



CITY OF MONTCLAIR

Montclair Civic Center
5111 Benito Street
Montclair, CA 91763

February 7, 2013

TO: Honorable Mayor and City Council

FROM: Edward C. Starr, City Manager

SUBJECT: CITY MANAGER'S WEEKLY REPORT: February 1-7, 2013

➤ **CITY MANAGER/ADMINISTRATIVE SERVICES DEPARTMENTS**

- In July 2012, I reported that San Bernardino County Chief Executive Officer Greg Devereaux announced a plan that would utilize eminent domain to assist homeowners by purchasing upside-down mortgages. Mortgages seized by the County would be reduced to their current value and resold to a private investment firm. Homeowners would benefit by retaining their homes and making lower monthly mortgage payments.

Historically, eminent domain is a government process used to seize land to serve the public good. Utilizing eminent domain to seize mortgage loans is an untried effort that is apparently gaining little support nationwide. In San Bernardino County, only the cities of Ontario and Fontana, where many homes are worth half of what they were five years ago, demonstrated interest in the plan.

Montclair officials refrained from commitment for a number of reasons:

1. The plan lacked sufficient detail to engender widespread interest and support
2. The plan lacked a defined funding mechanism to support the acquisition of an estimated 200,000 mortgages, countywide
3. The plan promoted an untested use of eminent domain—the use of which is generally reserved for extraordinary circumstances defined as benefitting the public good. Purchasing homes scattered randomly throughout San Bernardino County, and selling the homes back to

tenants, potentially lacks coherency in a defense of using eminent domain for the public good and may be viewed as an improper use of the public purse

4. An executed eminent domain process, as defined by the plan, would be ripe for litigation, representing a substantial economic liability for participating communities
5. The plan lacked little positive support in the financial community.

Initially, the plan found fertile ground in the Inland Empire—a region that witnessed a tremendous housing boom over the past two decades. When the housing market collapsed, the value of homes in San Bernardino County decreased dramatically, producing some of the nation’s highest foreclosure rates. The County also suffers one of the nation’s highest unemployment rates—11 percent as of January 20, 2013.

From the beginning, however, the plan was widely rejected by the banking community, whose leaders argued it would set a dangerous precedent of allowing a government entity to act as a lender—the lending community feared it would discourage banks from granting loans in the area. Due to the lack of substantive support from both cities and the lending market, the proposal lost traction and has now been unanimously vetoed by members of a San Bernardino County Joint Powers Authority created to explore the idea.

The use of eminent domain to seize mortgages first came from a group of venture capitalists in San Francisco, Mortgage Resolution Partners (MRP), who would collect a fee for each of the restructured loans. MRP is seeking to persuade local governments throughout the nation to adopt the eminent domain proposal.

MRP argues the problem in the housing sector is systemic and is driving people from their homes. It was estimated that more than 20,000 homeowners in San Bernardino County would have been eligible for the program. Under the County program, only homeowners current on payments would have been eligible—a policy requirement that generated criticism because it did not assist the neediest homeowners.

The *Securities Industry and Financial Markets Association* countered that if local governments have the ability to abrogate contracts at will and at the expense of the bond holder, investors would be forced to require tremendous premiums for the risk they are incurring, or not invest at all. Other lenders argued the idea would almost certainly be challenged in court and would have a major impact on the local housing market.

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. On counterpoint, the *Inland Valleys Association of Realtors* argues the housing market is already showing signs

of a fragile recovery, with housing starts up, fewer homes on the market, and bidding wars breaking out among some buyers. Realtors and lenders also argue eminent domain seizing of loans would derail the recovery by discouraging investment dollars.

➤ **COMMUNITY DEVELOPMENT DEPARTMENT**

- Now through April 9, on Tuesdays from noon to 4 p.m., the Senior Center will be offering free income tax assistance for low-income community members. This program offers assistance with basic state and federal tax forms and renter's credit. To schedule an appointment, call the Senior Center at (909) 625-9483.

➤ **POLICE DEPARTMENT**

- Recently, Lieutenant Jason Reed and School Resource Officer David Taylor attended a meeting with Chaffey Joint Union High School District (CJUHSD) officials to discuss active shooter response and the preparedness of district high schools. Also in attendance were command staff members from the Rancho Cucamonga Sheriff's Station and Ontario Police Department. CJUHSD officials included the superintendent and deputy superintendent.

