



August 14, 2014

TO: Honorable Mayor and City Council

FROM: Edward C. Starr, City Manager 

SUBJECT: WEEKLY REPORT: August 8-14, 2014

➤ **CITY MANAGER/ADMINISTRATIVE SERVICES DEPARTMENTS**

- Los Angeles World Airports (LAWA)—the City of Los Angeles' aviation department, has announced that passenger numbers at Los Angeles-Ontario International Airport (ONT) are showing an increase of 1.81 percent for the 6-month period from January 2014 through June 2014 with 2,002,789 air passengers. During the same period last year, ONT served 1,967,223 air passengers. June 2014 saw an increase of 5.8 percent in air travelers compared to June 2013.

International travel was also up for the same 6-month period, showing an increase of 65.3 percent—an increase helped by Volaris, a new carrier at ONT that started twice-weekly service in mid-April 2014, with plans to launch a third flight in September. Volaris and AeroMexico provide nonstop service between ONT and Guadalajara, Mexico.

In related news, Los Angeles Mayor Eric Garcetti has voiced his support to return ONT to local control, but only if the City of Ontario reimburses Los Angeles for what the city and LAWA have spent on the airport and assumes all outstanding debt. Mayor Garcetti's comments appear to bring both sides closer to reaching a middle ground, with an agreement possible by the close of 2014. What apparently remains to be resolved is the fair value for return of the airport. LAWA has set a sale price of \$474 million, nearly double the \$250 million offered by Ontario.

In June 2013, Ontario filed a lawsuit against the City of Los Angeles and LAWA in an effort to rescind or reform terms of the 1967 agreement that granted control of the airport to Los Angeles. LAWA also operates Los Angeles International Airport (LAX) and Van Nuys Airport. The suit alleges LAWA breached its contract by failing to bring in and retain airline service at ONT, failing to properly market the airport, and abandoning plans to redistribute air traffic throughout the region. Ontario also alleges LAWA has failed to develop at least 1,500 acres of airport property that could have brought in additional revenues to the airport, thereby reducing operating costs for the airlines.

In a spirit of cooperation with Los Angeles Mayor Eric Garcetti, the lawsuit was placed on an indefinite hold in December 2013, but has since moved back into the court system, with both parties due in a Riverside Superior Courtroom on September 8 to set a trial date.

- With the Great Recession of 2007 firmly in the rear view mirror and California's economy well into its recovery, it's a good time to assess both what is working in the state and the greatest challenges that still lay ahead.

Labor Markets

Employment is growing consistently. In June 2014, California finally surpassed its prerecession employment peak, recovering all of the 1.35 million jobs lost during the downturn and reaching the state's highest level of nonfarm jobs on record. Every major metropolitan area in California has experienced a return to job growth, although some regions continue to do better than others. Similarly, every job sector, with the exception of Government and Finance, has seen an uptick over the past four years since the recession ended. Moreover, as of June 2014, California has outpaced job growth in the nation overall for 28 consecutive months. In June, California was the 9th fastest growing state in the nation, and the number of jobs created was second only to Texas (356,400 vs. 371,000). One out of every 7 jobs created nationwide over the last 12 months was created in California.

Broad Economic Conditions

Virtually every key economic indicator in California is moving in the right direction: GDP is expanding in real terms, incomes are rising in the aggregate, consumer and business spending is approaching its 5th year of consecutive growth, and the state's unemployment rate has fallen from a peak of 12.4 percent to 7.4 percent as of June 2014, despite the fact that the labor force has expanded since the end of the downturn.

Fiscal Situation

California's fiscal budget continues to heal with Governor Brown earning some national praise for balancing the books. Although the budget situation is more nuanced than the headlines suggest, revenues have improved. With the passage of Proposition 30, which raised income and sales taxes, General Fund receipts are up by more than 18 percent since hitting bottom in 2011-12 when the previous temporary sales tax increase expired.

Residential Real Estate

After precipitating many of the issues that drove the state and nation into recession, California's real estate markets are also on a robust growth path. The median price of an existing single-family home has been growing by double-digit percentages all across the state since June 2012.

The growth is due in part to limited inventory, which the California Association of Realtors estimate was at just 3.7 months of supply in June 2014. The numbers of distressed units coming onto the market has also fallen as defaults and foreclosures have plummeted in the wake of the recovery.

New construction activity continues to grow as builders are enticed by rising prices and limited inventories. Multi-family properties make up the majority of new residential units being built in the state, driven by demand, as the renter population has increased significantly since the foreclosure crisis. However, single-family construction is gaining steam.

