



April 7, 2016

TO: Honorable Mayor and City Council

FROM: Edward C. Starr, City Manager

SUBJECT: CITY MANAGER'S WEEKLY REPORT: April 1-7, 2016

CITY MANAGER/ADMINISTRATIVE SERVICES DEPARTMENTS

- Canadian research company Convergence Consulting Group is estimating that 1.13 million U.S. TV households cut the cord in 2015—four times the pace of 2014, with another 1.11 million expected to cancel their pay TV subscriptions in 2016 as over-the-top content and mobile services continue to grow. Over-the-top content (OTT) refers to delivery of audio, video and other media over the Internet without the involvement of a multiple-system operator in control of the distribution content. The Internet provider may be aware of the contents of the Internet Protocol packets but is not responsible for, nor able to control, the viewing abilities, copyrights, and/or other redistribution of the content. This model contrasts with the purchasing or rental of video or audio content from an Internet service provider (ISP), such as pay television and video on demand or an IPTV video service like AT&T U-verse. OTT in particular refers to content that arrives from a third party — such as Hulu, Netflix, Sling TV, Wherever TV or Xiao and is delivered to an end-user device, leaving the ISP only the role of transporting IP packets.

In its annual research report—The Battle for the North America Couch Potato—, Convergence said that although pay TV revenue rose 3 percent in 2015 to \$105 billion and should increase another 2 percent to \$107 billion in 2016, it was far below the pace of OTT services. Convergence estimated that OTT revenue increased 29 percent to \$5.1 billion in 2015, rising another 30 percent to \$6.7 billion in 2016.

The pay TV universe continues to shrink—the report estimates that there was a decline of 1.13 million U.S. TV subscribers in 2015 (compared to 283,000 in 2014). Cord never/cord cutter households—those that do not subscribe to a pay TV service—also were on the rise to 24.6 million in 2015 from 22.5 million in 2014. Convergence estimates that 26.7 million households (an increase of 2.1 million homes) will join the cord-never/cord-cutter ranks in 2016.

Content expenditures increased for both traditional and online networks in 2015, with Convergence predicting traditional networks spent about \$53.1 billion on content in 2015 (up 8 percent) while new players like Amazon, Apple and Netflix spent an estimated \$7.1 billion in 2015 (up 27 percent over the prior year). Increased spending is expected to continue for both sectors. Convergence estimates traditional networks will shell out \$57.2 billion for programming in 2016 (up 7.7 percent), while non-linear providers will spend \$8.7 billion this year, up 22.5 percent.

- Last week, the state Senate Transportation and Housing Committee failed to secure sufficient votes to move Senate Bill (SB) 876 out of committee. As proposed, SB 876, known as the "Right to Rest" bill, would have afforded persons experiencing homelessness the right to use public spaces without discrimination based on their housing status. The bill also defined basic human and civil rights that may be exercised without being subject to criminal or civil sanctions, including the right to freely use public spaces without impediment, the right to rest in public spaces and to protect oneself from weather, the right to eat in any public space in which having food is not prohibited, and the right to perform religious observances in public spaces.

A person whose rights would have been violated under SB 876 could have sought relief through civil action, with the court authorized to award the prevailing plaintiff injunctive and declaratory relief, restitution, and statutory damages of \$1,000 per violation, and fees and costs.

SB 876 would also have required all applicants for the United States Department of Housing and Urban Development's (HUD) Continuum of Care Homeless Assistance Program to annually provide to the Department of Housing and Community Development's Division of Housing Policy Development a copy of its application for funding from HUD that includes the organization's response to the application question regarding steps that its community is taking to reduce criminalization of homelessness.

SB 876 would have preempted local authority to address important issues affecting public health and safety in public spaces and on private property that is held open to the public, including, but not limited to, plazas, courtyards, parking lots, sidewalks, public transportation facilities, public buildings, shopping centers and parks. In such areas, homeless individuals would have been empowered to occupy such spaces with tents and other forms of shelter, while reducing access to other members of the public.

