

Public pension plan investment performance continues to lag the financial markets

By Nick Marnell

The portfolios of the organizations that manage the pension plans for Lamorinda public agencies have failed for years to deliver investment returns that match those of a mainstream domestic equity index, putting pressure on the public agencies to make up the investment shortfall out of their local operating budgets.

The Contra Costa County Employees' Retirement Association manages and administers the pension plans for 16 public agencies including the Moraga-Orinda Fire District, the Contra Costa County Fire Protection District and Contra Costa County itself. According to association documents, the CCCERA portfolio market value as of Sept. 30 was \$8.8 billion.

Through the third quarter of 2018 the S&P 500, an index that measures domestic equity performance, had risen 10.2 percent, while CCCERA investments rose 2.6 percent.

The CCCERA investment performance has lagged the S&P 500 not only for those nine months but for all but two years of this decade, and those were the two years that the index grew only 2 percent.

"It's prudence," said Contra Costa County Supervisor Candace Andersen, a CCCERA board member since 2015. "If the market crashed, everyone's investment would tank."

When the market crashed in 2008, investments did tank – including those in the CCCERA portfolio. The market plunged 37 percent in 2008, and CCCERA investments fell 27 percent.

Gail Strohl, CCCERA chief executive officer, explained that CCCERA's portfolio adheres to the strategic objective of making benefit payments to its members, both those being paid today and those that will be paid far into the future. CCCERA addresses its near-term needs – \$430 million in benefits paid in 2017 – by maintaining a portfolio of

short-term assets, and provides growth to fund future benefit payments by maintaining a portfolio of long-term assets. "The CCCERA board has adopted this approach as it is likely to result in a smoother return profile over time," Strohl said.

The long-term return may be smoother, but it still lags the market. The S&P 500 rose 12 percent over the past 10 years, while CCCERA investment performance rose 7.8 percent.

The CCCERA investment results surpass those of the largest pension fund in the country – the California Public Employees' Retirement System, which manages the pension plan for the town of Moraga. According to its 2018 Comprehensive Annual Financial Report, CalPERS reports assets with a market value of \$345 billion, and the agency has achieved a 10-year return of 5.6 percent, less than half the return of the S&P 500. "CalPERS sets our asset allocation to be mindful of returns and risk,

so we can pay pensions for generations," said Megan White, investment operations information officer.

Results reported by the California State Teachers' Retirement System include \$224 billion in assets as of June 30, delivering an annual return of 9 percent against the S&P 500 return of 14 percent.

"Overall, the plan assets have not been managed as carefully as they should be," said Jack Weir, president of the Contra Costa Taxpayers Association, a taxpayer advocacy group. "But neither agency has any real interest in fully funding these plans because the plans are guaranteed by the taxpayers."

The S&P 500 measures equity performance and that inherently makes it a risky benchmark, but time has confirmed its long-term stability. According to historical records, the average annualized total return for the S&P 500 over the past 90 years was 9.8 percent. Investing in riskier assets is not unheard of in pension plans, as the Po-

lice Officers' Retirement System of Fairfax County, Virginia, has committed to an investment in blockchain technology - bitcoin.

An annual return closer to 9.8 percent on pension plan assets would ease the pressure on local public agencies, which must cough up the difference when their pension plan managers fail to achieve investment goals. CCTA officer Jim Pezzaglia warned that cutbacks to local services will ensue as public agencies struggle to afford these higher payments required to fund their retirement plans. Bruce Burns, superintendent of the Moraga School District, said recently that pension contributions have almost doubled in the last five years, and will continue to grow for the near future. He noted that there is no funding stream to support the increase in pension costs.

"People gloss over this because they can't understand it," Pezzaglia said. "It's a subject that we have to resolve."

