



May 15, 2014

**TO:** Honorable Mayor and City Council

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

**SUBJECT:** WEEKLY REPORT: May 9-15, 2014

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➤ **CITY MANAGER/ADMINISTRATIVE SERVICES DEPARTMENTS**

- Mayor Eaton is declaring "Casual Summer" effective Monday, May, 19, 2014, through Friday, October 3, 2014, for administrative office personnel. During "Casual Summer," employees not required to wear work uniforms may don casual business attire during normal work hours. Employees should exercise proper judgment by wearing business appropriate attire for meetings and other functions, as mandated or suggested by the occasion.

**Casual Business Attire Policy:** Casual business attire is exactly what the name suggests: relaxed dress wear that is tasteful and appropriate for the office environment. Except as may be required by work-related requirements and responsibilities, inappropriate clothing includes but is not limited to beach/athletic-wear; denim wear (except that tasteful denim wear will be allowed on Wednesday through Friday of each week during "Casual Summer"); athletic/flip-flop style shoes; string-strap, strapless, or sleeveless tops; untucked shirt tails, except when the shirt bottom is squared off or is otherwise designed to be worn untucked; tops, blouses, shirts, sweaters, jackets, coats, headwear, other visible clothing items or ornamentation that display any unapproved and/or inappropriate or prohibited statements and/or advertisements of products and/or other organizations or business entities; excessively short dresses/skirts; shorts for men and/or women; women's leggings; excessively baggy clothing of any type or style; inappropriate headwear and/or ornamentation, and clothing of any style or type suggestive of a counter-culture lifestyle. Body tattoos, brandings, and/or other permanently or temporarily applied body markings that do not have a medical or restorative purpose shall be masked or covered by clothing during work hours.

Supervisors may suspend the casual attire privilege for any employee in violation of, or exercising inappropriate judgment related to the Casual Business Attire Policy. Consistent violations of the Casual Business Attire Policy may result in termination of the program on either a department- or organization-wide basis.

Individual departments may determine the appropriateness of continuing a business attire only policy during the "Casual Summer" period.

Department heads may also allow for a limited number of City-sponsored event days, or other significant event-related days for preapproved "relaxed wear" (e.g., logo T-shirts to promote a City-related event or other special activity or event).

- Yesterday, Montclair City employees attended Benefits Information Day in the Community Center Auditorium. The following vendors were present to answer questions and provide updated information about their services:

- A.F.L.A.C.
- American General Life Insurance
- Anthem Blue Cross
- Arrowhead Credit Union
- Beaver/Chaffey Medical Group
- CalPERS
- Chaffey Federal Credit Union
- Colonial Life
- Costco
- EyeMed Vision Services
- Great West Retirement Services
- Kaiser Permanente
- Legal Shield
- Pomona Valley Health Centers
- Primerica Financial Services
- PROMED/Upland Medical Group
- R.P.E.A.
- Reliance Standard Life Insurance
- Sam's Club
- Sun Life Dental
- United Concordia Dental Services
- U.S. Bank
- Wells Fargo Bank.

Employees enjoyed a light lunch in between visiting the various providers. Also, employees who visited all 23 vendors received stickers on their "Benefits Passport Card" and were entered into a raffle for various items donated by a number of the provider groups present.

Overall, the event went very well and staff received numerous compliments from both the vendors who participated and the employees who attended.

A special "thank you" goes to Benefits Coordinator Leslie Phillips who organized the event with the assistance of Keenan & Associates.

- California exports continue to increase after a rather shaky start during the beginning of the year. In-state businesses shipped merchandise valued at \$15.43 billion in March, up a robust 9.6 percent from \$14.07 billion in March 2013. This is according to an analysis of Tuesday's U.S. Commerce Department figures by Beacon Economics, a consulting firm with offices in the Bay Area and Los Angeles.

February exports totaled \$13.76 billion—up 8.3 percent from the previous year, coming on the heels of a comparatively soft export month of \$12.87 billion in January.

California is coming off a record export year, shipping merchandise valued at \$168.13 billion in 2013. Through the first quarter of this year, the state's major export segments have shown a large enough increase that the state may most likely surpass last year's volume in trade.

Manufactured exports in March totaled \$10.29 billion, up nearly 11.3 percent from \$9.25 billion a year ago. Exports of non-manufactured goods—mainly agricultural produce and raw materials—in March totaled \$1.93 billion, up almost 8.5 percent from about \$1.78 billion in March 2013. Re-exports grew by 5.2 percent year over year, from \$3.05 billion to \$3.21 billion.

