



July 17, 2014

TO: Honorable Mayor and City Council

FROM: Edward C. Starr, City Manager

SUBJECT: WEEKLY REPORT: July 11-17, 2014

➤ ***CITY MANAGER/ADMINISTRATIVE SERVICES DEPARTMENTS***

- In response to the ongoing severe drought, on Tuesday the State Water Resources Control Board approved an emergency regulation to ensure water agencies, their customers, and state residents increase water conservation in urban settings or face possible fines or other enforcement. The new conservation regulation is intended to reduce outdoor urban water use.

The regulation, adopted by the State Water Board, mandates minimum actions to conserve water supplies both for this year and into 2015. Most Californians use more water outdoors than indoors. In some areas, 50 percent or more of daily water use is for lawns and outdoor landscaping. Many communities and water suppliers have taken bold steps over the years and in this year to reduce water use; however, many have not and much more can and should be done statewide to extend diminishing water supplies.

With this regulation, all Californians will be expected to stop: washing down driveways and sidewalks; watering of outdoor landscapes that cause excess runoff; using a hose to wash a motor vehicle, unless the hose is fitted with a shut-off nozzle; and using potable water in a fountain or decorative water feature, unless the water is recirculated. The regulation makes an exception for health and safety circumstances.

Larger water suppliers will be required to activate their Water Shortage Contingency Plan to a level where outdoor irrigation restrictions are mandatory. In communities where no water shortage contingency plan exists, the regulation requires that water suppliers either limit outdoor

irrigation to twice a week or implement other comparable conservation actions. Finally, large water suppliers must report water use on a monthly basis to track progress.

Local agencies could ask courts to fine water users up to \$500 a day for failure to implement conservation requirements, in addition to their existing authorities and processes. The State Water Board could initiate enforcement actions against water agencies that do not comply with the new regulations. Failure to comply with a State Water Board enforcement order by water agencies is subject to a maximum penalty of \$10,000 a day.

In addition to approving the emergency conservation regulation today, the State Water Board made a plea for water suppliers, communities, and businesses to do even more. For example, water agencies are being asked to step up their programs to fix leaks and other sources of water loss, use more recycled water or captured storm water, and find additional ways to incentivize demand reduction among their customers.

The April 25, 2014 Executive Order issued by the Governor directs the State Water Board to adopt an emergency regulation as it deems necessary, pursuant to Water Code section 1058.5, to ensure that urban water suppliers implement conservation measures.

As drought conditions continue, the State Water Board may revisit this regulation and consider other measures to enhance conservation efforts throughout the state.

Following Board adoption, the regulation will likely go into effect on or about August 1, 2014, following submittal to the Office of Administrative Law. The emergency regulation remains in effect for 270 days, unless extended by the State Water Board due to ongoing drought conditions.

For more information on the proposals leading to this Board action, please visit the Emergency Water Conservation website:

http://www.swrcb.ca.gov/waterrights/water_issues/programs/drought/emergency_regulations_waterconservation.shtml

- Attorney General Kamala D. Harris, along with the U.S. Department of Justice and state partners, announced this week a settlement with Citigroup Inc. to resolve federal and state civil claims related to Citigroup's conduct in the packaging, securitization, marketing, sale, and issuance of residential mortgage-backed securities prior to January 1, 2009.

Nationally, the settlement totals \$7 billion. California will recover \$102,700,000 in damages, which will reimburse the state's pension funds, CalPERS and CalSTRS, for losses on investments in mortgage-backed securities of Citigroup and its affiliates. California is also guaranteed at least \$90 million in consumer relief.

As part of the settlement, Citigroup acknowledged it made serious misrepresentations to the public, including investors, about the mortgage loans it securitized in residential mortgage-backed securities. The resolution also requires Citigroup to provide relief to underwater homeowners, distressed borrowers, and affected communities through a variety of means including financing affordable rental housing developments for low-income families in high-cost areas. The settlement does not absolve Citigroup or its employees from facing any possible criminal charges.

