



CITY OF MONTCLAIR

**Montclair Civic Center
5111 Benito Street
Montclair, CA 91763**

January 26, 2012

TO: Honorable Mayor and City Council

FROM: Edward C. Starr, City Manager

SUBJECT: WEEKLY REPORT: January 20-26, 2012

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

- Last week, in one of the first major financial market impacts stemming from the upcoming dissolution of California's community redevelopment agencies, the bond rating agency Moody's downgraded by one notch all California tax allocation bonds (redevelopment bonds) rated Baa2 and above. Moody's also noted that all tax allocation bonds could be subject to further downgrades because they will remain under review.

In rendering its determination, Moody's indicated "Compliance with the requirements of the new legislative framework may prove challenging, particularly in the near term as affected agencies attempt to interpret the law and comply with its specified timelines. Most significantly, in the new law County Auditor-Controllers are given new auditing requirements to be met by July 1, 2012, and on-going administrative responsibilities that may initially conflict with existing bond indentures. The resolution of any such conflicts according to the new law's property tax reallocation process could take a substantial amount of time, and it is entirely untested. The limited, one-notch downgrade across the Baa2-and-above rating spectrum reflects the broad-based but modest nature of this new risk."

On the topic of what could make ratings go down further, the bond rating agency pointed to the following areas of concern:

- ✓ Implementation of the legislation in a way that does not preserve timely debt service payment
- ✓ Continued legal uncertainty and conflict between the law's requirements and compliance with existing bond documents
- ✓ Judicial clarification that compliance with bond documents is subordinate or to be balanced against other objectives of the legislation

Moody's also identified the following challenges:

- ✓ The law establishes an initial allocation of property tax revenues that conflicts with existing bond documents, and the effectiveness of the resolution process on a timely basis is uncertain
- ✓ The timeframe for property tax disbursements is more restricted than it had been previously, potentially resulting in mismatched receipt and disbursement schedules over the course of a year
- ✓ The new law's audit requirements and sheer complexity may result in unexpected payment delays as legal and administrative clarification is pursued.

Moody's has now been joined by Fitch Ratings. The rating firm has placed all California bonds secured by tax increment revenue on "Rating Watch Negative," reflecting Fitch's belief that ABX1 26 creates a heightened risk at all rating levels that the flow of funds to holders of tax allocation bonds may be inconsistent with the requirements of bond indentures. Clearly, there is growing concern with the short timeframe to create guidelines designed to implement the dissolution legislation, combined with a corresponding lack of progress in resolving inconsistencies in the law.

State legislators are considering SB 659, a bill introduced by State Senator Alex Padilla (Pacoima) intended to extend the dissolution date from February 1, 2012 to April 15, 2012. The additional time would allow opportunity to resolve at least some of the concerns cited by Moody's and municipal agencies up and down the state. However, the dissolution date is now only days away, and SB 659 has made little progress in reaching floor votes. Furthermore, Governor Brown, emerging as an ardent opponent of the redevelopment process and arguing redevelopment programs divert property tax dollars away from schools, public safety, counties, and special districts, indicated in a statement last week he would oppose SB 659.

Oddly, few politicians understand and have utilized California's redevelopment law to the same degree as Brown. As mayor of Oakland, he utilized redevelopment liberally to promote his goal of bringing housing and vitality into desolate and deserted stretches of Oakland's downtown. When Brown was elected Oakland Mayor, the city was rapidly losing residents and businesses, and he immediately moved to revitalize the city using his connections with developers and redevelopment dollars to refurbish Oakland's Fox Theater, the Port of Oakland, and Jack London Square. His central objective was known as the "10K" plan—and effort designed to bring an additional 10,000 residents to Downtown Oakland. In the Jack London District, Brown purchased and later sold an industrial warehouse which he used as a personal residence.

However, when the California Supreme Court effectively ordered the dissolution of redevelopment last December, the Governor applauded the decision, perhaps because it seized more than \$1 billion from Main Street to help balance his "honest budget."

Local government officials argue the short-term revenue flow to the state Treasury comes with long-term costs for communities struggling to generate economic activity and transform blighted areas into new housing projects. But this message has been harmed by repeated refrains that redevelopment is an abusive process, and one that denied valuable property tax dollars from schools and public safety.

Few in government dispute the existence of abuses in some localities. However, when used properly, as it was by most community redevelopment agencies, redevelopment offered opportunities in areas that otherwise might be unattractive to developers because of the up-front costs related to environmental cleanup, demolition of structures that outlived their usefulness, infrastructure improvements, and inability to obtain necessary or adequate financing. Without the lure of redevelopment assistance, developers would rather choose the politically and economically easier recourse of building on empty land away from urbanized/developed areas. Paradoxically, in a state committed to preserving agriculture and open space, and reducing water usage and greenhouse gas emissions, well-conceived redevelopment in city infield areas can help achieve those objectives.

Furthermore, a good portion of the tax revenue the state will now confiscate from former redevelopment agencies may never have happened without redevelopment as an economic tool. Empty warehouses and shuttered store and office buildings do not generate money for schools or public safety.

Dissolution of community redevelopment agencies will obviously produce adverse fiscal, political, and development impacts for California's local governments and communities. Long-term, it may prove a grave mistake to deprive cities of the opportunity to transform themselves in ways that create jobs, housing, and a climate for businesses to grow and prosper in harmony with the state's need to lighten strain on the environment.