Senator Connie Leyva joined Senators Anthony Cannella, Ben Allen, Patricia Bates, Ted Gaines, Mike McGuire, and Richard Roth to vote against the bill. With two Senators voting in favor and seven against, the bill faced significant opposition.

- In a unanimous ruling on Monday, the U.S. Supreme Court rejected a challenge to the way Texas—and every other state—draws its legislative districts.

Following the principle of "one person, one vote," states draw legislative and congressional districts that are equal in population. The case, *Evenwel vs. Abbott*, addressed the question of whether states should use only the voter-eligible population or the total population.

The court ruled that states can continue to use the total population formula. Six of the eight justices suggested that the question remains open as to whether states should be required to use total population. In concurring opinions, justices Clarence Thomas and Samuel Alito agreed that Texas could not be forced to use eligible voters as the basis of its count, but said any state could do so.

The ruling maintains the power of local jurisdictions that have large numbers of residents who cannot or do not register to vote. That includes immigrants who are not citizens, children, and inmates.

Had the court ruled the other way, the decision would have been a boon for rural areas of the nation at the expense of urban areas. Rural areas tend to have more homogenous populations, with higher percentages of registered voters compared to urban areas. Such a ruling would also have created an administrative nightmare for states, which rely on Census data in calculating total population. It was not clear how states would have determined the population of eligible voters.

The plaintiffs argued that redistricting based on total population diluted the value of their votes, relative to those cast in other districts with large numbers of unregistered voters and undocumented residents.

However, the Court observed that the 14th Amendment, which contains the Equal Protection clause that is the basis of redistricting law, refers to the rights of "persons," not "citizens." No state has chosen an alternative to total population, although a few make adjustments to Census data.

- A new state board, Secure Choice, last week recommended that the automatic enrollment of millions of private-sector workers in a new state-run retirement savings plan begin with a safe investment: U.S. Treasury bonds for the first three years. The board would then have time to develop options for riskier, higher-yielding investments that could be protected against losses, possibly through insurance or pooling investments and eventually building a large reserve that could offset market downturns.

Several states are working on savings plans for private-sector workers with employers that do not offer a retirement plan—an estimated 6.8 million in California, who are 55 percent of workers ages 18 to 64 and earn a median wage of \$23,000.

A payroll deduction is said to be a proven way to sharply increase savings. Deductions would begin at 3 or 5 percent of pay, perhaps escalating to 10 percent as years on the job increase. Workers automatically enrolled in the new state-run plan could opt out.

Employers with five or more employees but no retirement plan (typically a tax-deferred 401(k) investment plan available from many firms) would be required to offer the state savings plan.

Senate President Pro Tempore Kevin de Leon, D-Los Angeles, after four years of trying, obtained legislation (SB 1234 in 2012) authorizing a study of a state-run savings plan for private-sector workers with tight constraints. Half of the \$1 million raised by the 9-member Secure Choice board chaired by state Treasurer John Chiang came from the Laura and John Arnold Foundation.

The estimated Secure Choice startup cost is \$129 million if the payroll deduction is 3 percent of pay. Consultants say a start-up loan from the state could be paid off without exceeding the cap on administrative expenses: 1 percent of total assets.

- Last week, Council Member Trisha Martinez, Director of Human Services Marcia Richter, Senior Management Analyst Mikey Fuentes, and I, attended the 2016 San Bernardino City-County Conference. The 32nd Annual City-County Conference, held in Lake Arrowhead, offered an opportunity for elected officials, managers, and staff from San Bernardino County's 24 incorporated cities and the County to come together and discuss topics of mutual interest.

This year, the two-day summit focused on a variety of topics including the Ontario International Airport and Local Control, Crisis Communications—Lessons Learned on December 2, 2015, Using Technology for Open Government and Transparency, Unfunded Retirement Liability and GASB 68, Regulating Marijuana—Medicinal and Recreational, How to be More Competitive for Public Grants, Local Issues in the Legislature, Imposed District Elections, and What's Ahead for our Economy.