An investigation conducted by Attorney General Harris showed that offering documents for the securities failed to accurately disclose the true characteristics of many of the underlying mortgages, and that due diligence to weed out poor quality loans had not been adequately performed.

As part of the settlement, Citigroup will provide \$2.5 billion in relief to aid consumers across the country, including Californians, in the form of principal forgiveness, loan modifications, donations to housing and legal assistance nonprofits, and efforts to reduce blight; \$4.5 billion will be paid to settle federal and state civil claims.

The settlement related to California's pension funds arises from the investigation into mortgage-backed securities by Attorney General Harris's Mortgage Fraud Strike Force, which was formed in May 2011 to comprehensively investigate misconduct in the mortgage industry. The Attorney General's additional efforts to investigate the mortgage crisis include securing an estimated \$20 billion for California in the National Mortgage Settlement and sponsoring the California Homeowner Bill of Rights, a package of laws instituting permanent mortgage-related reforms.

In November of last year, Attorney General Harris announced a \$300 million settlement with J.P. Morgan Chase & Co. over its misrepresentations in residential mortgage-backed securities sold to CalPERS and CalSTRS.

- Continuing to improve upon drastic losses stemming from the Great Recession, California's two giant public pension funds, California Public Employees' Retirement System (CalPERS) and California State Teachers' Retirement System (CalSTRS), said Monday they each earned more than 18 percent on their investments in the just-ended fiscal year.

The strong results by CalPERS and CalSTRS, however, do not erase the two funds' ongoing financial troubles. Both are underfunded, which means they do not have enough money to cover their long-term obligations, and both are implementing rate hikes that will cost both taxpayers and public employees enrolled in CalPERS and CalSTRS billions of dollars in higher pension contributions.

CalPERS said it earned 18.4 percent in the fiscal year that ended June 30. It was the fourth double-digit return in the past five years for CalPERS. CalSTRS profits totaled just less than 18.7 percent. The gains were substantially higher than each fund's official investment forecasts of 7.5 percent.

On the surface, CalPERS and CalSTRS have recovered from the crippling multibillion-dollar losses they suffered when the housing bubble burst and the stock market crashed as a result of the Great Recession. CalSTRS' portfolio, for example, has risen to \$189.1 billion in market value, well above the pre-crash watermark of roughly \$160 billion. Similarly, the CalPERS portfolio has soared 83 percent since bottoming out at \$164 billion in 2009, putting it at \$299 billion.

Despite the comeback, the funds spent several years after the Great Recession with a much smaller pool of money to invest. That limited the amount of money they could earn. Even as they made gains, they've been unable to keep pace with their pension obligations, which have continued to rise.

As a result, CalPERS is 76 percent funded and CalSTRS is 67 percent funded. They have more than enough money to pay pension benefits for the short term, but do not have enough for the long term. Experts say 100 percent funding is ideal, although a funding level as low as 80 percent is acceptable.

This past April, CalPERS approved the first in a series of rate increases to reflect longer life expectancies for retirees. When fully phased in, the increase will mean the state will be giving CalPERS about \$5 billion a year, up from \$3.8 billion. Local governments and school districts will see higher rates as well. School districts use CalPERS for employees other than teachers.

As for CalSTRS, the Legislature last month approved a financial rescue package that will gradually increase contributions by nearly \$4 billion a year combined from the school districts, the state, and teachers themselves. Until the Legislature acted, CalSTRS officials were warning that the pension system could not invest its way out of its troubles and would run out of cash in another 30 years or so. Unlike CalPERS, the teachers' system does not have authority to raise rates on its own.

In the latest fiscal year, both funds saw huge gains in equity markets. CalSTRS' public stocks rose by 24 percent, and its private equity returns came to 26 percent. CalPERS' public stocks increased 24.8 percent and its private equity 20 percent.

CalSTRS' real estate portfolio rose by 14.5 percent, while CalPERS' gained 13.4 percent.

