



February 11, 2016

TO: Honorable Mayor and City Council

FROM: Edward C. Starr, City Manager

SUBJECT: CITY MANAGER'S WEEKLY REPORT: February 5-11, 2016

CITY MANAGER/ADMINISTRATIVE SERVICES DEPARTMENTS

- Last month, the California Transportation Commission (CTC) reduced the State Transportation Improvement Program (STIP) Fund Estimate by nearly \$800 million, a decision spurred by a steep decline in gasoline prices and correlating decline in gas tax revenue.

For San Bernardino County, SANBAG estimates the initial negative impact to STIP capacity will be \$37.2 million. The SANBAG Board of Directors approved the STIP programming in October 2015. Given the CTC's action, SANBAG will prepare a revised submittal to the CTC.

Current STIP-related SANBAG staff recommendations:

- Keep the Barton Road Interchange project on its current schedule by replacing the STIP commitment with federal Surface Transportation Program funds. Barton Road, the only freeway interchange in Grand Terrace, will be rebuilt to accommodate the widening of I-215 to relieve traffic congestion
- Propose delaying STIP funding for the Redlands Passenger Rail project—the Redlands Passenger Rail Project is a nine-mile rail project designed to connect riders to a variety of destination points between the San Bernardino Transit Center and the University of Redlands. The delay will actually align fund availability with the current project schedule

- Seek as yet unknown funding to backfill the loss of STIP funds for the I-10 Express Lanes Project. SANBAG is considering three alternatives for the I-10: (1) no build, (2) add an HOV lane in each direction between Haven Avenue in Ontario and Ford Street in Redlands, and (3) add two express/HOV lanes in each direction between Montclair's western border and Ford Street in Redlands.

With fuel prices across the country continuing to decline and state and federal officials failing to reach alternative processes for improving gas tax revenue collections, it is likely that additional reductions to the STIP may be forthcoming.

- After a string of scandals involving for-profit colleges abusing the Federal Financial Aid System, the Education Department is taking matters into its own hands: creating an office dedicated to investigating fraud by colleges. The establishment of a Federal Student Aid Enforcement Unit would ferret out abuses, particularly those by for-profit schools.

The Unit's creation is in some ways a reorganization—a dusting-off of many tools that the Education Department has long had in its arsenal, such as the power to investigate colleges and pull their eligibility to receive financial aid. Two of the four agencies under the new Unit's umbrella already exist and are simply being re-shuffled.

In its oversight of colleges so far, the Education Department has largely been focused on more routine tasks, such as monitoring the flow of cash to schools and students and maintenance of records.

Defrauding the financial aid system can be a lucrative enterprise, as the Education Department's own recent investigations have shown. Marinello Schools of Beauty, a for-profit chain with more than 4,000 students nationwide, handed out questionable high school diplomas—for a \$75 fee—and forced low-income students to pay part of their tuition out of pocket rather than giving them federal loans. It collected \$87 million from taxpayers last year.

In addition, the Computer Systems Institute, a 2,600-student computer school, fabricated a home healthcare business where it said dozens of its graduates were employed—businesses that, as it turned out, most students had never heard of, much less worked at.

These two alleged violations, uncovered by the Education Department, had one main purpose: to allow the colleges to continue collecting millions of dollars in financial aid, skirting rules about student eligibility, accreditation, and revenue. When the Education Department investigated and uncovered the violations, it abruptly cut off the schools' access to that financial aid.

Until now, such definitive and large-scale crackdowns by the Education Department were rare. The Education Department controls the flow of billions of taxpayer dollars every year to American colleges and universities; but it left detailed investigations, and strong enforcement actions, primarily to other federal agencies.

Some critics said the creation of the unit amounted to too little, too late. Before it was closed in 2015, Corinthian Colleges had been repeatedly accused by state attorneys general and several federal agencies of fabricating job placements, much like Computer Systems Institute, and lying to students about their chances of finding employment; the first case, in California, dated back as early as 2006. However, the department continued to hand over billions of dollars in federal financial aid to Corinthian until 2014, when it imposed a minor delay on Corinthian's access to federal funds that sent the school into bankruptcy.

The Education Department has long said that it was essentially powerless to cut off federal aid to Corinthian, as it remained accredited throughout its troubles. Nevertheless, critics said it should have moved more quickly on the allegations of fraud by states, and that it failed to cooperate with federal agencies, such as the Department of Justice, that were also investigating the school.

Still, the step-up in enforcement by the Education Department will likely lead to more closures like those last week, which abruptly ended the education of almost 7,000 students at Marinello and CSI Schools caught by the unit's new investigations group in serious violations.

The move to double down on fraud investigation in-house is also a sign that the Education Department may be putting far less trust into college accreditors, the independent watchdogs that it tasks with determining whether or not a school is eligible to receive financial aid.

- Last Thursday, Council Member Trisha Martinez and Upland Council Member Carol Timm spoke at a Women in Politics panel at Scripps College in Claremont. The event was sponsored by IGNITE, an international organization that supports young women who wish to enter into leadership roles, and the LASPA Center, a women's leadership center at Scripps College that provides programs that focus on 21st century leadership, including leadership analysis, scholarship, public service, and action.

