

## CITY OF MONTCLAIR

Montclair Civic Center  
5111 Benito Street  
Montclair, CA 91763

July 19, 2012

**TO:** Honorable Mayor and City Council

**FROM:** Edward C. Starr, City Manager

**SUBJECT:** WEEKLY REPORT: July 13-19, 2012

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➤ **CITY MANAGER/ADMINISTRATIVE SERVICES DEPARTMENTS**

- Earlier this week, CalPERS reported a disappointing 1 percent gain on its investment portfolio for Fiscal Year 2011-12—well below the fund's 7.5 percent forecast. The lackluster performance left CalPERS, the nation's largest public pension fund, with \$233 billion in assets—an estimated \$80 billion to \$100 billion short of full funding. During the same period, the state's retirement system for teachers, CalSTRS, experienced a similar under-performing investment report—posting a mere 1.8 percent gain in investments.

CalPERS attributes the loss to a 7 percent decline in the fund's stock holdings. However, CalPERS real estate portfolio is set to enjoy a 15.9 percent increase. In Fiscal Year 2010-11, CalPERS earned just under 21 percent on investments—the fund's best results in more than a decade.

Cities contracting with CalPERS for employee pension benefits must now brace for another round of steep increases—CalPERS has already projected municipal employer rate increases related to a decision made earlier this year by the pension fund's board of directors to lower the actuarial assumption rate from 7.75 percent to 7.5 percent. CalPERS lowered the annual forecast in response to economic conditions, earlier retirements, higher pension costs, and longer life expectancy for annuitants.

- Last week at the SANBAG City/County Technical Advisory Committee, San Bernardino County Chief Executive Officer Greg Devereaux announced a plan that would use eminent domain to buy up mortgages for homes that are underwater. The cities of Ontario and Fontana, where many homes are worth half of what they were five years ago, have already indicated interest.

Under the plan, the County could cut the mortgages to the current value of the homes and resell the mortgages to a private investment firm, which would allow homeowners to lower their monthly payments and hang onto their property.

Although the County has a long way to go before it could put the policy in place, the mere idea has already rankled the banking community, whose leaders say it would set a dangerous precedent of allowing a government entity to act as a lender and would discourage banks from granting loans in the area.

A decade ago, the Inland Empire witnessed a housing boom with new subdivisions opening seemingly every weekend. Now, San Bernardino County, the largest county in the country, has cities with some of the nation's highest foreclosure rates.

The idea to use eminent domain to seize mortgages first came from a group of venture capitalists in San Francisco, Mortgage Resolution Partners, who would collect a fee for each of the restructured loans. The firm is also trying to persuade officials in Nevada and Florida to welcome the idea. San Bernardino County officials were intrigued with the concept, given that roughly half the homes in the area are underwater and the unemployment rate remains at nearly 12 percent. The program comes on the heels of the City of San Bernardino's decision last week to file for bankruptcy.

*The New York Times* reports the plan is also under consideration by officials in Suffolk County, New York, where about 10 percent of the homes are valued at less than their mortgages.

Mortgage Resolution Partners representatives argue the problem in the housing sector is systemic and is driving people from their homes. More than 20,000 homeowners in the county could ultimately be eligible for the program, which would first focus on Fontana and Ontario. The County is just beginning to consider how it could move forward with the proposal, but many in the banking and mortgage industry are voicing skepticism or hostility against the plan.

The Securities Industry and Financial Markets Association contends that if local governments have the ability to abrogate contracts at will and at the expense of the bond holder, investors will be forced to require tremendous premiums for the risk they are incurring, or not invest at all.

Other lenders argue the idea would almost certainly be challenged in court and would have a major impact on the local housing market.

Under the County's proposal, only homeowners who are current on their payments would be eligible for the program, a policy some have criticized because it does little to help the neediest people.

County officials contend the region has a major housing problem that must be addressed or San Bernardino County's economic recovery will take up to two decades to see results. In contrast, the Inland Valley Association of Realtors suggests the housing market is showing signs of a fragile recovery, with fewer homes on the market and bidding wars breaking out among some buyers. Others argue the eminent domain proposal would derail the recovery by discouraging investment dollars.

County officials dismiss claims of a fragile recovery, noting the region continues to experience substantial foreclosures. A decision by the County to move forward on the eminent domain strategy will be announced by December 2012—the County is seeking expanded involvement by other cities.

What remains to be fully defined is the program's funding mechanism. Under the proposal, each mortgage acquired under eminent domain would have to be purchased from mortgage holders by participating agencies at fair market value—presumably the downgraded value of the property. Acquisition of properties and their respective mortgages would presumably fall to Mortgage Resolution Partners, with each participating agency enforcing eminent domain. The acquisition of just 200 mortgages at a fair market value of \$200,000 each would require approximately \$40 million in capital.

To reacquire the home, tenants would have to purchase the property at the new fair market value, plus there would be additional costs related to program recovery. Borrowers would be required to borrow funds from mortgage companies, including some who were forced to tender the home under eminent domain.

The County's proposal for applicability in Montclair will be evaluated by the City's Office of Economic Development.

➤ **COMMUNITY DEVELOPMENT DEPARTMENT**

- At Monday night's City Council meeting, the Community Action Committee recognized the winners of the 17th Annual Home Beautification Awards. Twenty homes were judged during the second week of June. This year's finalists and winner are:

The "**Most Well-Maintained**" award went to Trinh and Hoa Tran for their home at 10197 Canary Court; the Dunn family's home at 11048 Stagecoach Avenue was selected for the "**Home of Distinction**" award; and the Navarro family at 11012 Stallion Avenue received the coveted "**Home of the Year**" award.

Finalists received a framed certificate and a Target gift card. All three winners will receive a sign for their front yard announcing their victories.