➤ **FIRE DEPARTMENT**

- In the early morning hours on July 10, Fire units were dispatched to a commercial fire at 4424 San Jose Street. Medic Engine 151 was the first unit to respond to the carport that was fully involved with fire; six cars had already been completely destroyed by the fire. Medic Engines 134, 152, 162, and 163; Medic Truck 164; and Battalion Chiefs 1815 and 1915 also responded. The units were able to confine the fire to the carport. Although two townhomes sustained minor damages, no injuries were reported.

Dispatch service with CONFIRE, which began June 23, was instrumental in expediting multiple units to the scene

➤ **HUMAN SERVICES DEPARTMENT**

- On Tuesday, the Montclair Summer Day Program and Summer Day Camp held their third annual Summer Talent Show at the Community Center. There were 30 acts performed by more than 40 youngsters. The performances consisted of individual and group singing, dancing, and magic tricks. The participants were all cheered on and supported by their families, fellow campers, and City staff.

Our appreciation goes to the performers and those who helped organize the event. Photos are included on Page 10.

- This week's concert at Alma Hofman Park featured rhythm and blues by Mel. O and Mac. D. The duo delighted the crowd of approximately 150 people, including Council Member Carolyn Raft, with a variety of smooth hits from artists such as Frank Sinatra, Marvin Gaye, and Van Morrison.

In the kids craft area, children made jeweled music note posters. Photos can be found on Page 11.

Join us next week at 7 p.m. for the fourth of five free concerts in the park. The Ravelers, a community favorite band, will perform classic rock hits. Bring your friends and family, blankets, lawn chairs, and a picnic dinner, and be prepared to dance!

There will be refreshments for sale and free activities for kids.

➤ **POLICE DEPARTMENT**

- Yesterday morning, Chief Mike deMoet attended the Aktion Club's meeting at Pomona Valley Workshop and spoke about the Police Department and the law enforcement profession. Chief deMoet fielded questions and shared stories with more than 60 attendees.

The Aktion Club, a division of Kiwanis International, makes it possible for adults living with disabilities to participate in community service projects, gain leadership skills, and become more involved in society.

- Also yesterday, Chief Mike deMoet, Captain Robert Avels, and Lieutenant Brian Ventura traveled to Riverside County Sheriff's Department Peace Officer Training Academy to present newly hired Police Officer Trainee Miguel Lozano with his badge. During the ceremony, Chief deMoet welcomed Miguel to the Montclair family and congratulated him on his achievement. Miguel is enrolled in Class 193 at the Ben Clark Public Safety Training Center and is expected to graduate from the academy on August 28, 2014.

In addition to academy staff members, Moreno Valley College President Sandra L. Mayo, Ed.D. and several college staff members took part in the event. Moreno Valley College and Riverside Sheriff's Department work in partnership to administer the academy training. College and Academy staff members were pleased to celebrate in the success of one of their recruits.

- This Saturday, the public will be able to tour the Police Department and meet staff members at an Open House from 10 a.m. to 2 p.m. Activities will include station tours, demonstrations, a photo booth, and face painting for children; and Police vehicles and equipment will be on display. Hamburgers and hot dogs will be available for a \$3 donation.

This is the second Open House for the Police Department since moving to the Arrow Highway location in 2008. The event sponsors include the City of Montclair, Montclair Hospital Medical Center, Burrtec Waste Industries, Inc., and the Montclair Police Officers Association.

An event flyer is included on Page 12.

➤ ***PUBLIC WORKS DEPARTMENT***

- The Monte Vista Avenue Widening Project is underway. The street improvement project will widen Monte Vista Avenue from Howard Street to Mission Boulevard. Street improvements will expand the northbound lanes from one lane to two, and will include street lighting, curb, gutter, sidewalk, and new asphalt paving.

This week, Hillcrest Contracting, Inc., began demolition and grading throughout the project limits. Crews will begin forming and placing new concrete curb, gutter, and sidewalk over the next two weeks.

Work on Monte Vista Avenue is expected to be completed by August 15. During construction, one lane of travel in each direction will be open to traffic.

