States.

It is part of TJ Maxx's larger strategy that's allowing it to triumph over rival budget retailers: creating fresh deals on items that actually appeal to customers.

The constantly changing assortment, the excitement of finding a bargain, and the sense of urgency associated with having to secure a product before it is sold out, all give consumers a reason to regularly visit TJ Maxx stores. Its products are genuine bargains that have been carefully found and selected with the customer in mind, rather than being a mish-mash of unpopular and unwanted apparel lines which constitute the clearance sections of competitors like Macy's and Sears.

FIRE DEPARTMENT

- On July 20, Kevin Neuer, a local Eagle Scout, stopped by Fire Station No. 152 to replace the facility's worn American and California State flags. He has been replacing the Department's flags since 2011, and this is the ninth set he has donated to the Montclair Fire Department so far. The Montclair Fire Department would like to extend a big, warm thank you to Kevin!



Fire Engineer Steve Ward, Eagle Scout Kevin Neuer, and Fire Captain Roger Mora are pictured standing under the new Star- Spangled Banner

- On July 20, Fire Suppression units from the Montclair and Upland Fire Departments responded to a reported structure fire at Serrano Middle School. Upon arrival, crews found light smoke coming from a portable classroom at the rear of the school. Engine crews removed some of the building's siding and found the framing was burning. Crews also cut a hole in the floor of the classroom to check for extension and extinguishment of the fire. The cause of the fire is under investigation.



Members of the Montclair and Upland Fire Departments are shown as they prepare to check for complete extinguishment by conducting appropriate ventilation precautions

- On July 24, Fire Captain Sergio Mejia, Fire Engineers Rusty Vidal and Steve Ward, and Firefighter/Paramedic Christian Noboa responded to the Santa Clarita Valley mountain area of Los Angeles County on Cal OES Unit No. 331 to battle the Sand Fire incident.

The fire is responsible for 1 fatality, has charred more than 38,000 acres, claimed at least 18 properties, and has 2,937 firefighters working around the clock to prevent further destruction. Cal OES Unit No. 331 was demobilized and returned to quarters on July 27.



Pictured L-R: Fire Engineer Rusty Vidal, Firefighter/Paramedic Christian Noboa, Fire Engineer Steve Ward, and Fire Captain Sergio Mejia took a photo break after working 12-hour operational periods conducting structure defense during their deployment

HUMAN SERVICES DEPARTMENT

- Mark your calendars to join us for the annual All Employee Summer Bar-B-Que on Tuesday, August 9 from noon to 1:30 p.m. in the Senior Center. The event, sponsored by the City Council and City Manager in appreciation of each employee's service, will feature a lunch of hamburgers, sausages, hot dogs, side dishes, and dessert.

A flyer is included on Page 19. See you there!

- Tuesday night featured the second of three movies in the park at Alma Hofman Park. Approximately 300 people enjoyed *The Peanuts Movie* on the big screen.



POLICE DEPARTMENT

- The public is invited to Alma Hofman Park on Tuesday, August 2 for National Night Out, which will kick off at 7 p.m.

In addition to the main attraction, the movie *Star Wars, The Force Awakens*, which will start at sunset or approximately 8 p.m., the Splash Pad will be open for this special event. Fire Department and Police Department personnel will be on hand with their tools of the trade and will even allow kids (and kids at heart) the opportunity to handle some of the equipment. For parents, there will be child registration kits and a child seat installation technician will be available to inspect car seats and to offer instruction on proper installation procedures.

For blood donors, the Red Cross will make that possible by providing a staffed Bloodmobile.

Other activities will include a free photo booth; face painting for kids; and giveaways, such as glow bracelets. The Senior Center will sell popcorn, cookies, and bags of nuts; and snow cones and grilled hot dogs will also be available for purchase.

National Night Out is a community-police awareness-raising event in the United States, held the first Tuesday of August. The event has been held annually since 1984 and is sponsored by the National Association of Town Watch in the United States and Canada. The event is meant to increase awareness about police

programs in communities, such as drug prevention, neighborhood watch, and other anti-crime efforts.

Although Target is no longer a corporate sponsor of National Night Out, our local store has committed to significant participation again this year! Target staff will be on hand to assist with set up and tear down and will offer promotional gifts and refreshments.

We also have confirmed participation from several area representatives.

National Night Out is a great chance to reach out and interact with the communities we serve, and I am hoping this year's event will set a new standard for our participation.

Please pass the word and join us for a fun night out!

ECS:spa

"We must let go of the life we have planned so
as to accept the one that is waiting for us."
~ Joseph Campbell

AUGUST 2016



01	City Council Meeting Council Chambers	7:00 p.m.
02	National Night Out Alma Hofman Park	7:00 p.m.
08	Planning Commission Meeting Council Chambers	7:00 p.m.
09	City Manager's Staff Meeting City Hall Conference Room	9:00 a.m.
09	Annual Montclair Summer Barbecue for City Employees Senior Center	Noon - 1:30 p.m.
15	Real Estate Committee Meeting City Hall Conference Room	5:30 p.m.
15	Code Enforcement/Public Safety Committee Meeting City Hall Conference Room	6:15 p.m.
15	City Council Meeting Council Chambers	7:00 p.m.
17	Safety Committee Meeting City Hall Conference Room	10:30 a.m.
18	Public Works Committee Meeting City Hall Conference Room	4:00 p.m.
22	Planning Commission Meeting Council Chambers	7:00 p.m.
30	City Manager's Staff Meeting City Hall Conference Room	9:00 a.m.

IN APPRECIATION OF YOUR SERVICE
THE CITY COUNCIL & CITY MANAGER
INVITE ALL EMPLOYEES TO ATTEND
THE ANNUAL MONTCLAIR
SUMMER BAR-B-QUE

Menu to include hamburgers, hot dogs,
sausages, side dishes and dessert

Tuesday, August 9, 2016
12 noon - 1:30 p.m.

in the Senior Center