Through this year's first quarter, the state's export trade of \$42.05 billion was running 6.8 percent ahead of the first three months of 2013. By contrast, overall U.S. merchandise exports rose by just 2.6 percent in the same period.

The breakdown of year-over-year quarterly gains was \$27.57 billion for manufactured goods (up 6.2 percent), \$5.49 billion for non-manufactured goods (up 11.3 percent) and \$8.99 billion for re-exports (up 6.2 percent).

On the import side, California took in \$30.35 billion in March, up 7.9 percent from \$28.12 billion in March last year. Some goods entering California go to other states, so exports are considered a more accurate measure of the state's trade health.

California manufacturers, growers, and trading companies continue to provide abundant evidence of the competitiveness of California's economy in today's global marketplace.

Nationally, the U.S. trade deficit declined 3.6 percent from February to March to \$40.4 billion. U.S. exports of goods and services rose 2.1 percent month-to-month to \$193.9 billion, with exports to Canada and South Korea hitting all-time highs. Imports rose a modest 1.1 percent to \$234.3 billion, with significant incoming shipments of mobile phones, clothing, and other consumer goods.

- Governor Jerry Brown took to the podium yesterday to release his much-anticipated FY 2014-15 May Revise budget proposal. Despite the improved fiscal picture, Governor Brown called on the Legislature to follow a policy of restraint going forward.

Among the highlights for cities is a modest boost in funds for front-line law enforcement funding to \$40 million, a proposal to begin to repay pre-2004-owed local government mandates, additional augmentations to drought relief programs, and some modest changes to the Governor's Infrastructure Finance District proposal.

The state's financial picture has continued on an upward trend with billions in additional revenues generated by the passage of Proposition 30 in 2012, as well as an uptick in capital gains tax receipts. The State Controller estimates state revenue receipts have exceeded the Governor's January revenue budget estimates by \$2.17 billion, which has considerably improved the state's fiscal outlook for FY 2014-15.

In response to calls for increased spending on various state programs, the Governor once again stressed legislative fiscal restraint in order to avoid the boom-and-bust budget cycles that plagued the state for decades.

The Governor stressed that the government needs to manage the needs of competing interests going forward and find creative ways to satisfy these needs with the money available. He said revenues must be conserved since other legal funding obligations, such as those under Proposition 98 and pension liabilities, may take precedence.

While state revenues have increased, so have ongoing expenditures. More than 1 million additional people (total of 4 million) are expected to sign up for California's expansion of Medi-Cal under the federal Affordable Care Act. This is projected to cost an additional \$1.2 billion per year more than estimated in January. Increased costs for state pension obligations based on recent changes in CalPERS estimates of longer life expectancy will result in an additional \$1 billion in ongoing state costs phased in over three years. The state will also face increased costs for contributing to a new plan the Governor announced today to address deficits in teacher retirement funds.

## Proposed Policy Revisions

- ✓ **Revised Rainy Day Fund:** Acknowledging the need for a sustainable rainy day fund, Governor Jerry Brown called a special legislative session in early April to explore and create a new proposal. On May 8, the Governor, along with legislative leaders from both houses, unveiled a bipartisan rainy day fund agreement. This new plan is expected to replace the current rainy day fund constitutional amendment, ACA 4, currently on the November 2014 statewide ballot.
  
- ✓ **Infrastructure Finance Districts (IFD):** The May Revise includes several changes to the January budget proposal to revise existing Infrastructure Finance District (IFD) Law. Under the updated proposal, current IFD law would remain available to all cities and counties, and the Governor's IFD proposal would now become Enhanced Infrastructure Financing Districts (Enhanced IFD) Law. The Governor's goal is to make Enhanced IFD's more useable than the current IFD law, including lowering the existing statutory two-thirds voter approval requirement to create a district to 55 percent. In brief, the Governor's proposal would:
  - Expand the types of projects that Enhanced IFDs can fund
  - Allow cities and counties to create new Enhanced IFDs and to issue related debt, subject to 55 percent voter approval
  - Allow Enhanced IFD projects to overlap with former Redevelopment Agency (RDA) project areas
  - Maintain current IFD prohibition on the diversion of property tax revenues from K-14 schools and require entities seeking Enhanced IFD creation to garner approval of the city that would be contributing revenue to the Enhanced IFD.
  
- ✓ **Transportation:** The Governor does not propose significant changes to his original January transportation budget proposal. The January budget proposal included an appropriation of \$850 million from Cap-and-Trade revenues, \$600 million of which would go to transportation.
  
