



August 20, 2015

TO: Honorable Mayor and City Council
FROM: Edward C. Starr, City Manager 
SUBJECT: WEEKLY REPORT: August 14-20, 2015

CITY MANAGER/ADMINISTRATIVE SERVICES DEPARTMENTS

- California's two major public pension funds, the biggest in the nation, lost a total of more than \$5 billion on energy-related investments for their fiscal years that ended June 30, according to a new report by Trillium Asset Management.

The California Public Employees' Retirement System (CalPERS) posted losses on its oil and gas portfolio of about \$3 billion, a 28 percent decline; and a similar set of investments at the California State Teachers' Retirement System (CalSTRS) was down 27 percent, or about \$2.2 billion. However, both systems posted overall annual gains for the year. CalPERS, with \$300 billion in assets under management, reported an overall gain of 2.4 percent. CalSTRS, with about \$190 billion in assets, had a total return of 4.8 percent.

The report covering the funds' largest oil and gas investments was prepared by Trillium Asset Management, a Boston investment firm specializing in what it calls "socially responsible" investments. Trillium produced the report on behalf of 350.org, an environmental group backing a pending state Assembly bill that calls for California's big pension funds to divest from coal-related holdings.

CalPERS spokesman, Joe Deanda, said the report doesn't change CalPERS' long-term investment strategy since the company does not focus too much on any single year's performance.

CalSTRS spokesman Roberto Duran said the fund is "researching" its thermal coal holdings in light of a state Senate bill that would require it to divest such holdings.

The funds' energy losses came during a year in which energy holdings generally fell amid plunging oil prices.

A key crude oil benchmark, West Texas intermediate, fell 43 percent during the fiscal year. An index of publicly traded energy stocks in the Standard & Poor's 500 fell by 24.3 percent during the period, according to Factset Research Systems Inc. The index is down an additional 6.7 percent as of this week.

- In their latest estimate of the four-year drought's economic impact, professors at the University of California Davis Center for Watershed Sciences said this week that the drought is reducing seasonal farm employment by 10,100 this year. When indirect job losses are thrown in, including truck drivers, food processing workers, and others partially dependent on farming, the impact on payrolls comes to 21,000.

The study said farmers are holding up reasonably well in spite of significant water shortages and the fallowing of 542,000 acres of land. Farm employment in California actually rose slightly in June compared to a year earlier, according to the most recent data from the Employment Development Department; but the authors of the UC Davis study said farm payrolls would have been even higher if not for the effect of the drought.

The economic losses of \$2.7 billion are equivalent to about 5 percent of annual agricultural production and about one-tenth of 1 percent of California's total annual economic output.

Jeff Michael, a University of the Pacific economist not involved in producing the study, said the California economy is still growing, even in the agricultural-dependent Central Valley. He said the valley has more jobs than it did a year ago and is doing pretty well from a macro viewpoint.

However, researchers remain concerned about the speed at which farmers are drawing down their groundwater to compensate for the scarcity of supplies from the State Water Project and federal government's Central Valley Project. Parts of the southern Central Valley have largely exhausted their groundwater reserves and, when it does rain again, replenishment is slow. The relentless pumping is raising farmers' costs an estimated \$590 million this year, which is included in the estimated impact of \$2.7 billion.

The drought is leading to direct crop revenue losses of \$900 million and is costing dairy and livestock producers \$350 million. Crops most impacted include rice, alfalfa, and corn. Many rice farmers fallowed their land due to lack of water, or fallowed land so they could sell water to farmers growing more lucrative crops, such as almonds.

- The California Department of Water Resources (DWR) announced last week two new rebate programs to help Californians replace inefficient toilets and tear out water-guzzling lawns, further conserving water during the state's historic drought.

The Turf and Toilet Rebate Program is financed by the Proposition 1 water bond approved by voters in 2014. The program will help carry out Governor Brown's April 1 Executive Order on drought to further reduce water use in homes by replacing more than 10 million square feet of lawn and upgrading more than 60,000 water-wasting toilets.

DWR will oversee the 2 rebate programs, which provide a \$100 consumer rebate to replace 1 old toilet per household and up to \$2 per square foot for lawn replacement. Californians can visit www.SaveOurWaterRebates.com to apply for the rebates.

With \$24 million in Proposition 1 funding, the turf replacement program will rebate \$2 per square foot of turf replaced, up to \$2,000 per household through state or local turf replacement programs. Consumers are eligible to replace turf that is living or dead at the time of the rebate application. (Bare earth areas with no sign of turf are not eligible for a rebate.)