The winners are featured in a photo on Page 8.

- On Tuesday the Senior Center held an informational workshop regarding property assessments and property tax law in California, conducted by Dan Harp from the San Bernardino County Recorder and Assessor's Office. Mr. Harp also discussed the Homeowners Exemption Program.

Over 35 seniors attended the presentation. A photo collage is included on Page 9.

- Tuesday night was the second in a series of four summer concerts at Alma Hofman Park. Approximately 100 people came out to enjoy high energy, instrumental songs by the *Average Jazz Band*. Thanks go to the ever dependable Montclair Kiwanis for having refreshments on hand for purchase.

Concerts begin at 7 p.m. The schedule for the next two weeks is as follows:

|         |   |                             |
|---------|---|-----------------------------|
| July 24 | — | Ron Johnson Band (big band) |
| July 31 | — | The Ravelers (classic rock) |

On concert nights, the Splash Pad will remain open until 8 p.m.

A photo of the *Average Jazz Band* is featured on Page 10.

- Yesterday, hair stylists and manicurists from Marinello School of Beauty gave a presentation at the Senior Center on the importance of nail and hair care. Seniors were given various hair tips for aging adults and the opportunity to have their locks styled. They all received a soothing manicure, sipped lemonade, and nibbled on cookies. It was amazing to see how much the seniors enjoyed being pampered. By the end of the presentation, everyone was ready to go out on the town!

A photo collage is included on Page 11.

➤ **POLICE DEPARTMENT**

- A few weeks ago, the Police Department began testing tactical flashlights for permanent attachment to the AR-15 patrol rifles. It was determined that lighting attached to these rifles was essential; however, the extreme cost had always been prohibitive.

Several members of the Department provided input as to the best possible configuration while balancing cost concerns. After reviewing input from the Officers, a final decision was made to outfit six rifles with the Streamlight TLR-1 rail-mounted tactical flashlights. The purchase of these flashlights was made possible through 2011 Justice Assistance Grant funds.

A sincere "thank you" goes to everyone who provided input and assisted in the configuration of the equipment.

➤ **FIRE DEPARTMENT**

- On July 10-12, Police Officer Andy Graziano instructed a class for Fire crews on clandestine meth labs. His PowerPoint presentation and displayed props highlighted the need for situational awareness and safety when responding to all types of calls for service. This information was most beneficial to our newest Firefighters who have not been exposed to this type of training.

Fire personnel would like to thank Officer Graziano for sharing his knowledge and experience as a narcotics officer.

- At Monday evening's City Council meeting, Roger Mora was recognized for his July 2 promotion to Fire Captain. It is hard to believe just nine years ago Roger was a part-time Fire Technician. After graduating from paramedic school, he was offered a provisional Firefighter/Paramedic position with the City in 2004 and was given a full-time position in 2005. Four years later, Roger was promoted to Fire Engineer.

In addition, Roger is a member of the Department's Urban Search and Rescue Team, West End Hazardous Materials Team, and he serves as a paramedic preceptor.

Congratulations, Roger, on your promotion to Fire Captain!

A photo of Roger is featured on Page 12.

➤ **PUBLIC WORKS/SUCCESSOR REDEVELOPMENT AGENCY**

- No new information to report.

ECS:spa

*"If you fail to prepare, you're prepared to fail."*

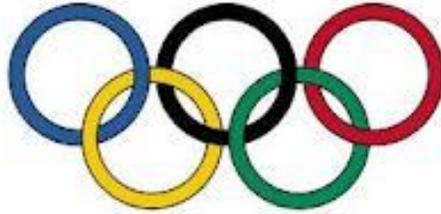
*~ Mark Spitz*

## **JULY 2012**



|    |  |           |
|----|--|-----------|
| 23 | Planning Commission Meeting<br>Council Chambers                        | 7:00 p.m. |
| 24 | Concert in the Park featuring the Ron Johnson Band<br>Alma Hofman Park | 7:00 p.m. |
| 31 | City Manager's Staff Meeting<br>City Hall Conference Room              | 9:00 a.m. |
| 31 | Concert in the Park featuring The Ravelers<br>Alma Hofman Park         | 7:00 p.m. |

# **AUGUST 2012**



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|----|---|-----------|
| 6  | City Council Meeting<br>Council Chambers                        | 7:00 p.m. |
| 13 | Planning Commission Meeting<br>Council Chambers                 | 7:00 p.m. |
| 14 | City Manager's Staff Meeting<br>City Hall Conference Room       | 9:00 a.m. |
| 16 | Safety Committee Meeting<br>City Hall Conference Room           | 9:00 a.m. |
| 16 | Public Works Committee Meeting<br>City Hall Conference Room     | 2:00 p.m. |
| 20 | Code Enforcement Committee Meeting<br>City Hall Conference Room | 6:00 p.m. |
| 20 | City Council Meeting<br>Council Chambers                        | 7:00 p.m. |
| 27 | Planning Commission Meeting<br>Council Chambers                 | 7:00 p.m. |

# **WINNERS OF THE HOME BEAUTIFICATION AWARDS**



Pictured are CAC Chairperson Pat Wooton, Mr. Tran and son, CAC Member Mary Fondario, Ms. Dunn, Mr. Navarro, CAC Members Maureen Havlena and Peggy Banas

# Senior Center Presentation San Bernardino County Assessor-Recorders

**Montclair Senior Center**

**Dan Harp**  
Assistant Assessor-Recorder  
San Bernardino County Assessor-Recorder-  
County Clerk

July 17, 2012



## ***CONCERT IN THE PARK***



The Average Jazz Band

# Senior Center Presentation Nail and Hair Care





Fire Division Chief Steve Jackson (left) congratulating Roger Mora (right) on his promotion to Fire Captain