



February 5, 2015

TO: Honorable Mayor and City Council

FROM: Edward C. Starr, City Manager

SUBJECT: WEEKLY REPORT: January 30-February 5, 2015

➤ **CITY MANAGER/ADMINISTRATIVE SERVICES DEPARTMENTS**

- With the Great Recession behind California, a recent story in the *Los Angeles Times* identifies one of the troublesome trends adding pressure on the state's economy—erosion of California's manufacturing base.

The nation is moving into the post-industrial age, an era of mechanized production, where machines can increasingly do jobs that used to pay real people livable wages. Several states, including California, also adhere to strong environmental and labor regulations that did not exist at the birth of the industrial age. These rules have improved and saved lives of workers and the communities where manufacturing plants are based; but they have also driven costs of manufacturing higher. Nowhere, however, have these trends been more apparent in slowing the growth of manufacturing than in California.

Thus, while the nation as a whole has seen a remarkable turnaround in manufacturing employment since the recession ended approximately five years ago, California has not. Instead, the state has been among the slowest to recover jobs in an industry long viewed as a bastion of middle-class opportunity. Since February 2010, U.S. manufacturing employment has increased at a rate of 6.7 percent, with some midwestern and southern states, such as Indiana and South Carolina, seeing gains of 15 percent or more. By contrast, California manufacturing has grown at about 1 percent over the same period.

Long-term, the decline in manufacturing is expected to hurt California's middle-class workforce. Manufacturing is the classic path to higher paying jobs for less educated workers. On average, manufacturing workers make 8.4 percent higher wages each week than those in all other industry-related jobs combined, according to a 2012 Brookings Institution study.

Part of what is driving job growth in California comes from the leisure and hospitality industries. Over the past decade, California has created more than 260,000 leisure and hospitality jobs. At the same time, since 2004, California lost more than 260,000 manufacturing jobs—jobs that have not come back, even as the state's budget has come back into balance and overall job growth has returned to pre-recession levels.

While there are national and global pressures on manufacturing, they are acute in California. The state promotes cutting-edge safety and environmental regulations, and suffers from high costs of living and a large underclass that does not have the training to serve the demands that manufacturing requires.

How does California sustain a middle class in a post-manufacturing age? That is a core question for California's business and political leaders. Why? Because it is a problem of global consequence and scope, but one that California must lead the way to address because the golden state is feeling the impacts first.

The industrial economy has split into the information economy and the service economy. The information economy-related jobs demand skill and training; service jobs are less demanding for skills, but do not pay the livable wages common to industrial jobs.

What roles can and should government play in addressing this economic evolution and the creation of a sustainable economy based on the new realities? Montclair has taken a lead in addressing this issue. Our city, this robust town on the western edge of San Bernardino County, has recognized since 1998 that a post-high school education through Chaffey Community College will provide our graduating students with the opportunity to develop the skills that can lead them into an information economy. Last year, the Montclair City Council renewed this commitment when, with the cooperation of the Chaffey Joint Union High School District, it elevated the award-winning Online to College Program to Montclair High School, making all participating high school students eligible beneficiaries of a two-year community college education.

Last month, in his State of the Union Address, President Obama enunciated this very vision when he asked Congress to approve a plan that would provide free access to community colleges, nationwide. His request was not highlighted by a need to remain competitive with a foreign nation in a race to space; rather, the President's vision is more practical—for America

to remain competitive in the world, it must be a driver that moves its youth to a post-high school education that prepares them for the changing complexities brought on by an information economy. Community colleges can and should serve as the linchpin to that field of competitiveness. Montclair recognized that fact 17 years ago; the President of the United States recognizes it today.

- President Obama is calling for tens of billions of dollars in new government spending, setting up a clear contrast with the new republican Congress.

The president's \$3.99 trillion budget proposal, released last week, would lift the automatic spending caps imposed in 2013.

All told, President Obama wants to spend \$37 billion more than the caps allow on domestic programs. That would pay for things like an expanded child care tax credit and subsidies to help students attend community college at no cost. He is also proposing an extra \$38 billion in defense spending. The White House says that money would help pay for the ongoing fight against the militant group calling itself the Islamic State, as well as military support for NATO allies rattled by recent Russian aggression in Ukraine.