Guest speakers included Kelly Fredericks, Executive Director, Ontario International Airport Authority; Kelly Huston, Deputy Director, Crisis Communications and Media Relations, Governor's Office of Emergency Services; Chris McKenzie, Executive Director, League of California Cities; Geoff Neill, Principal Policy and Fiscal Analyst, California State Association of Counties; Michael Antonucci, Manager, County Office of Emergency Services; Craig Steele, City Attorney, City of Highland; Chris McKenzie, Executive Director, League of California Cities; Robert Lovingood, Vice Chair San Bernardino County Board of Supervisors, First District Supervisor; Janice Rutherford, Second District Supervisor; James Ramos, Chairman, San Bernardino County Board of Supervisors, Third District Supervisor; Curt Hagman, Fourth District Supervisor; Josie Gonzales, Fifth District Supervisor; Gregory Devereaux, Chief Executive Officer, San Bernardino County; and several other representatives from throughout Southern California.

Guest speaker Christopher Thornberg, Director, University of California Riverside Center for Economic Forecasting and Development and Founding Partner of Beacon Economics, LLC, closed the two-day conference with his discussion on the Economic Outlook of San Bernardino County.

Real Estate

Housing prices have continued to rebound since the Great Recession of 2007, when the price of homes fell dramatically throughout the nation. Cities throughout the Inland Empire were hit the hardest, given the explosive growth in home building in the region. Thankfully, many cities in California, particularly in Southern California, have seen double-digit increases on a year-to-year basis.

Economists speculate that a softening of the housing market will begin to occur as pent up demand for housing decreases over time and as first time home buyers and less affluent buyers forgo the purchasing of either an existing home or new home. The prime culprit in the softening of demand is that price gains for both existing and new homes have far outpaced wage increases during the recovery. However, wages have begun to see some increases over the past several years.

Recent trends in housing point to increased demand for transit oriented development projects, mixed-use development projects, and developments centered on walkability. In particular, millennials and baby boomers are opting to live in areas centered on walkability where services and amenities are only a walk away. Rental costs, particularly in San Bernardino County continue to be high relative to the costs of owning a home. As such, households that are able to secure a down payment and meet current income and credit requirements are likely to discover that it is less expensive to purchase a home than to continue to rent. Currently, California renters must earn about \$54,000 annually to afford a 2-bedroom apartment.

Business Friendliness/Economic Climate

Low commercial real estate rents, the most affordable housing in the region, and lower overall costs of doing business have given San Bernardino County a very competitive edge compared to neighboring counties. Along with newer facilities at lower lease rates, superior transportation, and an access to a market of 23 million people within three hours of driving, San Bernardino County has become a viable destination for businesses to relocate.

Overall the economy of the United States continues to grow with stronger labor markets, housing markets that are still in recovery mode, expanding credits, and low commodity prices. Much of the growth in the economy has been lead by California.

Education

San Bernardino County is continuing to see improvements in academic performance scores and the overall high school dropout rate. Unfortunately, there have been slight gains seen in students' college readiness, and economically disadvantaged students continue to lag behind in English and math proficiency. While there is a close match between the number of college degrees granted and jobs requiring degrees, most projected job openings in the County need only experience or on-the-job training.

- Commercial landscape contractors and municipal facility staff are invited to trade in their noisy, smoke-belching 2-stroke leaf blowers to get a large discount on either a new 4-stroke blower (which is 75 percent cleaner and 65 percent quieter) or a battery-electric model.

Participants who wish to get a gasoline-powered 4-stroke blower will receive a new STIHL BR500 (which retails for nearly \$500) and, with the exchange of their old leaf blower, will pay only \$200. Those wishing to get a new, battery-operated leaf blower can choose from: the hand-held STIHL BGA85 model for \$200; or the backpack BGA1000 model which retails for \$1,400, but is available for \$600 with the trade-in of a working commercial leaf blower. The BGA85 model can operate for up to 23 minutes on one charge, and has quick-change batteries for easy and continuous use. The BGA 100 can operate for up to 5 hours on a charge.

