



## CITY OF MONTCLAIR

Montclair Civic Center  
5111 Benito Street  
Montclair, CA 91763

August 22, 2013

**TO:** Honorable Mayor and City Council

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

**SUBJECT:** CITY MANAGER'S WEEKLY REPORT: August 16-22, 2013

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➤ **CITY MANAGER/ADMINISTRATIVE SERVICES DEPARTMENTS**

- Unlike other economic downturns over the past several decades, the Great Recession proved disastrous for state and local governments throughout the nation, producing declines in sales and use tax revenues that are expected to remain low through the remainder of this decade. However, a new report released by the Legislative Analyst's Office (LAO) now suggests that California's sales tax revenues have been on a steady decline for nearly three decades.

Historically, consumers have spent about the same share of their income each year on taxable items, meaning sales taxes generally kept pace with growth in the economy. However, that picture began to change starting in the 1980s. Thirty years ago, 53 cents of every dollar Californians spent generated sales tax revenue for the state and local governments; by 2012, that number declined to only 33 cents. Consumers began spending a growing share of their income each year on nontaxable items, especially services. Although total consumer spending kept pace with the state's economy, the shift in spending caused growth in taxable sales to generally lag behind growth in California's economy. Correspondingly, total sales tax revenues for the state and local governments have grown only marginally, despite periodic increases in the tax rate.

With healthcare and housing making up a greater portion of Californian's expenses, residents are spending relatively less on taxable items like clothing and electronics, according to the LAO report. Californians are, however, spending more on services, which are not subject to the sales tax.

To offset this progressive decline in sales tax dollars, California's state government has become increasingly reliant on income taxes, particularly those paid by wealthy residents. The result has been an unstable tax system that can yo-yo along with the stock market. In contrast, local governments derive no income from personal and corporate income taxes and must rely on sales and property taxes as base revenue.

For the state Treasury, corporate and personal income taxes represent the largest source of revenue, followed by sales taxes. To boost the state's tax revenues, voters gave California lawmakers a gift in November 2012 by passing Proposition 30. Among other changes, the measure increased personal income taxes on annual earning over \$250,000 and increased the state sales and use tax rate by .25 percent for four years. The combined actions are projected to increase state revenues by more than \$6 billion annually.

The LAO report acknowledges sales tax revenue flowing to the state Treasury is 1.4 percent higher than the most recent estimates from Governor Brown's administration, generating an extra \$300 million for the state. Nonetheless, sales tax revenue as a percentage of state revenue has declined when compared to the overall economy. Absent further increases in the sales tax rate or expansion of its base, the report suggests sales tax revenues for the state and local governments will grow slower than the economy for at least the near future—continuing a trend that started 30 years ago.

For cities and counties that do not have access to income taxes and lack authority to raise sales and use taxes, the evolving and recession-driven declines in consumer spending on taxable goods, coupled with steep drops in property values and the loss of community redevelopment agencies, has created a fiscal paradigm that makes it unlikely local governments will rebound to any great degree unless the state Legislature addresses sales tax reform.

Advocates of sales tax reform argue the Legislature should reduce the overall sales tax rate, and re-structure the sales tax system to make it applicable to both goods and services. California also exempts a wide variety of goods from the sales tax formula. Advocates argue restructuring the sales tax system would create a stable revenue base for the state and local governments, eliminate the extreme revenue fluctuations common to California, and enhance revenue potential.

- Last week, Fitch Ratings upgraded California's general obligation bond rating from A-minus to A, citing restrained spending in recent budget cycles and a reduction in budgetary debt. Fitch's action follows a similar upgrade by Standard & Poor's earlier this year.

The improved rating is based on institutionalized changes to fiscal management in recent years, combined with the ongoing economic and revenue recovery. Notable progress includes timely, more structurally sound budgets, spending restraint, and sizable reductions in budgetary debt.

However, the agency noted California remains vulnerable to swings in personal income tax revenue and a lack of reserves. A Fitch spokesperson cautioned the state is a long way from a full recovery. Budgetary borrowing in the form of deferrals, internal loans, and deficit bonds will remain a drag on current resources for several years, even under optimistic scenarios.

The improved bond rating allows California to borrow at a lower interest rate.

➤ **COMMUNITY DEVELOPMENT DEPARTMENT**

- During a meeting with staff last week, the development team from The Paseos indicated they anticipate opening the project's clubhouse and leasing office in October, and the first residential building and public park should be completed by the second week in December.
- In January 2013, Norstar Plumbing established a staging yard on vacant property across Central Avenue from Costco, in conjunction with contract work the company was performing for Monte Vista Water District to replace water mains in the residential neighborhoods between the I-10 Freeway and San Bernardino Street. A staff condition allowing Norstar to use the property required the company to coordinate with the property owner to demolish the two derelict buildings on the site. Demolition was completed in March.

Last week, with its contract work completed, Norstar vacated the site. During the time the staging yard was in operation, the property was listed for sale with a commercial real estate broker. Planning staff has fielded several inquiries about development of the site, the latest resulting in a meeting scheduled next week to discuss a potential site layout.

- Construction has begun on a single-story, 8,500 square-foot medical facility in the 9100 block of Monte Vista Avenue. The building will be occupied by DaVita HealthCare Partners, Inc., which will operate a dialysis center. The company operates over 2,000 outpatient centers serving nearly 160,000 dialysis patients. DaVita currently operates a dialysis center at 5050 Palo Verde Street.

- Construction is also well underway on an 18-unit residential project for the developmentally disabled at 4115 Kingsley Street. The project, originally approved in May 2011, is being constructed by National Community Renaissance of California (National CORE), which has developed three other affordable residential projects in Montclair since 2005.