Funding for the Monte Vista Avenue Widening Project comes from Proposition 1B and Transportation Development Impact fees.



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

- Family Dollar store plans to close about 370 underperforming stores as it tries to reverse sagging sales and earnings. The Family Dollar store at 10144 Central Avenue in Montclair will be one of the stores closing. The discount store chain also plans to lower prices on an estimated 1,000 basic items in the remaining stores.

Family Dollar did not provide details on how many jobs were expected to be eliminated. The chain said the store closings and job cuts should reduce annual operating expenses by \$40 million to \$45 million, starting with the fiscal third quarter. Family Dollar Stores Inc. currently has more than 8,100 stores in 46 states. The job cuts and store closings are estimated to result in an \$85 million to \$95 million restructuring charge during 2014's second half.

The announcement concerning the store closures came as Family Dollar reported its profit and revenue declined in the second fiscal quarter, which was hampered by bad winter weather. The Chairman and CEO of Family Dollar, Howard Levine, said the Christmas quarter was "challenged" because shoppers had tighter financial constraints and rivals had more promotional items.

Family Dollar reported its net income dropped to \$90.9 million, or 80 cents per share, from \$140.1 million, or \$1.21 per share, a year earlier. Revenue fell to \$2.72 billion from \$2.89 billion. Sales at stores open at least a year, a key gauge of a retailer's health, declined 3.8 percent. This figure excludes results from stores recently opened or closed.

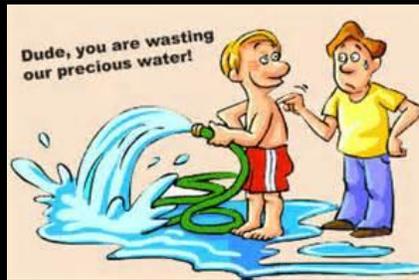
Levine said the company's quarterly performance was below its expectations, and a review of the business has been started to increase operational efficiencies and boost its financial performance. Levine said price cuts, store closings, and job eliminations are all part of the actions the company is taking immediately to lift its performance.

ECS:spa

"I took a walk in the woods and came out taller than the trees."

~ Henry David Thoreau

JULY 2014



17	Public Works Committee Meeting - Canceled	
19	Police Department Open House 4870 Arrow Highway	10:00 a.m. - 2:00 p.m.
21	Code Enforcement Committee Meeting City Hall Conference Room	6:00 p.m.
21	City Council Meeting Council Chambers	7:00 p.m.
28	Planning Commission Meeting - Canceled	
29	City Manager's Staff Meeting City Hall Conference Room	9:00 a.m.

AUGUST 2014



SUMMER

4	City Council Meeting Council Chambers	7:00 p.m.
11	Planning Commission Meeting Council Chambers	7:00 p.m.
12	City Manager's Staff Meeting City Hall Conference Room	9:00 a.m.
13	Por La Vida Graduation Council Chambers	4:00 p.m.
13	Oversight Board Meeting Council Chambers	6:00 p.m.
18	Code Enforcement Committee Meeting City Hall Conference Room	6:00 p.m.
18	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.
25	Planning Commission Meeting Council Chambers	7:00 p.m.
26	City Manager's Staff Meeting City Hall Conference Room	9:00 a.m.



MYC Talent Show 2014



Summer Concert Series Mel O. & Mac D.



THE MONTCLAIR POLICE DEPARTMENT



**Invites You
To Our Second**

OPEN HOUSE



**SATURDAY, JULY 19, 2014 ♦ 10 A.M. - 2 P.M.
4870 ARROW HWY, MONTCLAIR CA 91763**

The public is invited to visit our police station and meet our staff! Festivities throughout the event will include:

- ♦ **Station Tours & Police Demonstrations**
- ♦ **Photo Booth & Face Painting for Children**
- ♦ **Police Vehicles and Equipment Displays**
- ♦ **\$3 Donation for Hamburgers & Hot Dogs**



Supported by Montclair Hospital Medical Center



FOR MORE INFORMATION, PLEASE CALL (909) 448-3603