

## CITY OF MONTCLAIR

Montclair Civic Center  
5111 Benito Street  
Montclair, CA 91763

September 20, 2012

**TO:** Honorable Mayor and City Council

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

**SUBJECT:** CITY MANAGER'S WEEKLY REPORT: September 14-20, 2012

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➤ **CITY MANAGER/ADMINISTRATIVE SERVICES DEPARTMENTS**

- After years of controversy, the world's largest online retailer, Amazon.com, began collecting state and local sales taxes on California purchases at 12:01 a.m. last Saturday. Other online retailers with a presence in California were required to follow suit. Depending on residency, sales taxes in the state range from 7.25 percent to 9.75 percent. The Legislative Analyst's Office estimated AB153 could produce close to \$500 million annually in new revenue.

In 2011, Governor Brown signed AB 153, requiring out-of-state online sellers with affiliates in California to collect sales tax on purchases made by state residents. The affiliate provision was included to ensure only sellers with a California nexus are taxed, as required by the federal Internet Tax Freedom Act (ITFA). Under ITFA, any company selling over the Internet is subject to the same sales tax collection requirements as brick and mortar retailers. Remote sellers (including Internet retailers and catalog companies) are generally required to collect taxes where they have a physical selling presence in a state—lacking such presence, they are not required to collect sales taxes. ITFA was primarily intended to prevent state and local governments from imposing new or discriminatory taxes on internet transactions—it does not preclude state and local governments from imposing existing sales tax collection requirements on companies selling over the internet. Congress renewed ITFA through November 1, 2014.

In response to AB 153, Amazon threatened to terminate an estimated 10,000 affiliates located in California if the bill became law. Governor Brown ultimately signed AB 153, and in July 2011, Amazon made good on its promise to terminate its California affiliates.

In response to resistance from Amazon, other online retailers, and anti-tax groups, Governor Brown agreed to a delay of one year before requiring online retailers to begin collecting taxes on sales to California addresses. In return for the delay, Amazon agreed to create 10,000 full-time jobs, 25,000 seasonal jobs, invest \$500 million in various facilities in California over the next few years, and begin remitting sales taxes on orders shipped to California. Amazon also agreed to reinstate its California affiliates.

New state and local government sales tax revenues generated by Amazon alone are expected to climb by \$100 million during the first year of collection, with the total for all Internet sellers reaching \$325 million statewide for the 9.5 months remaining in Fiscal Year 2012-13. Amazon purchases in California account for about half of all online purchases statewide. Amazon's buying power and high volume sales, even without the no-sales-tax advantage, will continue to make the company's prices competitive.

Next quarter's financial reports are likely to reveal whether the change in California law has any effect on Amazon's sales. The Seattle-based company reported sales of \$12.83 billion for the three months that ended June 30, 2012 (up 29 percent from the same quarter in 2011). Brick-and-mortar retailers hope the change will place them on a more competitive level, with consumers holding off from making online purchases if the price is not significantly different than what a product costs at a local store. Passage of the California law could mean the difference between survival and bankruptcy for many smaller store owners who faced unfair competition from Amazon and other online sellers.

Now that Amazon has agreed to collect sales taxes in California, the challenge is to persuade Congress to pass a federal law that would set standards for collecting similar levies in every state that has a sales tax. To equalize the playing field among online retailers, Amazon is now supportive of a federal law mandating collection of sales taxes by online retailers.

- State Controller John Chiang is reporting total revenue in August for the state of California came in at \$434 million (7 percent) above initial projections. The increase is due, in large part, to an uptick in personal income taxes—up 6.5 percent above projections made in the 2012-2013 State Budget. Sales taxes were up 8.1 percent above Budget estimates; however, August 2012 sales tax revenues are down by \$378.1 million (-11.6 percent) when compared to August 2011. Furthermore, corporate

taxes fell far below expectations, coming in at \$102.2 million (-71.5 percent) below projections.

When it comes to overall revenues for August, the uptick in personal income taxes helped total state revenue come in at \$434 million above projections, for a total increase of 7 percent. Positive numbers for August offset the previous month's losses, bringing the state's total revenues for Fiscal Year 2012-13 in line with initial projections.