- ✓ **Environmental Quality:** The May Revise reduces the proposed budget allocation of Proposition 39 funds by \$10.5 million for a total allocation of \$352.5 million for energy efficiency projects to K-12 and community colleges.

- ✓ **Emergency Drought Response:** Building upon the work of the interagency Drought Taskforce and urgency legislation passed in February, which allocated \$687 million in drought relief, the May Revise includes several onetime funding allocations to the Department of Forestry and Fire Protection, Department of Water Resources, Department of Social Services, Office of Emergency Services, Department of General Services, and the State Water Resources Control Board in order to address the current statewide drought.
  
- ✓ **Public Safety:** Proposal to increase the original \$27.5 million in local public safety grants for cities by \$12.5 million to a total of \$40 million. Law Enforcement: Gross tax receipts for the Law Enforcement account have seen an \$18 million increase in the current year, and a \$10.6 million increase in FY 2014-15 (The California Police Chiefs Association estimates that 7 percent of this amount, or \$742,000, will go to cities, based on the Prop. 172 (1993) formula that created the account).
  
- ✓ **Trial Court Funding:** After several years of severe budget cuts and tension with Governor Brown, the May Revise includes an augmentation of \$86.3 million for trial court workload obligations. Governor Brown plans a similar 5 percent increase in FY 2015–16. This will cover staff costs related to security requirements triggered by new trial court construction. In addition, the proposal outlines a two-year strategy to stabilize court funding
  - \$42.8 million for trial court employee benefit costs (this factors in a reduction in pension cost expenditures by an estimated amount spent by trial courts on employee contributions)
  - Trial Courts will have three years to meet the standard for equal sharing of pension costs with employees imposed by the Public Employees' Pension Reform Act (PEPRA)
  - \$30.9 million in General Fund monies to backfill anticipated losses in trial court revenues from fees. This arises from a projected shortfall in two types of fee revenue:
 

Court-specific fees charged for a service (ex: photocopies). This will not be backfilled by state as it is not part of the allocation from the Trial Court Trust Fund

Fees comprising a significant part of base trial court funding– these funds will be backfilled

- \$2.1 million General Fund and \$152,000 from other funds to address increased rent costs for the California Supreme Court, Courts of Appeal, and the Administrative Office of the Courts.
- ✓ **California Department of Corrections:** The May Revise provides an additional \$9 million for a total of \$49 million for the development of re-entry centers, which will improve placement of inmates as they return to the community. The focus of these efforts will be inmates who are 6 to 12 months from their release date and provide case management services, mental health services, employment services, and assistance securing ID cards, housing, and enrollment in Medi-Cal/CalWORKS.
- ✓ **County Probation Departments** will receive an \$11.3 augmentation to help manage an increase in the Post Release Community Supervision population portion of their caseloads.
  - *State Pensions:* The May Revise includes several provisions that reflect the state’s increasing costs of its pension obligations, including the recent increases in life expectancy assumptions of state retirees. Due to increased life expectancy, \$1 billion will be phased in over a 3-year period. Estimated costs for FY 2014-15 will be \$430 million (\$254 million General Fund).
- ✓ **State Mandate Repayment:** The state is required to reimburse local agencies and school districts for new or higher level of service mandates. The state owes \$900 million to local agencies for mandate debt that is supposed to be repaid by FY 2020-21. The May Revise proposes to repay \$100 million of the \$900 million owed to local government for pre-2004 mandate reimbursements. Of this, 25 percent would go to cities and would be appropriated based off the percentage of debt owed. The remaining amount would go to counties (73 percent) and special districts (2 percent).

➤ **FIRE DEPARTMENT**

- Montclair experienced high winds and temperatures this week. As summer approaches, these conditions are forecasted to continue. Residents are urged to take precautions to prevent heat-related illnesses, injuries, and property damage. Below are some tips to help you prepare for high winds and extreme heat.