The old blowers will be collected at the 20 exchange locations, drained of fluids and recycled by local auto dismantlers.

School districts, colleges, local governments, and commercial landscapers can take advantage of this program. Not only are these clean air leaf blowers good for people's lungs, they are also very quiet. They can reduce student distraction on school campuses, help hotels and resorts improve their ambiance, and enable hospitals to let their patients rest.

Those interested in attending any of the locations for the Leaf Blower Exchange are required to register by contacting SCAQMD at 1-888-425-6247.

FIRE DEPARTMENT

- At 1:50 p.m. on Monday, the Fire Department received a call for an outside rubbish fire at 4761 State Street. The fire began at an industrial recycling center and quickly spread to adjacent properties, including residential structures and an outdoor storage facility. Billowing clouds of black smoke could be seen throughout the Inland Empire.

This third-alarm fire had 27 engines and 6 ladder trucks assigned to it, some coming by mutual aid as far away as Redlands and San Bernardino. Fire engines also came from neighboring communities to cover vacant fire stations whose units were committed to the incident. While fire crews worked to control the fire, Montclair Police worked to evacuate the area and establish a safe perimeter. Public Works crews assisted by providing barricades and heavy equipment. The Red Cross provided canteen service to first responders and assistance to eight families that were affected by the fire.

Four homes were destroyed by the fire. One additional home and three detached garages were also damaged. The fire reached 100 percent containment at approximately 6 p.m. One resident suffered from smoke inhalation, one firefighter was transported to a local hospital for exhaustion, and one firefighter incurred a minor burn while battling the blaze. Two Police Officers also suffered from smoke

inhalation and minor injuries while trying to evacuate nearby residents. The cause of the fire is still under investigation.

We extend our deepest sympathies to the families that were affected by this fire. Our gratitude goes to all of our response partners in Fire Service, Law Enforcement, Public Works, and to the Red Cross!



HUMAN SERVICES DEPARTMENT

- Last Wednesday, the Senior Nutrition Program celebrated March birthdays with a Saint Patrick's Day theme. Over 200 seniors enjoyed a delicious lunch, Irish music, and games. Volunteer Josie Arroyo entertained the seniors with a variety of Irish folk songs.

A photo collage is on Page 14.

- Calling all volunteers! This coming Saturday from 9 a.m. to noon, Montclair's Second Saturday Gardening Club will be holding its first meeting at the Montclair Community Fruit Park and the Montclair Community Garden. Volunteers of all ages are needed to help beautify the parks by weeding, pruning, and performing general maintenance. "Green thumbs" are not a requirement!

The group will meet on the second Saturday of every month at both parks (volunteers have their choice of parks). Tools, instructions, and refreshments will be provided.

Check out the flyer on Page 15 for more information.

POLICE DEPARTMENT

- Police Lieutenant Brian Ventura received a certificate from Mayor Paul Eaton at Monday evening's City Council meeting in recognition of his March 18 graduation from the FBI National Academy. Chief Mike deMoet spoke about this achievement and gave credit to Stacy Ventura, Brian's wife, for taking on the duties of single mom for the 10 weeks that Brian was in Quantico, Virginia. Brian and Stacy have three young daughters, and all three are active in soccer! Stacy juggled the girls' school and extracurricular activities like a champ while Brian was away.

The FBI National Academy is a professional development course for U.S. and international law enforcement leaders. It serves to improve the administration of justice in police departments and agencies at home and abroad and to raise law enforcement standards, knowledge, and cooperation worldwide.

Each 10-week session consists of approximately 220 officers that take undergraduate and/or graduate courses at the Quantico campus. They also participate in a wide range of leadership and specialized training where they share ideas, techniques, and experiences, creating lifelong partnerships that transcend state and national borders.

A final fitness test challenge is a grueling 6.1-mile run through a hilly, wooded trail built by the Marines. Along the way, the participants must climb over walls, run through creeks, jump through simulated windows, scale rock faces with ropes, crawl under barbed wire in muddy water, maneuver across a cargo net, and more. When (and if) the students complete this difficult test, they receive a yellow brick to

memorialize their achievement. The course came to be known as the Yellow Brick Road years ago after the Marines placed yellow bricks at various spots to show the runners the way through the wooded trail.