President Obama wants to offset those costs with higher taxes on big banks and the wealthy. His plan would raise about \$210 billion over the next decade by raising the capital gains tax rate and taxing gains on inherited wealth. A new financial fee on highly leveraged banks would generate another \$110 billion over the next 10 years.

President Obama is also proposing a one-time, 14 percent tax on the profits that U.S. corporations have amassed overseas. That would raise an estimated \$238 billion to help fund improvements to roads, bridges, and other public works.

President Obama indicated that all of his proposals would be paid for by fixing the tax code that is riddled with loopholes for special interests. He also indicated that he looks forward to republican approaches for the funding of his proposals. Republicans now control both chambers of Congress, and they are unlikely to approve President Obama's proposed tax hikes. They might be willing to give ground on the spending caps, though.

President Obama's budget would cut the federal deficit to \$474 billion in the upcoming fiscal year. That is just 2.5 percent of the overall economy, and White House forecasters expect the deficit to remain at a manageable 3 percent of GDP or less throughout the 10-year budget window. That is only if republicans agree; however, to a substantial boost in tax revenues.

The White House has already scrapped one of President Obama's ideas from the budget: a plan to tax 529 college savings accounts. Critics of the 529 plans complain the tax-advantaged accounts primarily benefit upper-income families. But a White House proposal to eliminate the tax break (worth a paltry \$1 billion over the next decade) ran into a storm of protests from both republicans and democrats, and the administration quickly backed down.

While President Obama defends his budget as an exercise in "middle-class economics," a preliminary analysis by the nonpartisan Tax Policy Center found otherwise. Forecasters at the center say while the wealthiest Americans would pay higher taxes under President Obama's plan, most of the benefits would go to those at the bottom of the income ladder. The 60 percent of Americans in the middle would more or less break even.

President Obama's budget assumes the U.S. economy will grow by just over 3 percent in 2015 while the unemployment rate continues to inch downward to 5.4 percent. Inflation is expected to remain well below 2 percent.

- One aspect of the Millennial mythos is that young people love cities. They love bike lanes and ethically sourced coffee and rooftop gardens. Last year, a Nielsen study appeared to confirm the cliché: The percentage of young adults who live in cities is higher than ever. In fact, 62 percent of the poll's Millennial respondents said they would like to live near a medley of shops, restaurants, and offices.

But it is important not to mistake a preference for an urban lifestyle with a preference for cities themselves. It is true that cities have a generous amount of the shop-restaurant-office medleys that young people desire; but it is also true that metropolitan areas boast many of the highest-paying jobs—which is probably a bigger draw for a generation that was starting or just settling into their careers when the recession hit.

It is now the case that once young people live in a prosperous city for a few years, they are finding it increasingly hard to get the economic foothold that would allow them to leave. Median wages have fallen for this generation almost across the board, which means young people have had a hard time saving money and building the good credit needed to secure a mortgage and buy a house elsewhere. This inability to flee from cities might be masking the fact that many Millennials still yearn for a house in the suburbs.

Leading up to the recession, the populations of 25-to-34-year-olds in big metro areas were declining every year, as young people bought houses in smaller cities. *The Wall Street Journal* reported that about 50,000 young adults were leaving New York and Los Angeles every year between 2004

and 2007. Between 2010 and 2013, that number dropped below 23,000 for New York and to about 12,000 for Los Angeles.

One reason this group is staying in cities might be that they cannot afford to leave, according to William Frey, a demographer at Brookings Institution. Millennials often do not have enough money saved up to consider buying a house somewhere else and cover the relocation costs, or perhaps a pay cut that comes with accepting another position elsewhere.

In previous decades, cities like New York and Los Angeles attracted twentysomethings with educational or professional opportunities, and then those twentysomethings would migrate to places where they could settle down with a family and buy a spacious house after a few years in the city. This geographic dispersal of highly-skilled workers, the norm for decades, meant the gains of states with stronger economies could be spread to those with weaker ones.

It is easy to assume that Millennials love cities simply because so many of them live there, but it looks like a majority of them, after a stint in a city, still yearn for the same things their parents pursued. A survey by the National Association of Home Builders released last week called on about 1,500 people born after 1977. Sixty-six percent of those respondents said they want to live in the suburbs, versus the 10 percent who want to live in a city.