Commencement of the latest project was delayed for a year and a half by the dissolution of the City's Redevelopment Agency, which intended to be a financial participant in the development as it had been for the previous three projects. However, National CORE was successful in obtaining alternative funding to move forward with construction.

➤ ***FIRE DEPARTMENT***

- Ed Cook and Sergio Mejia were promoted to Fire Captain on August 12 after successfully completing the testing process. They were introduced to the Mayor and City Council at their Monday, August 19 meeting.

The promotions of Ed and Sergio were also announced at the Police Department's general assembly on Tuesday. Acting Division Chief Steve Jackson read their bios and presented them with their Captain's badges.

Congratulations to Ed and Sergio! Photos are featured on Page 11.

➤ ***HUMAN SERVICES DEPARTMENT***

- The L.A. County Fair opens on Friday, August 30 at Fairplex in Pomona and runs through Sunday, September 29. The Fair is open on Monday, September 2 for Labor Day, but is closed subsequent Mondays and Tuesdays. Live thoroughbred horse racing will be held September 6-22, but will be dark Mondays and Tuesdays.

City employees and the community may again purchase discount Fair tickets at 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 Wednesday, September 4. The day's activities will include a parade featuring Montclair groups and a special ceremony for Montclair's Community Heroes, Vicki Brobeck and Walter Askier. 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 online before September 4.

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 the Senior Center at (909) 625-9483. For more information on discount tickets, call Recreation staff at (909) 625-9479.

➤ **POLICE DEPARTMENT**

- As part of the Police Department's transition toward Community Oriented Policing, and to better focus on resources, command staff, as well as members of the Information Technology Division, attended a mapping and crime analysis software presentation. Esri, a Geographic Information Systems provider, presented a new online product the Department could use to analyze crime hotspots, search for people on supervised release, and disseminate special event and disaster/emergency information to the public.

A version of the software is already in use by the City, and GIS Specialist Steve Dague was on hand to provide input based on his experience with the software. When used in this manner, the software would provide a means to quickly disseminate recent crime information to Officers who would be able to focus their patrol in appropriate areas.

- Mayor Paul Eaton and I attended the Police Department's General Assembly on Tuesday morning to join in the formal announcement of two promotions within its ranks, a new Police Officer appointment, and two promotions within the Fire Department. The room where briefings are held was filled to capacity with family members, friends, and coworkers.

Executive Director/Office of Public Safety Mike deMoet read the biographies of Sergeants Jim Michael and Michael Zerr and Police Officer Nicholas Lopez, and I administered their oaths of duty.

Afterwards, everyone gathered in the Atrium for morning refreshments.



City Manager Starr swearing-in to duty, from left, Police Officer Nicholas Lopez, Sgt. Jim Michel, and Sgt. Michael Zerr



Mayor Paul Eaton pictured with Officer Lopez and Sgt. Michel



From left are: Lt. Jason Reed, Capt. Robert Avels, Sgt. Jim Michel, Chief Mike deMoet, Sgt. Michael Zerr, Lt. Brian Ventura, and Lt. Brandon Kumanski

➤ **PUBLIC WORKS DEPARTMENT**

- Over the past year, City Yard staff have been repairing, certifying, and servicing all Fire emergency apparatus at the request of the City Manager's office to assist in reducing City expenses. Apparatus includes two medic engine pumpers, one OES fire pumper, and one aerial pumper.

The City recently recognized the talents of Equipment Mechanic Michael Lawrence by reclassifying his position to Lead/Fire Equipment Mechanic. Mike's extensive background includes:

- ✓ Heavy equipment and diesel repair
- ✓ Certifications from the California Fire Service Training and Education System in which the State Board of Fire Services recognizes him as a Fire Mechanic I
- ✓ An additional certification in Fire Mechanic 2B, Allison Transmissions, and Fire Mechanic Electrical Troubleshooting.

The Fire Department performs weekly "over and under" inspections on all Fire apparatus, alternating with a "light and heavy" inspection. Over this past week and next week, Mike will train the Fire Department's A, B, and C shifts on the basics regarding air brakes, pumps, drive trains, suspension, fluids, and all other preventative maintenance tips. This training will help Fire Engineers and others recognize possible problems with equipment.

The City Yard looks forward to its continued working relationship with the Fire Department.



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

- There is no new information to report this week.

ECS:spa

*"No one ever drowned in sweat."  
~ United States Marine Corps*

## **AUGUST 2013**

		
26	Planning Commission Meeting - <b>Canceled</b>	
27	City Manager's Staff Meeting City Hall Conference Room	9:00 a.m.

# SEPTEMBER 2013

		
2	Labor Day – City Hall Closed	
3	City Council Workshop Council Chambers	5:45 p.m.
3	City Council Meeting Council Chambers	7:00 p.m.
4	Montclair Day at the Fair	
9	Planning Commission Meeting Council Chambers	7:00 p.m.
10	City Manager's Staff Meeting City Hall Conference Room	9:00 a.m.
11	Oversight Board Meeting Council Chambers	6:00 p.m.
16	Code Enforcement Committee Meeting City Hall Conference Room	6:00 p.m.
16	City Council Meeting Council Chambers	7:00 p.m.
19	Safety Committee Meeting City Hall Conference Room	9:00 a.m.
19	Public Safety Committee Meeting City Hall Conference Room	2:00 p.m.
23	Planning Commission Meeting - <b>Canceled</b>	

# MONTCLAIR FIRE DEPARTMENT HAS TWO NEW CAPTAINS



**Captain Ed Cook**



**Captain Sergio Mejia**