## Preparing for High Winds:

- ✓ Be sure trees and shrubs around your home/business are well trimmed so they are more wind resistant
- ✓ Plan to bring in all outdoor furniture, decorations, garbage cans, and anything else that is not tied down
- ✓ Winds may make driving difficult, especially for motorists with high profile vehicles. Watch for broken tree limbs and other debris on roadways
- ✓ Winds may knock down power lines that carry electric currents strong enough to cause serious injury or even death. Electricity wants to move from a high-voltage zone to a low-voltage zone, and it could do that through your body. **If you encounter a downed power line, call 9-1-1 for help.** Please follow the safety tips listed below:
  - If you see a downed power line, move away from it and anything touching it. The ground around power lines—up to 35 feet away—may be energized
  - You cannot tell whether or not a power line is energized just by looking at it. You should assume that all downed power lines are live
  - The proper way to move away from the power line is to shuffle away with small steps, keeping your feet together and on the ground at all times. This will minimize the potential for a strong electric shock
  - If you see someone who is in direct or indirect contact with the downed line, **DO NOT** touch the person. You could become the next victim
  - **DO NOT** attempt to move a downed power line or anything else in contact with it by using an object such as a broom or stick. Even non-conductive materials, like wood or cloth, can conduct electricity if even slightly wet.
  - Be careful not to touch or step in water near a downed power line
  - Do not drive over downed power lines
  - If your car comes in contact with a downed power line while you are inside, stay in the car. Honk your horn to summon help, but direct others to stay away from your car. If you must leave your car because it

is on fire, jump out of the vehicle with both feet together and avoid contact with both the car and the ground at the same time. Shuffle away from the car.

### **Preparing for Extreme Heat: Stay Cool**

- ✓ Stay in air-conditioned buildings. Consider spending the warmest part of the day in public buildings such as libraries, schools, movie theaters, shopping malls, and other community facilities
- ✓ Find a cooling center open to the public by dialing the United Way's toll-free resource telephone line at 2-1-1, or [www.coolingsb.org](http://www.coolingsb.org).
- ✓ Do not rely on fans as your primary cooling device
- ✓ Limit outdoor activity, especially mid-day, and avoid direct sunlight
- ✓ Wear loose, light-weight, light-colored clothing
- ✓ Protect your face and head by wearing a wide-brimmed hat
- ✓ Take cool showers or baths to lower your body temperature
- ✓ Never leave people or pets alone in a closed vehicle
- ✓ Check on at-risk friends, family, coworkers, and neighbors at least twice daily.

### **Stay Hydrated:**

- ✓ Drink plenty of water; even if you do not feel thirsty
- ✓ Avoid alcohol or liquids containing high amounts of sugar and caffeine

## ➤ **COMMUNITY DEVELOPMENT DEPARTMENT**

- After several months of renovating the former Circuit City store, Gold's Gym opened its Montclair location today at 5150 Moreno Street. On Tuesday, a number of staff members and I were given a private tour of the facility by Gold's General Manager, Terrick Guindy. The transformation of the former electronics store is nothing short of spectacular and includes an expansive general workout area with a wide selection of cardio equipment with personal TVs and iPod docks, strength training equipment, abdominal stretch area, Cardio Cinema, men's and women's Eucalyptus steam and sauna areas, pro shop, supplement store, and kids' club. There is also an indoor 25-meter lap pool and Jacuzzi. Changing areas are high end, including large lockers, shower and restroom facilities, hair dryers, and portable swimsuit dryers. Gold's also provides towel service each time you visit so you do not need to bring your own workout towel.

In addition to the extensive renovations to the inside and outside of the building, property owner CIM Group is coordinating long-overdue site improvements to complement the opening of Gold's, including grinding, resurfacing and restriping of the parking lot, landscaping and lighting upgrades, and construction of a new pedestrian path-of-travel from Moreno Street.







City staff pictured, front to back, are: City Manager Edward Starr, Administrative Analyst Mikey Fuentes, Economic Development Coordinator Melinda Flores, Building Official Merry Westerlin, City Planner Mike Diaz, and Community Development Director Steve Lustro.

➤ **HUMAN SERVICES DEPARTMENT**

- The Community Action Committee will sponsor its annual Memorial Day Program on Monday, May 26 at 6 p.m. in the Memorial Garden, located adjacent to City Hall. The program will feature the dedication of two new plaques on our Veteran's Memorial, which is a tribute to deceased Montclair veterans from all branches of service. There will also be a presentation of colors by the Montclair High School POTC, patriotic music performed by the Montclair Walker's Choral Group, refreshments, and readings.

➤ **POLICE DEPARTMENT**

- Yesterday, members of the Police Department attended International Footprint Association's Blue Ribbon Breakfast, an annual event that kicks off Law Enforcement Appreciation Week. Police Officer Eric Ruziecki was honored as the Department's 2013 Officer of the Year. Also in attendance at the breakfast, which was held at the National Orange Show in San Bernardino, were Captain Robert Avels, Lieutenant Brian Ventura, Detectives Raul Perez and John Minook, TSS Jerry Scharbach, and Cadet Derrick Kharrazi.