Commercial Real Estate

The commercial side of the real estate market was much slower out of the recovery than were residential properties; however, California's commercial market is experiencing progress. Vacancies for office space in particular, while remaining high, have begun to decline. Industrial properties in California stand out as the healthiest part of the commercial market with vacancy rates now in the low single digits in most major metropolitan areas. Improvements in the commercial real estate market have spawned new commercial development projects. Through May 2014, nonresidential permit values were up 4.0 percent, with gains spread between the development of new office and retail space, and alterations/additions to existing structures. The increased activity, coupled with improving residential market conditions, should help drive additional job growth in construction over the next few years.

Workers Left Behind

Although, the cyclical efforts of the recent recession continue to fade, progress has not been felt by all Californians. Some Californians are doing much better in the current economic environment than others.

California recently returned to its prerecession peak employment level. However, the sectors that experienced the most growth during the recovery are not the same sectors that lost the most jobs during the recession, and many workers continue to face difficulty finding work. For example the healthcare, professional, scientific, and technical sectors have at least 100,000 more jobs now than at the peak of the bubble.

On the other hand, collectively, there are still 500,000 fewer jobs in the retail, construction, and manufacturing sectors. Many former retail and construction workers are not in a position in terms of skill sets to tap into the faster growing higher wage Professional job sector. As such, at least 25 percent of the state's unemployed workers have been for over 6 months—a point at which their skill levels and employability begin to erode.

Rising Inequality

Given the uneven growth across higher- and lower-wage job sectors, income inequality in California has increased in the wake of the recession. In 2012, the top 20 percent of income earners in the state accounted for 52.6 percent of all income earned. In 2002, the top 20 percent of income earners accounted for just 50.1 percent of all income earned. Income has become increasingly concentrated, and inequality has risen over the past decade as high-income earners have done better and middle-income earners have been more prone to migrate out of California in search of more affordable housing.

Lackluster Wage Growth

Although nominal wages have been rising over the past 15 years, so, too, has the cost of housing, goods, and services. Adjusting annual average wages into real terms with the Consumer Price Index for the western region and wage growth have been lackluster at best. In fact, wage growth has only been slightly more positive on a year-over-year basis than it has been negative, with growth dropping below zero in 23 of the past 56 quarters. On average, real wages in California have grown by 0.66 percent since 2000, and at the end of 2013, real wages are almost identical to what they were at the turn of the century—meaning the quality of life for the average Californian has not improved much.

Cyclically, things are improving overall. Whether focusing on employment, incomes, GDP, home prices, building permits, or taxable sales, California's economy is in growth mode. Despite the state's many challenges, California continues to lead the nation in many key ways.

➤ **COMMUNITY DEVELOPMENT DEPARTMENT**

- For over two decades, staff has had many conversations and pursued innumerable leads in an effort to attract a traditional, contemporary supermarket to Holt Boulevard to better serve the south side of Montclair. The most common reason given for the long-running disinterest by major grocers is that Holt Boulevard has only a "180-degree market draw;" that is, the bulk of adjacent residential development generally exists only north of Holt Boulevard. To the south, between Holt and Mission Boulevards, development consists primarily of commercial and industrial land uses, compounded by the existence of the perceived "barrier" of the Union Pacific Railroad right-of-way.

The owners of the vacant, 9-acre property at the southwest quadrant of Holt Boulevard and Central Avenue have been working diligently for the past two years to find a retail tenant to anchor a commercial development to the south and west of Carl's Jr. The list of potential tenants that have been contacted include Cardenas Markets, Winco Foods, Home Depot, and Lowe's, among others. Such an anchor tenant is critical in order to attract other national or regional credit tenants to ensure viability of a commercial development.

Because of the continued lack of interest in the site by any major commercial tenants, the owners are rethinking the type of development that would not only be successful, but also compatible with existing development along Holt Boulevard. To that end, they have engaged the professional services of local, commercial real estate brokers to determine the highest and best use for the property.

At Wednesday's Development Review Committee meeting, staff reviewed a conceptual site plan illustrating a business park-like campus consisting of four, warehouse/distribution buildings with associated office components ranging in size from 18,000 to 80,000 square feet. The real estate professionals believe there is a demand for buildings in that size range, particularly for businesses currently located in the San Gabriel Valley that are in antiquated or otherwise inadequate quarters. Staff engaged in a productive discussion on issues related to site layout, parking, circulation, and vehicular connection of the project to existing streets.