School officials presented command staff members with emergency response and lockdown procedure policies for the various high schools. They requested a review of the policies by, and feedback from, each of the law enforcement agencies for presentation at the CHJUHSD board meeting on Tuesday, February 5. Chief Keith Jones and Lieutenant Jason Reed attended the board meeting, at which time the deputy superintendent spoke about the input received from Montclair, Ontario, and Rancho Cucamonga law enforcement agencies regarding preparation and procedures during lockdown and active shooter events.

The board heard comments made by command staff from Ontario and Rancho Cucamonga, and Chief Jones. Chief Jones reassured the board of the Montclair Police Department's rapport with Montclair High School and our ability and preparedness to effectively handle an active shooter event, such as Columbine and the recent Sandy Hook incident. The board applauded our Department's efforts to maintain a positive working relationship with school staff and students alike, and looks forward to further input and possible training activities in the future.

The CJUHSD board meeting echoed a PTA meeting held at Our Lady of Lourdes School on January 16. During that meeting, Lieutenant Reed fielded several questions from concerned parents and staff regarding preparation for an armed intruder incident. Lieutenant Reed provided school officials with information CJUHSD uses so they may prepare and drill for an armed intruder incident and lockdown procedures.

This month, the Police Department will be sending several Officers to Active Shooter Instructor School in Riverside. Our Officers will learn the latest tactics and considerations for further training which will be provided to all Officers. In the next 90 days, we anticipate the Police Department will present three active shooter training sessions, which will include Montclair Fire Department participation. One of the training sessions could include activation of the EOC.

- West End law enforcement agencies' Officers of the Year were recognized on January 31, 2013, by Ontario Elks Lodge at its annual Law Enforcement Appreciation Night. Officer Dave Taylor, Montclair's Officer of the Year, was among the honored officers. Chief Keith Jones, Captain Mike deMoet, and Lieutenant Jason Reed also attended the event.

➤ ***FIRE DEPARTMENT***

- Yesterday, Station 2 Firefighters presented a "Match Safety" public education demonstration for four classes of 1st grade students at Montera Elementary School.

Photos are featured on Page 6.

➤ ***PUBLIC WORKS/SUCCESSOR REDEVELOPMENT AGENCY/MONTCLAIR HOUSING CORPORATION***

- On January 3, Gentry Brothers, Inc. was issued a notice to proceed with construction of the Northwest Montclair Street Rehabilitation Project. The project limits are from San Bernardino Street on the south, Mills Avenue on the west, Arrow Highway on the north, and the San Antonio channel on the east.

Work includes removal and replacement of uplifted curb, gutter, and sidewalk; new ADA compliant pedestrian ramps; pavement grinding; pavement resurfacing; and freshly painted traffic legends.

The contractor is completing punch list items and is expected to be finished by the end of this week. Funding for this project comes through Proposition 1B funds.

Photos are featured on Page 7.

ECS:spa

"Life is full of surprises and serendipity. Being open to unexpected turns in the road is an important part of success. If you try to plan every step, you may miss those wonderful twists and turns. Just find your adventure—to it well, enjoy it—and then, not now, think about what comes next."

~ Condoleeza Rice

FEBRUARY 2013

		
11	Planning Commission Meeting - Canceled	
12	City Manager's Staff Meeting City Hall Conference Room	9:00 a.m.
12	Midyear Budget Review Council Chambers	6:00 p.m.
13	Oversight Board Meeting Council Chambers	6:00 p.m.
16	Bus Tour of Fire Stations in Fontana and Highland— Bus departs City Hall at 9 a.m. and returns by 3 p.m.	9:00 a.m. - 3 p.m.
18	Presidents' Day – City Hall Closed	
19	Code Enforcement Committee Meeting Council Chambers	6:00 p.m.
19	City Council Meeting Council Chambers	7:00 p.m.
21	Safety Committee Meeting City Hall Conference Room	9:00 a.m.
21	Public Works Committee Meeting City Hall Conference Room	2:00 p.m.
21	City Council Workshop Council Chambers	6:30 p.m.
25	Planning Commission Meeting Council Chambers	7:00 p.m.
26	City Manager's Staff Meeting City Hall Conference Room	9:00 a.m.

"Match Safety"
Public Education Demonstration
Montera Elementary School



February 6, 2013



NORTHWEST MONTCLAIR STREET REHABILITATION PROJECT