From left: Detective Raul Perez, Captain Robert Avels, Officer Eric Ruziecki, Detective John Minook, Lieutenant Brian Ventura

➤ **PUBLIC WORKS DEPARTMENT**

- Earlier this year, the City nominated the Monte Vista Avenue/Union Pacific Railroad Grade Separation Project for funding under the California Public Utilities Commission (CPUC) Grade Separation Program. A tentative finding was made that the City's project ranked 13th. Last Thursday, the CPUC held a public hearing for nominated projects and confirmed the City's ranking at Number 13. Under the CPUC's program, \$10 million dollars is made available each year under the two-year program. Each grant is worth a maximum of \$5 million, meaning that two projects are likely to be funded each year.

While a 13th place ranking may not seem all that great, very few projects are actually ready to proceed when they are nominated. As a result, projects ranked even as high as 20th can receive an allocation of the maximum amount. Some of the items delaying an allocation request include environmental clearance, right-of-way acquisition, and a railroad agreement.

With the City's Monte Vista Avenue project, both environmental clearance and right-of-way acquisition have been completed, and a conceptual design has been approved by the railroad. We anticipate the City will be ready to make an allocation request with the CPUC within a year.

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

- Recently, there have been a number of news stories indicating debt from student college loans is keeping first-time home buyers out of the housing market. *The Atlantic* reports there is \$1.2 trillion outstanding in student debt. Student loans have tripled in size in the last decade for two reasons--more students and more debt. Seventy percent more students are utilizing loans to finance their education. It is postulated that this wall of student debt is preventing students from getting on with their lives and buying homes. Since young adults are likely to be first-time home buyers, it is believed student debt is keeping them from purchasing homes.

*The Atlantic* indicates this plausible narrative about student debt is coming from various surveys. The *Realtors Confidence Index* indicates first-time home buyers make up only 30 percent of the market. However, the *Profile of Home Buyers and Sellers* survey indicates first-time home buyers make up 40 percent of the share of the market. According to the more established *Profile of Home Buyers* there has been no major fall off in the percentage of first-time home-buying households. In fact, the National Association of Realtors' reports that the average percentage of first-time buyers over the last 11 years stands at 41 percent. In 2012, first-time buyers accounted for 39 percent of households purchasing homes.

Paradoxically, if student debt is destroying the demand among first-time buyers, why is it not affecting the percentage of first-time homebuyers? The reason the percentage of first-time homebuyers appears to be only modestly below normal rests with the fact that investors are not included in the calculation of home purchasers as a "household."

Big companies such as Blackstone, American Homes 4 Rent, and foreign investors are going out and paying cash for residential properties. All-cash home purchases have grown to 50 percent of the market, according to *The Atlantic*. Corporations are buying up enough existing homes that they are contributing to rising home prices in many metropolitan areas across the country. Meanwhile, the number of 25- to 34-year olds purchasing homes has fallen 15 percent since 2005.

What appears to be a paradox with student loans and the housing market is no paradox. First-time home buyers make up a historically normal percentage of new home-owning families, but a historically smaller share of new home buyers, because a big slice of the housing market is being purchased by institutional investors who are not living in the homes they buy.

Among people aged 27 to 30, the demand for mortgages is falling with or without student debt. This brings up another fact at play. Many young people today do not possess the desire to own a home. They want to live in an urban area where they can "lock and leave" their dwelling without the home-ownership responsibilities.

There appears to be two housing markets at play. One housing market is composed of corporations and investors purchasing homes as investments, and the other a shrinking market of households that can afford or desire to purchase a home.

ECS:spa

"Happiness often sneaks in through a door you didn't know you left open."

~ John Barrymore

## MAY 2014

		
15	Public Works Committee Meeting City Hall Conference Room	2:00 p.m.
15	Reserve Officers Appreciation Dinner and Awards Ceremony Montclair Police Department	5:00 p.m.
19	Code Enforcement Committee Meeting - <b>Canceled</b>	
19	City Council Meeting Council Chambers	7:00 p.m.
<b>26</b>	<b>Memorial Day – City Hall Closed</b>	
26	Memorial Day Program Montclair Civic Center – Memorial Garden	6:00 p.m.
27	City Manager's Staff Meeting City Hall Conference Room	9:00 a.m.
27	Planning Commission Meeting Council Chambers	7:00 p.m.