That survey has a major caveat: It only covered people who had purchased a home within the past three years or intended to in the next three, so the results could be exaggerated (not to mention the fact that the poll was conducted by a bunch of people who would very much like it if more homes were built). But this is not an isolated finding. In the summer of 2013, the Demand Institute, a nonprofit think tank, posed a similar question to about 1,000 Millennials, aged 18 to 29. Nearly half said they would like to have their next home be in the suburbs, while 38 percent preferred cities.

It appears that what many Millennials want when picking out a place to raise a family is not a city per se, but rather the benefits that are traditionally associated with living in a city: restaurants, shops, and grocery stores within walking distance and easy access to public transportation. In other words, they might want suburbs that are more city-like than the ones they grew up in.

Montclair's North Downtown Specific Plan is a prime example of a suburban city that is seeking to provide the benefits of city living to its residents, while retaining the charm and affordability associated with suburbia.

The North Montclair Downtown Specific Plan envisions a walkable, vibrant town center that includes mixed-use development and activities that take advantage of major transit amenities and promote walkability.

The Montclair City Council is intent on capitalizing on the City's prime location in the west end region of the Inland Empire—an area that is home to one of the fastest growing regions in Southern California. Developing a full range of transit options, coupled with full realization of the vision expressed by the North Montclair Downtown Specific Plan, will facilitate North Montclair's transition to a walkable suburban place that will attract individuals seeking suburban living with city amenities.

➤ **COMMUNITY DEVELOPMENT DEPARTMENT**

- This weekend (Friday-Sunday) marks the first yard sale weekend of 2015. The Community Development/Public Works counter was busy this week with residents obtaining permits and signs for their sales. As is typical, the pace on Monday and Tuesday was largely manageable with the majority of residents procrastinating until Wednesday and Thursday to get their permits.

A list of permitted yard sales, listed alphabetically by street and block number, will be posted after 6:30 p.m. today on the City's website. This "shopping list," which staff has prepared for each yard sale weekend for the past two years, is in a one-page format that can be printed so shoppers can easily find the locations of every yard sale in Montclair this weekend.

- On Monday night at its regular meeting, the Planning Commission will consider an application for an 18,900 square-foot multi-tenant development, Montclair Shoppes, on the vacant two-acre parcel on the east side of Central Avenue, directly across from Costco.

The site, which has been largely vacant and unused for the past decade, would be anchored by Original Tommy's Hamburgers and Starbucks Coffee. Other tenants slated for the center include Jersey Mike's, Dickey's BBQ, Robeks Juice, AT&T, and Dollar Loan Center.

➤ **FIRE DEPARTMENT**

- Burn Awareness Week is February 1-7, and the focus this year is "Scald Prevention."

A scald injury can happen at any age, but most at risk are children, older adults, and people with disabilities. Hot liquids from everyday life including: bath water, hot coffee, and microwaved soup can cause severe and devastating injuries. The American Burn Association (ABA) estimates that nearly 500,000 burn injuries are treated in hospitals each year. Roughly half of these injuries are scalds. The National Fire Protection Association (NFPA) offers tips to stay safe.

We encourage you to use the following safety tips as a guide to help prevent scald injuries. By making simple behavioral or environmental changes, scalds can be prevented.

Kitchen Safety

- ✓ Designate a "no enter zone" for children of at least 3 feet around the stove and areas where hot food and drink is prepared or carried
- ✓ While using the stovetop, turn handles towards the back
- ✓ Place hot liquids and food in the center of a table or towards the back of a counter
- ✓ Do not let children carry hot food or drinks
- ✓ Never hold a child while you are cooking, drinking a hot liquid, or carrying hot foods or liquids
- ✓ Open microwaved food slowly, away from the face
- ✓ Allow microwaved food to cool before eating
- ✓ Never heat a baby bottle in the microwave. Instead, use warm water from the faucet
- ✓ To reduce the risk of a spill, choose prepackaged soups whose containers have a wide base, or pour the soup into a traditional bowl after heating

Bathroom Safety

- ✓ Install anti-scald devices on tub faucets and shower heads
- ✓ Always supervise a child in or near a bathtub or shower
- ✓ Test the water by moving your hand, then wrist, then forearm through the water. The water should feel warm, not hot, to the touch
- ✓ Test the water before placing a child in the bath or getting in the bath yourself

Do you know what to do if you get a scald burn?