Also, the Department of Motor Vehicles is reporting automobile registrations from July to April totaled \$1.1 million—compared with \$982,000 for the same period a year earlier—an indication that auto sales are improving.

Based on current revenue receipts and projections, the state must still cope with an estimated revenue deficit of \$21.4 billion, which is being covered with \$11.4 billion of internal borrowing and \$10 billion of external borrowing.

➤ **COMMUNITY DEVELOPMENT DEPARTMENT**

- Save the date on your calendar for two important events: the Human Services Health Fair on Tuesday, October 16 from 9 a.m. to noon and the Community Action Community Candidates' Forum on Wednesday, October 17 at 7 p.m.

The Health Fair will offer flu shots and health screenings, and representatives from various health and community agencies will be on hand to answer questions. It will be held at the Community Center.

The Candidates' Forum will be held in the Council Chambers on Wednesday, October 17 at 7 p.m. Four candidates vying for two open City Council seats have been invited to attend. Community members will have the opportunity to direct written questions to the candidates regarding civic-related duties.

- Yesterday, the Montclair Senior Center held its monthly birthday party, themed "Montclair Senior Center Fair," at the Community Center. Two hundred and seventy five seniors enjoyed live music, carnival foods, collection displays, lunch, and cake.

A photo collage of the party is included on Page 7.

- There is still time to see the L.A. County Fair at Fairplex in Pomona! The Fair, which ends on Sunday, September 30, is closed on Mondays and Tuesdays. Live thoroughbred horseracing ends on September 23.

City employees and the community can still purchase discounted Fair tickets from the Recreation facility and the Senior Center. Tickets are good any day the Fair is open. Adult tickets are \$10 and child tickets (6-12 years old) are \$6. Children 5 and under are free. Tickets must be purchased with cash only.

Montclair Day at the Fair is next Wednesday, Sept. 26. The day's activities will include a parade featuring Montclair groups and a special ceremony for Montclair's Community Heroes—Ron Foss and Hollis Judkins. Coupons for \$5 admission to the Fair on Montclair Day are available at the Senior Center, Recreation facility, and City Hall. These tickets must be purchased in advance online. "Senior Wednesday" coupons, good for free admission for seniors 60 and older on Montclair Day, are also available at the Recreation facility and the Senior Center.

The Montclair Golden Express will provide free transportation for those 18 and older on Montclair Day only, beginning at 11 a.m. To make reservations, call Program Aide Martha Medina at (909) 625-9456. For more information on discounted tickets and Montclair Day at the Fair call the Recreation Facility at (909) 625-9479.

- Audition applications are due Tuesday, September 25 for the 2012 Montclair Youth Talent Showcase. Students in grades K-12 who live or attend school in Montclair are invited to perfect their talents of singing, dancing, playing musical instruments, or acting before entering the contest. Entry forms are available at the Recreation facility and the Youth Center. Mandatory auditions will be held Tuesday, September 25 from 5 p.m. to 7 p.m., and selected acts will perform in the 2012 Youth Talent Showcase on Friday, October 5 at 6 p.m.

For more information call (909) 625-9482.

## ***POLICE DEPARTMENT***

- Last week, Police Chief Keith Jones and Police Officer Ron Goble attended a Town Center Estates meeting, at the request of the board of directors, to address residents' concerns. Approximately 25 residents spoke to Chief Jones and Officer Goble about protecting their community from illegal activities. Chief Jones reported statistical information to members, such as crimes reported and calls for service in the Town Center Estates area.

➤ **FIRE DEPARTMENT**

- The City of Montclair partnered with the West End cities of Chino, Chino Hills, Fontana, Ontario, and Rancho Cucamonga to host an emergency preparedness table at the Inland Empire Disability Resources Expo held at the Ontario Convention Center on September 15. The free Expo showcased services and products that enhance independent living for people with all types of disabilities: physical, cognitive, mental, and sensory. An estimated 1,000 community members attended the Expo.