The turf rebate program is estimated to benefit more than 10,000 homes, with a focus on disadvantaged communities hardest hit by the drought. \$12 million of the lawn-removal funds is targeted for residents in disadvantaged communities in areas with depleted groundwater basins. The turf program will be monitored by DWR and administered by the Electric & Gas Industries Association (EGIA).

The \$6 million toilet rebate program, also funded through Proposition 1, will help Californians replace approximately 60,000 old, inefficient toilets by offering a \$100 customer rebate per household to replace with a high-efficiency toilet.

For more information regarding the drought and what individuals can do to reduce water consumption, and for local programs and rebates offered by MVWD, please visit: <http://www.mvwd.org/watchthewater.cfm>.

COMMUNITY DEVELOPMENT DEPARTMENT

- Construction is continuing on the 19,000 square-foot Montclair Shoppes project across the street from Costco. Building "C," which will be home to Starbucks Coffee and Sleep Number, is framed and wrapped in preparation for its stucco exterior. Work on Buildings "A" (Original Tommy's Hamburgers) and "B" is lagging behind because of underground utility work that needs to be completed on the constrained site.

The northbound #3 lane of Central Avenue was temporarily closed the week of August 3 to allow utility work and connections to move forward. It is expected that Central Avenue will be limited to two lanes northbound until at least the end of August.



HUMAN SERVICES DEPARTMENT

- The L.A. County Fair opens on Friday, September 4 at Fairplex in Pomona and runs through Sunday, September 27. The Fair will be closed on Mondays and Tuesdays, with the exception of Labor Day on Monday, September 7.

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

Montclair Day at the Fair is Friday, September 11. Activities will include a parade featuring Montclair groups and a special ceremony for Montclair's Community Heroes. Coupons for \$5 admission to the Fair on Montclair Day are available at the Senior Center, Recreation Center, City Hall, and on the City's website. Discounted tickets can be purchased online or at the gate with a coupon.

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 discounted tickets, call the Recreation Center at (909) 625-9479.

- Last Thursday the Senior Center held its yearly ice cream social, which was attended by more than 100 people. Everyone enjoyed a choice of sundaes or banana splits. Hart to Hart DJ Service had some seniors dancing to their favorite songs!

Photos are shared on Page 12.

POLICE DEPARTMENT

On Monday, Teresa Schneider was recognized at the City Council meeting for her outstanding 25 years of service to the Police Department. Amid former co-workers, friends, and family, Chief Mike deMoet recognized her outstanding service to the community with a plaque, and he presented Teresa with a retiree badge, representative of her honorable service to the community as a Police Officer. Teresa resigned from the City in June to devote more time to her family.

Teresa began her career with the Montclair Police Department in 1990 as a Police Officer Trainee. She was highly proficient at her job, and her love for her profession was reflected in the positive interactions she had with the community and co-workers. Unfortunately, in 2000, an on-duty traffic collision that occurred while pursuing a suspect resulted in her inability to perform the physical demands of a regular Police Officer. After treatment and subsequent recovery from her injuries, Teresa returned to duty in a full-time, modified Police Officer position.

In 2005, Teresa resigned as a full-time Police Officer and accepted a position as a sworn, part-time, Police Officer coordinating volunteer services and other duties. As that part-time position evolved, Teresa took on more responsibilities and began handling the majority of background investigations for the Department.