1. Cool the burn immediately by running with COOL (not cold) water on the affected area for 3–5 minutes to stop the burning process
2. If possible, remove all clothing and jewelry around the injured area. Do not remove clothing that is stuck to the skin
3. Cover the area with clean, loose bandages
4. Seek medical attention

Test your knowledge of scald prevention with this [ABA assessment](#).

For more burn and fire prevention tips, visit www.fireandburn.org and click on the [Prevention](#) tab.

➤ **HUMAN SERVICES DEPARTMENT**

- Now through April 14, 2015, the Senior Center will be offering free income tax assistance for community residents. This program is available on Tuesday afternoons from noon to 4 p.m. with trained counselors to assist community members in filing out state and federal tax forms and renters credit.

To schedule an appointment, phone the Senior Center at 625-9483.

➤ **POLICE DEPARTMENT**

- The Police Department's second bicycle/scooter/pedestrian safety class was held on January 29 at Buena Vista Elementary School. The class is part of the Department's Selective Traffic Enforcement Program (STEP) Grant intended to provide education and safety instruction to at least 600 children.

The 81 children in attendance were able to demonstrate safety skills learned on a course that was set up outside the auditorium. Each child received a bicycle helmet and headlight.



- A DUI saturation patrol detail was conducted on Saturday, January 31 from 6 p.m. to 2 a.m. This program was also funded through the STEP grant, provided by the California Office of Traffic Safety through the National Highway Traffic Safety Administration. The results of the detail included two arrests for DUI and many other moving and equipment violations.

➤ **PUBLIC WORKS DEPARTMENT**

- Last week, Facilities and Grounds Superintendent Mike McGehee and Facilities Specialist Mathew Paradis responded to Fire Station No. 2 regarding a water heater leak.

Upon arrival, Fire Department staff was vacuuming up water in the kitchen area of the station. Mike and Mathew found that water had traveled under the walls and soaked the carpet in the locker room and the hall adjacent to the water heater closet. They extracted water from the carpets while Fire Department staff continued to remove water from the tile floor in the kitchen. Mathew also repaired the water heater leak—the cause of the problem.

Next came the removal of base boards, and holes were drilled into the walls to expose wet drywall. Because Fire Department staff had quickly shut off the water and began the clean-up process, the drywall was not wet. Several floor fans were placed around the areas of the leak to dry any residual moisture in the carpets.

Fire Department staff is commended for their quick actions that limited damages!

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

- Nation's Restaurant News reports that Chipotle Mexican Grill Inc.'s net income rose 52.3 percent during the fourth quarter that ended December 31, with same-store sales rising 16.1 percent. Revenue rose 26.7 percent, to \$1.07 billion, during the quarter. For the fiscal year, the chain reported net income of \$445.4 million, an increase of 36 percent, with same-store sales rising 16.8 percent.

"We continue to make significant progress on our important journey to change the way people think about and eat fast food," said Steve Ells, Chipotle's chairman and co-CEO, in a statement. "Consumer trends are changing, which we believe is a great result of people becoming more discerning about where their food comes from, how it was raised, and how their meal was prepared." Loyalty from consumers, as well as third-party research and the growing number of copycat concepts, "all point to the relevance of our vision and the impact we are having on food culture," Ells added. "We are delighted to see that this vision, a very lofty goal, is becoming a reality."

For fiscal year 2015, Chipotle expects to open 190 to 205 new restaurants. Same-store sales are expected to increase in the low- to mid-single digits. During the fourth quarter, Chipotle opened 60 new

restaurants, for a total of 1,783 units, including 17 locations outside the U.S. and 9 ShopHouse Southeast Asian Kitchen units.

ECS:spa

*"At the touch of love, everyone becomes a poet."
~ Plato*

FEBRUARY 2015

		
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.
12	Special City Council Meeting – Midyear Budget Review City Council Chambers	5:45 p.m.
16	Presidents' Day – City Hall Closed	
17	Code Enforcement/Public Safety Committee Meeting City Hall Conference Room	6:00 p.m.
17	City Council Meeting Council Chambers	7:00 p.m.
19	Safety Committee Meeting City Hall Conference Room	9:00 a.m.
19	Public Works Committee Meeting City Hall Conference Room	4:00 p.m.
23	Planning Commission Meeting Council Chambers	7:00 p.m.
24	City Manager's Staff Meeting City Hall Conference Room	9:00 a.m.