ConFire welcomes 24 new firefighters

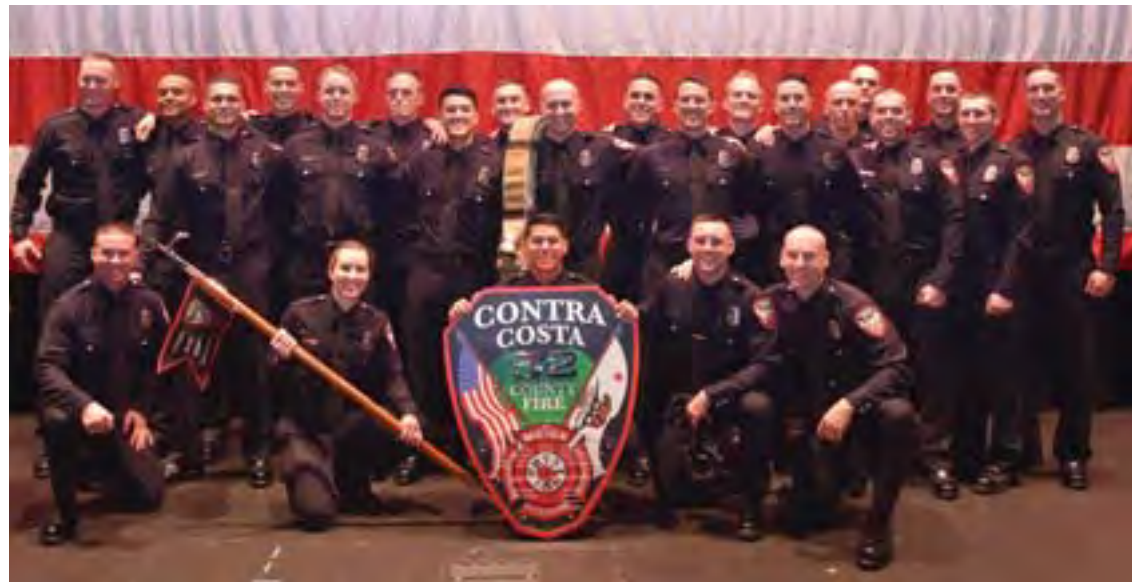


Photo ConFire

By Nick Marnell

With the Contra Costa County Fire Protection District poised to open Lafayette Fire Station 16 in the spring and increase the size of some of its crews from three to four, the district added two dozen new firefighters to its ranks Feb. 14 at the Academy 52 graduation ceremony, the culmination of a grueling 20-week training program under the leadership of Assistant Fire Chief Lon Goetsch.

"You were selected out of over 1,000 candidates," Fire Chief Jeff Carman told the graduates. "Tonight, the 24 of

you told us we made the right decision."

New probationary firefighter Amanda Cross – kneeling, second from left – opened the evening by belting out the national anthem to the standing-room crowd at the Leshner Center in Walnut Creek. She comes from a family of firefighters, including her dad and her brother. "From the time I was little, I could never imagine working at a desk," Cross said. "I am psyched and ready to go!"

The new firefighters joined companies throughout the district beginning the week of Feb. 18.

Share your thoughts, insights and opinions with your community. Send a letter to the editor: letters@lamorindaweekly.com

Fire District Public Meetings

Moraga-Orinda Fire District
Board of Directors
Wednesday, Feb. 20, 7 p.m.
Go to the website for meeting location, times and agendas.
Visit www.mofd.org



ConFire

Board of Directors
Tuesday, March 12, 1:30 p.m.
Board Chamber Room 107,
Administration Building
651 Pine St., Martinez.
For meeting times and agendas, visit www.cccfpd.org



Public Safety

Emergency response:
Emergency: 24 Hours 911
Police Dispatch: 24 Hours 925-284-5010
Nixle: Text your zip code to 888777 or go to www.nixle.com

Lafayette Police Department:

3471 Mt. Diablo Blvd. 925-283-3680
Chief of Police, Ben Alldritt 925-299-3221
Police Department Tip Line 94549Tip@gmail.com
Police Department Traffic Issues 94549Traffic@gmail.com

Moraga Police Department:

329 Rheem Blvd., 925-888-7055
Chief of Police, Jon King ext. 7049

Orinda Police Department:

22 Orinda Way 925-254-6820
Chief of Police, Mark Nagel 925-254-6820
Orindatip@cityoforinda.org

Lafayette Police Department Incident Summary Report



Feb. 3 - Feb. 9
Alarms 36
911 Calls (includes hang-ups) 9
Traffic 55
Suspicious Circumstances 4
Suspicious Subject 7
Suspicious Vehicle 14
Service to Citizen 23
Patrol Request/Security Check 9
Vacation House Check 8
Supplemental Report 8
Welfare Check 7
Vehicle violations
Auto Burglary
3500 Block Mt. Diablo Blvd. (2)
1200 Block Del Arroyo Ct.
Hit And Run Misdemeanor
3900 Block Los Arabis Dr.
3600 Block Mt. Diablo Blvd.
Reckless Driving
Golden Gate Way/2nd St.
Pleasant Hill Rd./Stanley Blvd.
Pleasant Hill Rd./Eb Sr 24
Mt. Diablo Blvd./Dolores Dr.
3700 Block Mt. Diablo Blvd.
Traffic Hazard
Taylor Blvd./Pleasant Hill Rd.
Other criminal activity
Battery
El Nido Ranch Rd./Acalanes Rd.
3400 Block Mt. Diablo Blvd.
Commercial Burglary
3600 Block Mt. Diablo Blvd. (2)
Grand Theft
3500 Block Brook St.
Identity Theft
900 Block Hough Ave.
3600 Block Brook St.
1000 Block 2nd St.
Petty Theft
3400 Block Silver Springs Rd.
1000 Block Sierra Vista Way
3600 Block Mt. Diablo Blvd.
3100 Block Old Tunnel Rd.