Council Members Martinez and Timm led a discussion that included their experiences as women entering local politics, observations about the differences between men's and women's communication and leadership styles, and advice on how young women can become more involved in their local communities. The students in attendance were very engaged in the discussion and touched by the inspiring stories told by both women.



- Last week, the Montclair City Council authorized the participation in an energy partnership between Southern California Edison (SCE), Southern California Gas (GAS Company), and San Bernardino Associated Governments (SANBAG). The San Bernardino Regional Energy Partnership (SBREP) is intended to help local governments set an example in their communities by increasing energy efficiency, reducing greenhouse gas emissions, increasing the use of renewable energy, and helping to reduce air pollution.

SBREP will help provide resources and expertise to local governments to help them conduct energy audits on government facilities and infrastructure; find ways to implement efficiency projects, and provide information to residents and businesses on available energy efficiency programs.

Over the course of the next year, SBREP intends to provide specified energy savings and greenhouse gas reductions to participating partners by completing energy efficiency retrofits of facilities and infrastructures; develop various strategies across the partnering cities to improve compliance with building energy standards and appliance regulations; and establish a Marketing and Outreach Plan aimed at marketing energy efficiency programs available through the partnership and various other partners.

The primary objectives of the SBREP include the following:

- Short- and long-term energy savings and demand reduction for partnering cities
- Enabling of jurisdictions to leverage their local infrastructure to spread the word about energy efficiency and deepen the reach of statewide and local energy efficiency programs and services
- Promoting energy efficiency through identification of energy-saving opportunities and leveraging available resources to install cost-effective, energy-saving technologies

- Coordinating community outreach and training efforts to educate consumers and promote programs
- Identifying/offering financial packages that bundle practical utility incentives with monetary incentives aimed at improving the participation of residents, businesses, and local government agencies.
- The California Legislature on Monday unveiled two bills proposing a new tax on health insurance plans that would prevent a massive \$1.1 billion hole in the state budget.

Assembly Bill 20 (Bonta) and Senate Bill 15 (Hernandez), both referred to as the Medi-Cal: Managed Care Organization Tax, would replace a tax that applied only to Medi-Cal managed care organizations, which the federal government said it would not renew. The tax is designed to allow California to continue receiving matching funds from the federal government to pay for health insurance for the poor.

Governor Brown called a special session last year to deal with health care financing, but failed to find a solution. His administration has worked for months to broker a compromise with insurance companies, which warned that higher costs could be passed on to consumers.

Insurers would get a reduction in other taxes to offset the cost of the new assessment. The effects on each company would likely be different, depending on their mix of Medi-Cal clients, their corporate structure, and other factors.

The measures require bipartisan support in the Assembly and Senate to achieve the supermajority required of tax increases. It could begin moving through legislative committees as soon as this week.

It was not immediately clear whether Governor Brown has lined up the needed support from two-thirds of each chamber in order to pass the two bills. In California, a two-thirds super majority vote is required to pass any fees, levies, charges, and tax revenue allocations.

Insurers supported past iterations of the health plan tax because it was crafted to apply only to Medi-Cal managed care organizations. The money is matched by the federal government and pumped back into the Medi-Cal Program.

However, the Obama administration said the tax must apply more broadly, warning California that the state must find a new model to continue receiving the federal matching funds after June 30, 2016.

FIRE DEPARTMENT

- This week, Fire Captain Sergio Mejia's B-Shift crew responded to a structure fire caused by food burning on a stove. On-scene units set up positive pressure ventilation to remove the smoke from the house. The resident waited outside until the smoke was completely removed.

Thankfully, Firefighter/Paramedic Ulises Baeza was able to rescue a small dog from the smoke-filled house and return it to the worried resident.

HUMAN SERVICES DEPARTMENT

- Yesterday, the Senior Center held a Valentine's Day Dance that included a variety of music provided by local DJ, RadioKlash. Refreshments included a non-alcoholic beverage bar with a variety of drinks. The Valentine's Day festivities were enjoyed by all!

A photo collage of the event is shown on Page 11.

- Last Friday, Dr. Renford Reese from the Political Science Department at California Polytechnic University, Pomona presented the Colorful Flags Program to the After-School Program at Moreno Elementary School.

The Colorful Flags Program, founded by Dr. Reese, breaks down ethnic mistrust by teaching specific cultural facts and increasing cultural competency. Dr. Reese kept students engaged for an hour by teaching them to say simple phrases in Chinese, Russian, and Vietnamese; quizzing them about different ethnicities in their community; and challenging them to eat with chopsticks.

The Inland Valley Daily Bulletin wrote an article about the event that can be viewed by clicking here <http://www.dailybulletin.com/social-affairs/20160205/montclair-students-learn-about-becoming-global-citizens>

POLICE DEPARTMENT

- This morning at a San Bernardino County Police Chiefs and Sheriff Association meeting held at Upland Police Department, Police Chief Mike deMoet received his Commission on Peace Officer Standards of Training (POST) Executive Certificate in a surprise presentation by the POST Executive Director, Bob Stresak. Mr. Stresak made a special trip from his office in West Sacramento to personally present the certificate to Chief deMoet!