The Planning and Building Divisions and the Public Works and Fire Departments will review the preliminary plans over the next week or so and submit comments and questions back to the owners for consideration.

➤ **HUMAN SERVICES DEPARTMENT**

- The Annual All Employee Summer Bar-B-Que was held on Tuesday in the Senior Center. Sponsored by the City Manager's Office and the City Council in appreciation for each employee's service, the luncheon was attended by over 100 employees. At 11 a.m. seniors who came for the daily

nutrition program were treated and surprised with the barbecue. Beginning at noon, City employees dined on hamburgers, hot dogs, sausages, side dishes, and apple pie à la mode.

A slideshow featured pictures of many City employees at different events throughout the year.

Many thanks to all who helped make the event a success!

A photo collage is included on Page 11.

- Eight women dressed in teal-colored caps and gowns graduated yesterday from the City's 2014 Por La Vida Program, which was held in the Council Chambers. On hand to congratulate the graduates and present them with certificates of recognition were Mayor Paul Eaton, Congresswoman Gloria Negrete McLeod, Supervisor Gary Ovitt, representatives from the offices of Senator Norma Torres and Assembly Member Freddie Rodriguez, family members, and friends.

The 16-week program, now in its 14th year with over 215 past graduates, teaches participants how to live healthy lifestyles by providing information on salt, sugar, fat content, physical activity, serving portions, self-esteem for the entire family, and shopping at the supermarket on a budget.

The program, which is taught in English and Spanish, is funded primarily by First 5 San Bernardino.

A picture collage of the event is included on Page 12.

- The L.A. County Fair opens on Friday, August 29 at Fairplex in Pomona and will run through Sunday, September 28. The Fair will be open on Monday, September 1 for Labor Day, but will be closed subsequent Mondays and Tuesdays and Wednesday, September 3.

City employees and community members may again purchase discounted Fair tickets at the Recreation facility and the Senior Center. Tickets are good any day the Fair is open. Adult tickets are \$11 and child tickets (6 to 12 years of age) are \$6. Children 5 years of age and under are free. Tickets must be purchased with cash only.

Montclair Day at the Fair is Wednesday, September 10. The day will include a parade featuring Montclair groups and a special ceremony for Montclair's Community Heroes.

Coupons good for a \$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, in advance.

On Montclair day only, beginning at 11 a.m., the Montclair Golden Express will provide free transportation for fairgoers 18 years of age and older. To make reservations, call the Senior Center at (909) 625-9483.

For more information on discounted tickets, call the Recreation facility at (909) 625-9479.

➤ ***POLICE DEPARTMENT***

- On Tuesday, Chief Mike deMoet attended a meeting on Stakeholders for Law Enforcement First Aid and CPR. Hosted by the Commission on Peace Officer Standards and Training, the meeting provided law enforcement professionals the opportunity to review and provide input on proposed revisions to regulations on First Aid and CPR training requirements.

It was the consensus of the group that the changes, as written, would impose training requirements that would be a challenge to meet within the required time frame. The stakeholders were urged to provide input to the California Emergency Medical Authority during the public comment period.

Today, Chief deMoet shared his findings with members of the San Bernardino County Police Chiefs and Sheriffs Association during their scheduled meeting.

➤ ***PUBLIC WORKS DEPARTMENT***

- Last weekend, Public Works Superintendent Xavier Mendez received a phone call reporting a roadway failure on Monte Vista Avenue between Grand Avenue and Howard Street. Maintenance Worker Dave Bostic responded to the call out and suggested that emergency roadway plates be placed over the failed pavement. Fortunately, a contractor performing waterline replacement for the Monte Vista Water District was working in the area and had the necessary equipment and materials to use for the temporary repairs. Xavier was able to negotiate the use of the roadway plates and advised the contractor to install the plates as a temporary repair.

Based on the type of pavement failure, a waterline leak or a sewer-line leak was suspected. On Monday, Leadworker James Houston and Maintenance Worker Eddie Chavez televised the sewer main on Monte Vista Avenue and found a section of 8" sewer pipe was cracked and possibly leaking. The pavement failure area, however, was considerably further south of the cracked pipe. While the pavement failure follows the alignment of the sewer, the cracked sewer pipe is probably not the reason for the failure. Also, several water services had been leaking and have since been replaced by Monte Vista Water District's contractor.

On Wednesday, Public Works crews found that settlement had increased and was no longer limited to the areas beneath the trench plates. At Public Works Director Mike Hudson's direction, Monte Vista Avenue was ordered closed to

through traffic and emergency repairs began. Public Works Superintendent Xavier Mendez quickly assembled a street crew, led by Leadworker Alex Cardona, to prepare the street for resurfacing.