The emergency preparedness display drew approximately 300 visitors. It included information on how to build an emergency supply kit, develop a family emergency plan, practice earthquake safety, and evacuate from a dangerous area.

- At Monday's City Council meeting, Hai Nguyen was introduced as the City's newest Firefighter/Paramedic. Photos of Hai are included on Pages 8-9.

Hai is a 2009 graduate of Cal State Los Angeles where he obtained a BA in Fire Protection Administration. During his last quarter at Cal State Los Angeles, Hai also attended Rio Hondo College to obtain his Emergency Medical Technician and Basic Firefighter I Academy certification. In addition, Hai completed paramedic course work at National College of Technical Instruction, Riverside.

Welcome, Hai, to the City of Montclair!

➤ **PUBLIC WORKS/SUCCESSOR REDEVELOPMENT AGENCY**

- During a routine inspection of City parks on Monday, Building Maintenance Technician John Conley discovered wire dangling from a box at the west side of Kingsley Park's ball field snack bar. Further investigation revealed the alarm wires to the snack bar had been severed, irrigation wires were cut, and a \$1,500 sprinkler time clock belonging to the Ontario-Montclair School District (OMSD) was stolen. City staff notified OMSD of the missing time clock and made repairs to the dangling electrical wires. Damages are estimated at upwards of \$2,000.

The next day, Facilities and Grounds Superintendent Mike McGehee was informed by OMSD that three ball field light poles had been vandalized. Very little wire was stolen, but damages to the poles and electrical system were extensive. The initial estimate for repairs is approximately \$15,000. Hoping to get a more accurate cost estimate to repair the new damages, staff is working with the same company that made repairs to this field back in 2007, when copper wire and electrical service equipment was stolen.

- Over the past seven years, City Yard employees have provided the Human Services Division with a flatbed truck for seniors to ride in during the Montclair Day at the Fair parade.

Lead Mechanic Rick Thompson and Equipment Mechanic Mike Lawrence have made modifications to the flatbed over the years to make getting in and out easier. Recently they replaced all the wood flooring and installed a handrail system for safety.

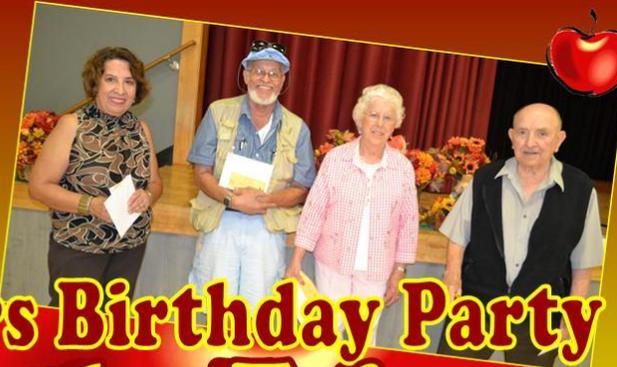
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*"If you scatter thorns, don't go barefoot."  
~ Italian Proverb*

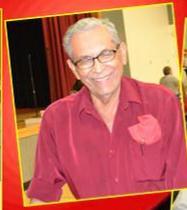
## SEPTEMBER 2012



20	Public Safety Committee Meeting City Hall Conference Room	2:00 p.m.
20	Metro Gold Line Foothill Extension Public Meeting Montclair Senior Center	5:30 p.m.
22	MCEA Picnic Alma Hofman Park	11:00 a.m.
24	Metro Gold Line Foothill Extension Public Meeting The Meeting House at Hillcrest 2705 Mountain View Drive, La Verne	5:30 p.m.
24	Planning Commission Meeting Council Chambers	7:00 p.m.
25	City Manager's Staff Meeting City Hall Conference Room	9:00 a.m.
26	Montclair Day at the Fair	



# Montclair Seniors Birthday Party Day at the Fair



September 19, 2012





From left: Captain Roger Mora, Engineer Mike Van Fossen, Division Chief Steve Jackson, Engineer/Paramedic Ed Cook, new hire Hai Nguyen, Engineer Steve Ward, Firefighter/Paramedic Carlos Becerril, and Firefighter James Colby.