Teresa is pictured here with Police Chief Mike deMoet



Teresa, with her husband, sons, and granddaughter

PUBLIC WORKS DEPARTMENT

- Last Thursday, the City of Montclair scored a Grand Slam after the SANBAG Commuter Rail and Transit Committee and the SANBAG Metro Valley Study Session took action recommending several items for approval by the SANBAG Board of Directors at their September Board meeting. The actions taken are of great importance to the City, involving work associated with the Gold Line extension to Montclair, the Monte Vista Avenue widening project at I-10, and the Monte Vista Avenue/UPRR Grade Separation Project.
 1. The Commuter Rail and Transit Committee voted unanimously to amend SANBAG's FY2015/16 budget, adding a task number for costs related to the Gold Line extension, and recommended a transfer of \$50,000 to this Task Number for personnel time related to the work. This action represents the first time the SANBAG budget provided direct funding for Gold Line-related work and recognized the Gold Line extension-Montclair Segment as a distinct and separate transit project within San Bernardino County.
 2. The Commuter Rail and Transit Committee also recommended approval of a reimbursement agreement with the City of Montclair that the City Council approved last month. The agreement had been in development since last year as the City and SANBAG worked collaboratively to develop a reimbursement scenario acceptable to both agencies. The agreement guarantees reimbursement to the City of Montclair of \$3 million for oversight and design costs should the Gold Line extension to Claremont be funded in Los Angeles County. It is anticipated that a tax measure will go to Los Angeles County voters in November 2016 for approval. If the Los Angeles County measure is approved, work on extension of the Gold Line is expected to begin in 2017, with completion to Claremont in 2022. Montclair is currently seeking to develop a Federal Transit Administration Small Starts grant and state cap-and-trade funding for construction of the \$72 million Montclair Segment. The City's objective is to keep construction synchronized with Phase 2B from Azusa to Claremont and bring the Gold Line to Montclair in 2022.

The Metro Valley Study Session, another SANBAG Committee, took action on two items related to Montclair.

1. The first was a Memorandum of Understanding and Cooperative Agreement for work related to widening Monte Vista Avenue at I-10 in conjunction with work that SANBAG and Caltrans are already studying with respect to adding additional lanes to I-10. The end result would be the complete removal of the I-10 bridge over Monte Vista Avenue and replacement with a two-span bridge crossing a widened Monte Vista Avenue having as many as four left turn pockets and six through lanes. Work is anticipated to begin in 2017.

2. The second agreement recommended for approval was a construction management agreement between SANBAG and the City for the Monte Vista Avenue/UPRR Grade Separation Project. This agreement calls for SANBAG to hire an engineering firm to manage the construction of the grade separation project, a project that will also be funded by SANBAG. Work is expected to begin in 2017.

Each of the above projects will improve mobility through Montclair. We look forward to working with our SANBAG partners on these projects for the next few years, and we extend our gratitude for the support provided to Montclair by elected representatives serving on the two SANBAG committees.

SUCCESSOR REDEVELOPMENT AGENCY/ MONTCLAIR HOUSING CORPORATION

- American seniors have never been healthier or wealthier. At the same time, automobiles have never been so crammed with features to safeguard drivers with fuzzier vision, slower reactions, and stiffer necks. Those forces have created a powerful economic engine for car manufacturers. This might just be the first time ever that one of the most promising demographics for the auto industry is represented by Social Security recipients.

From 2003 to 2013, the number of licensed drivers over the age of 65 surged by 8.2 million, a 29 percent increase, according to U.S. Census data. There are now about 3.5 million U.S. drivers over the age of 84, a staggering 43 percent increase over a decade ago.

Not only are seniors staying on the road longer, they are not coasting into the sunset in clunkers. In the past 5 years, the number of new cars registered to households with a head age 65 or older has risen 65 percent. Drivers over the age of 75, meanwhile, registered about 6 times as many new cars as those age 18 to 24. The children may well be the future, but the older generation has the cash. What's more, they want to use it before it's too late.

Ben Winter, Fiat Chrysler Automobiles' vice president for product planning, calls these customers, "the matures." They tend to like minivans for transporting the grandchildren and large sedans such as the company's Chrysler 300 and Dodge Charger.

CarGurus, an online shopping platform based in Boston, said the No. 1 vehicle searched by senior citizens on its site in recent years is the Chevrolet Corvette, indicating seniors aren't just looking at bargain-basement prices on cars. And Harley-Davidson Chief Marketing Officer Mark Hans-Richer says the company sells new bikes to seniors quite often.

Americans are living longer than ever and staying healthier, so a surge in senior car shopping shouldn't be a surprise. Life expectancy in the U.S. has stretched by 3.3 years in the past 2 decades. New safety features are letting seniors stay at the wheel longer and compelling them to trade up to newer models. Active braking has started to come standard on many vehicles, alongside blind-spot warnings and sensors that keep cars from drifting out of a lane. By May 2018, back-up cameras will be a requirement on all new cars in the U.S.

From 1989 to 2013, spending by consumers between the ages of 65 to 74 surged 18 percent, while outlays by those over age 75 increased 15 percent, according to a recent analysis by the *New York Times*. Every demographic group under age 55, on the other hand, is spending less once inflation is considered. Millennials had their earning potential clipped by the 2008 recession and are still burdened with massive student loan debt. Of all new cars registered last year, only 12 percent went to households led by someone under the age of 35. On the other end of the age spectrum, the ranks of drivers under age 20 declined by 3 percent.