It may be argued that California's redevelopment law needed tightening, but not abolition. However, at this juncture, cities can only move forward to implement ABX1 26, while concurrently working with legislators to design a new model for redevelopment that achieves the following objectives:

1. Tighten the definition of what qualifies as blighted area under redevelopment
2. Limit the assignment of tax increment to projects that achieve stated objectives; e.g., transit-oriented development, urban infill, low- moderate-income housing, Brownfield cleanup, jobs creation, infrastructure improvement, and economic stimulation
3. Prohibit use of property tax increment for general government operations
4. Limit the life of redevelopment zones, without extension
5. Guarantee continued pass through of property tax revenue to schools
6. Offers stricter oversight of qualifying projects and expenditures.

City staff has communicated these objectives to legislative representatives, and will continue to work for a successor model for the redevelopment process.

➤ **COMMUNITY DEVELOPMENT DEPARTMENT**

- On Tuesday, February 14, the City of Montclair will hold a blood drive challenge in partnership with the American Red Cross and as part of the 6th Annual Battle of the Badges (a blood donation competition between police and fire agencies).

Blood donations from City employees and members of the community will take place in the American Red Cross Blood Mobile, which will be parked at the Montclair Police Department from 10 a.m. to 4 p.m. Donations will be accepted from employees and community members.

Supervisor approval is required to donate blood for employees not using their lunch hours to do so. Please contact Human Services Division Intern Jetske Wauran at 909-625-9457, or jwauran@cityofmontclair.org, to schedule an appointment. The entire donation process takes approximately 40 minutes.

Questions regarding donation eligibility should be directed to Estella Gonzalez at (909) 772-8546.

In addition to helping save lives, those that donate blood will receive a coupon for a free appetizer at Mimi's Café, two tickets to an LA Galaxy game, two vouchers to the LA Grammy Museum, and a Battle of the Badges T-shirt.

- Yesterday, the Senior Center celebrated January birthdays with lunch and cake and ice cream for more than 250 seniors. Junior Intern Jetske Wauran provided the musical entertainment.

Photos are included on Page 5.

- Last Thursday, the Senior Center kicked off the Senior in the Spotlight Program for 2012 with a cooking demonstration. In observance of the Chinese New Year, Mr. Wing Lee, assisted by his son Kelvin Lee, demonstrated the art of making chop suey and fried rice. Mr. Lee, the original owner of Chung King Restaurant in Pomona and Jade Palace Restaurant in Montclair, is a long-time participant in our senior citizen programs.

Over 50 people attended the demonstration, took notes, and even videotaped the presentation. Mr. Lee was happy to recognize over half of the participants as frequent customers of his restaurants. Apparently, they had learned of his scheduled presentation through the Human Services Division's Fall and Winter Brochure.

Everyone enjoyed samples of the delicious food and a fortune cookie. Photos are featured on Page 9.

➤ **POLICE DEPARTMENT**

- Yesterday at a general assembly, the Police Department welcomed its newest Reserve Officer, Chad Ebli. Chad has been a Police Cadet for the past five years, and he will retain that position while working as Reserve Officer.

Chad has a bachelor's degree in Criminal Justice. While in college, Chad completed a six-month internship with the U.S. Marshals Service in Los Angeles. In August 2011, he graduated first in his class from San Bernardino Valley College Police Academy.

A photo of Chad with Police Chief Jones is featured on Page 10.

Congratulations, Chad!

- Effective January 1, 2012, the seatbelt/child restraint law in California was amended to reflect new age and height requirements. California Vehicle Code (CVC) Section 27360 had previously stated a child under 6 years or 60 pounds required a child passenger restraint system. The age has been raised to 8 years, and the weight requirement has been replaced by a height requirement. To view all of the new amendments to CVC Section 27360, right click on the link below:

<http://www.dmv.ca.gov/pubs/vctop/d12/vc27360.htm>

➤ **FIRE DEPARTMENT**

- Yesterday, Council Member Bill Ruh, Fire Chief Troy Ament, and Lily Ramirez, the manager of Aeropostale, a clothing store at Montclair Plaza, judged Montclair High School's first "Mr. Montclair" competition. Nine high school seniors competed in four different rounds, including a question-and-answer session. After deliberation, the judges crowned Sean Tremble as "Mr. Montclair."

Montclair High School will use this competition as a fundraiser to assist with recognizing students who have excelled in academics and sports.

➤ **REDEVELOPMENT/PUBLIC WORKS DEPARTMENT**

- No items to report.

ECS:spa

*"Always keep an open mind and a
compassionate heart"*

~ Phil Jackson

JANUARY 2012

		
31	City Manager's Staff Meeting City Manager's Conference Room	9:00 a.m.

FEBRUARY 2012



01	Community Action Committee Meeting Council Chambers	7:00 p.m.
06	City Council Meeting Council Chambers	7:00 p.m.
13	Planning Commission Meeting Council Chambers	7:00 p.m.
14	City Manager's Staff Meeting City Hall Conference Room	9:00 a.m.
14	6th Annual Battle of the Badges Bloodmobile Montclair Police Department Parking Lot 4870 Arrow Highway	10:00 a.m. - 4:00 p.m.
15	Midyear Budget Review Council Chambers	5:45 p.m.
16	Safety Committee Meeting City Hall Conference Room	9:00 a.m.
16	Public Works Committee Meeting City Hall Conference Room	2:00 p.m.
20	Presidents Day – City Hall Closed	
21	Code Enforcement Committee Meeting City Hall Conference Room	6:00 p.m.
21	City Council Meeting Council Chambers	7:00 p.m.
27	Planning Commission Meeting Council Chambers	7:00 p.m.



Montclair Senior Nutrition Birthday Party

January 25, 2012



Senior in the Spotlight

How to Make Chop Suey & Fried Rice

January 19, 2012



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Chief Keith Jones and Reserve Officer Chad Ebli