

City Manager's Weekly Update

February 23, 2018

PUBLIC WORKS

Waste Reduction

Our Recycle Right: Plastics video was viewed over 800 times on Facebook this month. It illustrates which plastic containers can and cannot be recycled curbside in your blue bin. The rules for recycling plastics are changing with numbers on the bottom no longer the best guide. Take a [look](#).



Engineering

We are scheduled to perform construction work on King Street from Bay Street to Mission Street on Monday, Feb. 26, from 8 a.m. until 5 p.m. As part of the 2017 Overlay Project, three speed bumps will be adjusted. [Details](#).

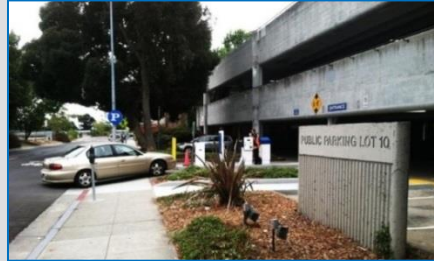
Wastewater Treatment Facility

Operations staff has led a total of eight facility tours including a judging tour for the state level California Water Environment Association Plant of the Year (Medium-size) award. Mechanics performed routine maintenance work on the solids dewatering centrifuges, changing hydraulic oil. Electricians, mechanics and a contract systems manager worked together to troubleshoot alarm communication issues within the dewatering system. Electricians and mechanics also teamed up to repair a malfunctioning roll-up door at the truck bay in solids dewatering.



Transportation Engineering/Community Relations

The construction schedule for the River/Front Parking Garage Restoration Project has been adjusted. The exit ramp will be reopened on March 1. This construction project to extend the serviceable life of the parking structure resumed in January and is expected to be completed by the end of March 2018. More details can be read [here](#).



The first of our Street Smarts elementary school assemblies approaches on March 8 at Westlake Elementary School. The assemblies with focus “Preventing Distractions: On the Road and In the Car” are being presented by middle and high school students who have participated in our after-school “Club Live” programs managed by our partner Santa Cruz County Friday Night Live program. All assembly dates are listed [here](#).



Street Smarts provides tips for both drivers and cyclists to better share the road. This week our [message](#) focuses on traffic safety advice for drivers. Here is our video that airs on KION in [English](#) and on Telemundo in [Spanish](#). Other Street Smarts videos along with details of yard signs that are free to Santa Cruz residents can be found here: www.cityofsantacruz.com/streetsmarts.



FINANCE

CalPERS Valentine's Day Change

On Valentine's day CalPERS Board added more risk to the City by shortening their amortization period by 10 years, from 30 years to 20 years. The concerning, short-term, impact is any **new** CalPERS investment losses will increase our payments faster than before. But, in the long-term, it can also result in significant savings. And, this change may not worsen our long-term forecast. Here's a quick brief meant to provide context from the Finance Director's perspective.

More Information:

CalPERS is aggressively moving to protect the Pension system by increasing funding to cover 100% of the future, expected retirement costs. This is the 3rd major change in the last few years. They started with updating their demographics, resulting in increased payments due to longer life expectancy; then followed that up with lowering their expected investment earnings (aka, the "discount" rate).

At this time, we are optimistic this change will not impact our current forecast model. But, we will need a few months to confirm that. It would otherwise impact our FY 2021 costs (yes that year).

Other Data Points:

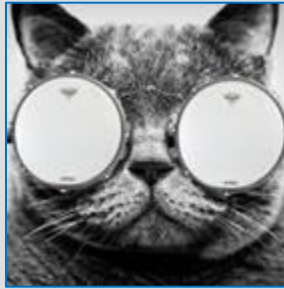
- 1) 20 year vs. 30year. This change is like buying a new home with a 20-year mortgage instead of a 30 year. In any year when CalPERS investments lose money, they'll make us pay our share to keep them whole faster. But, in the long-term, it will save a lot on interest payments.
 - a. From another perspective, if this were the CalPERS investment teams of the past that resulted in significant investment gains, then this type of change would be helpful and put pressure to lower our rates sooner (i.e., we get credit for investment gains faster)
 - b. But, with CalPERS more recent poor investment results, we shouldn't expect significant, annual investment gains. However, their move to less risky investments should help them limit their losses in a down market.
- 2) Lower liability faster. And, while the risk is real of increasing our cash payments to CalPERS, it does also mean making more payments up front will lower our CalPERS total liability faster, and significantly reducing the interest we pay

SO... while they are increasing risk to us in the short term... it may not actually be a significant forecast impact, it could actually result in limiting future cost increases, and result in savings from lower interest payments.

PARKS AND RECREATION

Civic

Sunday, February 25 at 2pm- Santa Cruz Symphony's Family Concert: *The Orchestra Rocks!* One universal element of music is rhythm. Composers and musicians play with elements of musical time, creating patterns of sound and silence that are expressive and exciting for the children and families in attendance. Through the LinkUp repertoire, hands-on activities, and a culminating interactive performance with a professional orchestra, we will discover how "the orchestra rocks!"



Louden Nelson Community Center

Christian Youth Theater: *Alice in Wonderland JR.* Travel down the rabbit hole and join Alice, one of literature's most beloved heroines, in her madcap adventures; featuring updated songs from Disney's thrilling animated motion picture. Disney's *Alice in Wonderland JR.* is a fast-paced take on the classic tale. Performances Friday at 7 pm and Saturday and Sunday at 2 pm and 7 pm.