The Executive Certificate is awarded to currently employed, full-time peace officers of a POST-participating agency who possess an Advanced Certificate, have earned a minimum of 60 semester units at an accredited college, have served for at least 2 years as the department head, and have completed the Executive Development Course.

Congratulations go to Chief deMoet for being awarded the POST Executive Certificate!

POST Executive Director Bob Stresak and Chief Mike deMoet

PUBLIC WORKS DEPARTMENT

- I am pleased to report that Public Works Director Michael Hudson has attained elite status as "Life Member" in the American Society of Civil Engineers (ASCE).

Life Members are those who made a lifetime commitment to ASCE and the civil engineering profession by remaining members for at least 30 years, including continuous membership during the most recent 10 years.

Mr. Hudson and other members of the Life Member Class of 2016 will be formally recognized and inducted during ceremonies at an 11 a.m. to 2 p.m. brunch on Sunday, March 5, 2016, at Monterey Hill Steakhouse in Monterey Park. Reservations for the \$35 per person brunch must be received by Friday, February 26. For reservation information, contact Gayle Stewart, 714-258-8306, or register online at www.ascelasection.org.

Congratulations, Mike, on this milestone achievement in your career.

SUCCESSOR REDEVELOPMENT AGENCY/ MONTCLAIR HOUSING CORPORATION

- This week, CVS is opening its first pharmacy inside a Target store.

Over the next 6 to 8 months, all 1,660 of Target's pharmacy locations will become CVS-branded units. Additionally, the discount retailer's 80 in-store health clinics will rebrand as CVS MinuteClinic locations.

When CVS announced its \$1.9 billion acquisition of Target's pharmacy business in June, many worried it could set off a series of similar partnerships as cost pressures hurt profits at grocery store pharmacies. In October, Walgreens and Rite Aid—the second- and third-largest pharmacy chains in the US, after No. 1, CVS—announced a \$9.4 billion merger.

While these acquisitions may help the bottom line at companies, it could be bad news for shoppers. Target and CVS maintain the change will simply increase convenience and accessibility for consumers.

Mergers mean less competition in the market, which could lead to higher prices for consumers. If CVS and Walgreens acquire more pharmacy businesses, this effect could be even greater.

The mergers also significantly reduce competition in the retail clinic business. The acquisitions combine the No. 1 provider of retail clinics (CVS MinuteClinic) with the No. 5 provider (Target), as well as the No. 2 provider (Walgreens) with No. 6 (Rite Aid).

- Michael Kors has identified a huge weakness in its business: American malls.

Despite strong gains in the overall business, the handbag retailer has seen a decline in North American mall traffic that is only expected to get worse in the future as consumers continue to become more comfortable with online shopping's ease and convenience. Mall traffic in Europe and Asia, on the other hand, continues to remain stable, as retailers have been slow to expand online shopping platforms.

Recently, brick-and-mortar stores, such as Walmart and Macy's, have announced mass store closings as each retailer has begun to focus more on their e-commerce sites. The announcement of these store closings could have a number of implications on the overall retail landscape. Their decisions will likely catalyze other specialty retailers and department stores to take a harder look at their brick-and-mortar stores in underperforming areas.

ECS:spa

"There is nothing which can better deserve our patronage than the promotion of science and literature. Knowledge is, in every country, the surest basis of public happiness."

~ George Washington

FEBRUARY 2016



14	Valentine's Day	
15	Presidents' Day – City Offices Closed	
16	Real Estate Committee – Cancelled	
16	Code Enforcement/Public Safety Committee Meeting City Hall Conference Room (meeting time has changed)	6:00 p.m.
16	City Council Meeting Council Chambers	7:00 p.m.
17	Safety Committee Meeting City Hall Conference Room	10:30 a.m.
18	Public Works Committee Meeting City Hall Conference Room	4:00 p.m.
18	Midyear Budget Review Council Chambers	6:00 p.m.
22	Planning Commission Meeting Council Chambers	7:00 p.m.

MARCH 2016



01	City Manager's Staff Meeting City Hall Conference Room	9:00 a.m.
02	Community Action Committee Meeting Council Chambers	7:00 p.m.
07	City Council Workshop Council Chambers	5:45 p.m.
13	Daylight Saving Time begins	2:00 a.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.
16	Safety Committee Meeting City Hall Conference Room	10:30 a.m.
17	Public Works Committee Meeting City Hall Conference Room	4:00 p.m.
20	Spring Begins	
21	Real Estate Committee City Hall Conference Room	5:30 p.m.
21	Code Enforcement/Public Safety Committee Meeting City Hall Conference Room	6:15 p.m.
21	City Council Meeting Council Chambers	7:00 p.m.
27	Easter	
28	Planning Commission Meeting Council Chambers	7:00 p.m.

2016 Senior Center Valentine's Dance