- Short of cash and unsettled in their careers, young Americans are waiting longer than ever to buy their first homes. The typical first-timer now rents for 6 years before buying a home, up from 2.6 years in the early 1970s, according to a new analysis by the real estate data firm Zillow. The median first-time buyer is age 33, in the upper range of the millennial generation, which roughly spans ages 18 to 34. A generation ago, the median first-timer was about 3 years younger.

The delay reflects a trend that cuts to the heart of the financial challenges facing millennials: renters are struggling to save for down payments. Increasingly, too, they're facing delays in some key landmarks of adulthood, from marriage and children to a stable career, according to industry and government reports.

These shifts help explain why homeownership, long a source of middle-class identity and economic opportunity, has started to decline. The share of the U.S. population who own homes has slid to 63.4 percent, a 48-year low, according to the Census Bureau.

When young adults do sign the deed, their purchase price is now substantially more, relative to their income, than it was decades ago. First-time buyers are paying a median price of \$140,238, nearly 2.6 times their income. In the early 1970s, the starter home was just 1.7 times income.

Few first-timers around the country can lean on their parents. Among homebuyers last year under age 34, 14 percent received down payments help from family or friends, according to a Federal Reserve survey.

Most first-timers still depend on personal savings for at least some of their down payments. But rising rental prices have complicated the task of socking away money for a down payment. Fueled by a surge of renters across all age ranges, rental prices nationally have grown at roughly twice the pace of average hourly wage growth, which was a paltry 2.1 percent over the past year.

A result is that those prices are consuming more income. A striking 46 percent of renters between the ages of 25 to 34, the core of the millennial population, spend more than 30 percent of their incomes on rent, up from 40 percent who did so a decade earlier.

Some of the cost burden stems from a shift toward people who envision themselves renting for several years and therefore seeking the kinds of amenities more commonly associated with home ownership.

Housing industry experts note that surveys still show a strong desire to buy among millennials, but that their timelines for purchasing depend on achieving more stability in their careers.

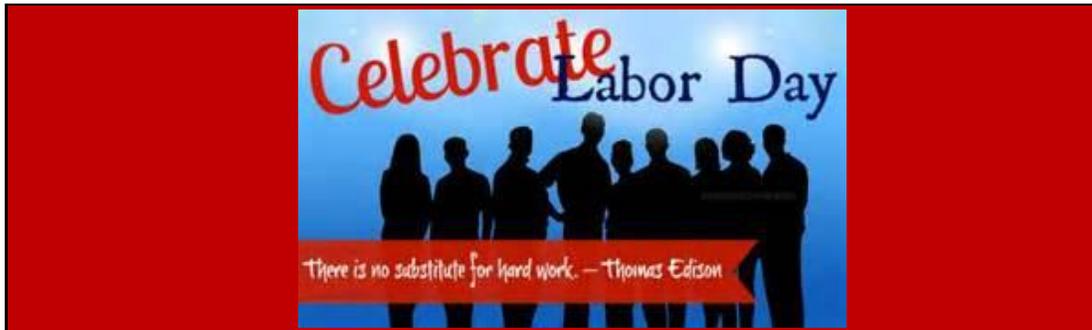
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"In every work of genius we recognize our own rejected thoughts; they come back to us with a certain alienated majesty."
 ~ Ralph Waldo Emerson

AUGUST 2015

		
20	Public Works Committee Meeting City Hall Conference Room	4:00 p.m.
22	Summer Open House hosted by Congresswoman Norma J. Torres, 3200 Inland Empire Blvd., Ontario	11:00 a.m. - 1:00 p.m.
24	Planning Commission Meeting Council Chambers	7:00 p.m.

SEPTEMBER 2015



02	Community Action Committee Meeting Council Chambers	7:00 p.m.
07	Labor Day – City Offices Closed	
08	City Council Workshop – Audit Responsibilities and Process, Council Chambers	5:45 p.m.
08	City Council Meeting Council Chambers	7:00 p.m.
14	Planning Commission Meeting Council Chambers	7:00 p.m.
15	City Manager’s Staff Meeting City Hall Conference Room	9:00 a.m.
17	Safety Committee Meeting City Hall Conference Room	9:00 a.m.
17	Public Works Committee Meeting City Hall Conference Room	4:00 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 Council Chambers	7:00 p.m.
29	City Manager’s Staff Meeting City Hall Conference Room	9:00 a.m.



Senior Center Ice Cream Social