This week's repairs are considered temporary as the reason for the settlement has yet to be determined with certainty. The cracked sewer pipe will be repaired and the pavement will be monitored for further settlement. Final pavement repairs will likely be made later this year.

I want to express my thanks to Public Works Street Maintenance Division personnel under the direction of Xavier Mendez and Alex Cardona for their work yesterday and quickly restoring the street to a safe condition for residents and motorists.

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

- Bon Bake Shop is a new chain that Cinnabon will test in mid-September at a Houston mall. It is the latest move by a brand that has put its name on vodka, Cream of Wheat, and frosting-filled dessert balls at Taco Bell. And like Taco Bell, which just opened a higher-end eatery in Huntington Beach called U.S. Taco Co. that boasts lobster, milkshakes, and fries, Cinnabon is trying to woo people who do not eat its food. The 880-calorie Cinnabon classic roll will not be on the Bon Bake Shop menu. Instead, you can buy smaller rolls with frostings such as Smores, Maple Bacon, Wild Berries & Cream, or a yellow Birthday Cake icing with sprinkles on top.

"The next big thing in indulgence is small," says Cinnabon marketing chief Kristen Hartman, who has led the initiative. "People are all about bite-sized and sharing." To encourage that sharing, the smallest serving will be a 4-pack flight of bites for \$3.69. As fans of Cinnabon know, the chain already sells minibons and a 4-pack of classic bites. The difference comes in the variety of toppings: Instead of 2 (cream cheese and caramel pecan), there will be 9, including a rotating selection of flavors such as Pumpkin Caramel, Toasted Coconut, Bavarian Cream Pie, Brownie Batter, and Butterfinger.

The Bon Bake Shop will also have whoopie pies (red velvet cakes filled with cream cheese frosting) and such savory items as cheese rolls and twists. The new chain will also have a more understated look, favoring warm tones over Cinnabon's blue and white. Instead of shirts with messages like "Come check out my six-pack," Bon Bake Shop staff may sport softer slogans like "Baking is love you can taste."

Why do so much work for a chain that will open only three locations this year? For one thing, it lets Cinnabon experiment without annoying the customers of its 1,200 stores. This sort of brand extension also lets a company pitch franchises in a new way to reach new customers with the same supply chain.

As franchise consultant Michael Seid notes, "It's the same product served different ways."

If Bon Bake Shop ends up cannibalizing sales at the Cinnabon test locations, the company may decide to fold some items into the Cinnabon menu or take an alternative approach.

What is clear is a desire to diversify. Cinnabon management knows the perils of building a brand around a single product. While chains such as Starbucks have managed to broaden their appeal and menu, others find it tough to shake an association with one kind of food or eating experience. For Taco Bell, it's cheap late-night Mexican fast food. For Cinnabon, it's a decadent, gooey cinnamon roll you can smell from across the mall. And Bon Bake Shop? Maybe that's the kind of craving that makes you bring a box of doughnut holes to the office.

ECS:spa

You're only given a little spark of madness. You mustn't lose it.

~ Robin Williams

AUGUST 2014



18	Code Enforcement Committee Meeting - Canceled	
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 - Canceled	
26	City Manager's Staff Meeting City Hall Conference Room	9:00 a.m.

SEPTEMBER 2014



01	Labor Day – City Hall Closed	
02	City Council Workshop – Monte Vista Water District Presentation	5:45 p.m.
02	City Council Meeting Council Chambers	7:00 p.m.
03	Community Action Committee Meeting Council Chamber	7:00 p.m.
08	Planning Commission Meeting Council Chambers	7:00 p.m.
09	City Manager’s Staff Meeting City Hall Conference Room	9:00 a.m.
10	Montclair Day at the Fair	
10	Oversight Board Meeting Council Chambers	6:00 p.m.
15	Code Enforcement Committee Meeting City Hall Conference Room	6:00 p.m.
15	City Council Meeting Council Chambers	7:00 p.m.
18	Safety Committee Meeting Council Chambers	9:00 a.m.
18	Public Works Committee Meeting City Hall Conference Room	2:00 p.m.
22	Planning Commission Meeting Council Chambers	7:00 p.m.
23	Autumn Begins	
30	City Manager’s Staff Meeting City Hall Conference Room	9:00 a.m.

Summer BBQ 2014



Por La Vida Class of 2014



Congratulations!