Shoplift
3500 Block Mt. Diablo Blvd. (2)
3600 Block Mt. Diablo Blvd.
Threats
1200 Block Upper Happy Valley Rd.
Vandalism
3300 Block Deer Hill Rd.
900 Block Moraga Rd.
Nuisance to the Community
Loud Music
3300 Block Kincheloe Ct.
Public Nuisance
3500 Block Mt. Diablo Blvd.
School Assembly Check
1200 Block Pleasant Hill Rd.
3800 Block Happy Valley Rd.
Other
Harassment
3300 Block Mt. Diablo Blvd.
Ordinance Violation
Ortega Ave./Perales St.

Moraga Police Department Incident Summary Report



Jan. 15 - Jan. 27
Alarms 24
911 Calls (includes hang-ups) 11
Traffic 46
Suspicious Circumstances 3
Suspicious Subject 4
Suspicious Vehicle 4
Service to Citizen 32
Patrol Request/Security Check 26
Supplemental Report 11
Welfare Check 2
Vehicle violations
Abandoned Vehicle
Country Club Dr./St. Andrews Dr
2000 Block Donald Dr.
10 Block Stewart Ct.
2000 Block Donald Dr.
DUI Misd
1000 Block Larch Ave.

Excessive Speed
Moraga Rd./Rheem Blvd.
Moraga Way/Canyon Rd.
Reckless Driving
Moraga Way/Miramonte Dr. (2)
Moraga Rd./Buckingham Dr.
Camino Pablo/Canyon Rd.
Traffic Hazard
Ascot Dr./Ascot. Cir
Canyon Rd./Camino Pablo
Traffic Stop
Donald Dr./Moraga Rd.
Vehicle Theft
10 Block Miramonte Dr.
Other criminal activity
Accident Injury
Campolindo High School
Battery
St. Marys College
Fraud Credit Card
Police Department
Fraud False Pretenses
200 Block Calle La Mesa
700 Block Crossbrook Dr.
Grand Theft
Not Available
Petty Theft
Safeway
Residential Burglary
2000 Block Donald Dr.
Shoplift
Safeway
Nuisance to the Community
Disturbing The Peace
2000 Block Blk Ascot Dr.
Harassment
50 Block Miramonte Dr.
Loud Music
20 Block Via Barcelona
Loud Noise
Not Available
Phone Harass
1700 Block Spyglass Ln.
Public Assembly Check
Camino Pablo Elementary
St. Marys College
Los Perales Elementary
School (3)
300 Block Rheem Blvd.
CVS Rheem
Rheem Theater

Public Nuisance
Joseph Dr./San Pablo Ct.
100 Block Shuey Dr.
Other
Mentally Ill Commit
St. Marys College
Campolindo High School
Warrant Service
400 Block Rheem Blvd.



Orinda Police Department Incident Summary Report

Jan. 13 - Jan. 26
Alarms 40
911 Calls (includes hang-ups) 4
Traffic 91
Suspicious Circumstances 14
Suspicious Subject 9
Suspicious Vehicle 13
Service to Citizen 47
Patrol Request/Security Check 16
Vacation House Check 12
Supplemental Report 26
Welfare Check 8
Vehicle violations
Auto Burglary
Orinda Country Club
Wells Fargo
60 Block Moraga Way
Moraga Way/Hall Dr.
DUI Misd
Safeway
20 Block Tara Rd.
Hit And Run Misdemeanor
10 Block Camino Encinas
100 Block Brookwood Rd.
Reckless Driving
San Pablo Dam Rd./Wildcat Canyon Rd.
Bear Creek Rd./San Pablo Dam Rd.
Moraga Way/Glorietta Blvd. (3)
Camino Pablo/North Ln.

Other criminal activity
Fraud Credit Card
10 Block Keith Dr.
Grand Theft From Vehicle
10 Block Vallecito Ln.
Identity Theft
10 Block Dolores Way
Petty Theft From Vehicle
Wilder Sports Fields
Police Department
Possession of stolen Product
St. Stephens Dr./Tahos Rd.,
Shoplift
Beverages And More
Threats (2)
10 Block Dolores Way
Violation Dom. Violence Order
Police Department
Violation Restraining Order
10 Block Mira Loma
Warrant Arrest
Camino Pablo/Wb Sr 24
Nuisance to the Community
Disturbance-Domestic
200 Block Crest View Dr.
Intoxicated Subject
Theatre Square
Loud Noise
Honey Hill Rd./Via Las Cruces
Public Assembly Check
CVS (2)
Public Nuisance
50 Block Via Farallon
Overhill Rd./Highland Ct.
30 Block Hillcrest Dr.
Sally Ann Rd./Glorietta Blvd.
Amber Valley Dr./
Singingwood Ln.
10 Block Orinda Way
School Assembly Check
Del Rey Elementary School
Vandalism
Orinda Country Club
Vandalism - Felony
BevMo Orinda
Other
Accident Property
Tara Rd./Overhill Rd.
200 Block Village Gate Rd.
Camino Pablo/Eb Sr 24
Ordinance Violation
Evergreen Dr./Tarabrook Dr.