Congratulations, Brian, on this exceptional achievement in your law enforcement career!



Lt. Brian Ventura and Stacy Ventura

- CSU Officer Jeffrey Wheater received a commendation this week for outstanding investigation work in what started out as a stabbing incident that took place in Montclair in January 2016.

The victim in the case was standing in front of his residence when he was approached by two men and was stabbed in the chest several times by one of the men. The suspects fled the area before our Officers arrived on scene. The investigation was sent to the Crime Suppression Unit for follow up, and that is when Officer Wheater took over the investigation.

The victim ended up requiring surgery for his wounds. When Officer Wheeler interviewed the victim, he discovered the crime was gang-motivated. After obtaining information on possible suspects with only gang monikers to work with, those monikers were positively identified by the victim. After compiling additional evidence against the suspects, Officer Wheeler authored and received a Ramey arrest warrant.

A few days later, a San Bernardino County Sheriff's Department sergeant attempted a vehicle traffic stop near Phillips Street and Monte Vista Avenue. One of the occupants of the vehicle fired a shotgun round at the sergeant (missed him, thankfully), but the suspects got away. When the circumstances regarding the shooting were disseminated to surrounding agencies, Officer Wheeler immediately noticed that the description of the suspect in the shooting matched one of the suspects in the attempted homicide stabbing investigation. The Sheriff's Department sergeant positively identified our stabbing suspect as the suspect in his shooting investigation.

Then, a few days after the shooting, Riverside Police officers conducted a traffic stop and identified the driver as one of the stabbing suspects. When they learned of the Ramey warrant, they took the suspect into custody. Officer Wheeler, notified of the arrest, interviewed the suspect who initially denied being involved in both incidents. Thanks to Officer Wheeler's excellent interviewing skills, he was able to build a rapport with the suspect who finally admitted to being the suspect in both investigations!

Officer Wheeler's consistent efforts and commitment to the community brought this dangerous criminal to justice. His commendation was presented by CSU Sergeant Matt Borra during an afternoon briefing. The room was filled with his peers and a huge round of applause!

Officer Wheeler is also pursuing active leads on the whereabouts of the second suspect.

SUCCESSOR REDEVELOPMENT AGENCY/ MONTCLAIR HOUSING CORPORATION

- Chipotle might be trying to build a competitor to Five Guys and Shake Shack.

Bloomberg recently reported that Chipotle filed a trademark application for the phrase "better burger."

At one point in time, fans would have probably rejoiced over this news. The chain has already successfully expanded into other categories with its Asian ShopHouse and Pizzeria Locale concepts. But as the chain's sales continue to slide following numerous E. coli outbreaks, many in the restaurant industry are skeptical of Chipotle's odds.

The burger business might be the restaurant industry's toughest market to crack at this point. It is certainly tougher than either tacos or pizza, given the presence of so many better burger chains like Five Guys, Smashburger, Shake Shack, and The Habit Burger Grill. Even McDonald's has entered the market with a customizable "Create Your Taste" menu.

Beyond how saturated the burger market has become, Chipotle also needs to focus on its core business, which has seen sales slide more than 30 percent in recent months.

Analysts say the sales might not recover for years. The brand has been spending millions on free burrito promotions in order to bring back customers. While Chipotle might eventually succeed with a burger chain, the industry thinks it should focus on nursing the burrito business back to health.

- Some of the most successful retail stores are also among the least attractive.

Instead of soft lighting and elaborate displays, stores like Aldi, Dollar General, Costco, and Trader Joe's offer no-frills shopping experiences with few bells and whistles. In turn, they can invest more in prices, giving them a distinct advantage over competitors.

Aldi, for example, does not invest in shelves for many of its products. Instead, the items are stacked on top of each other in the boxes they were shipped in. This reduces the time it takes to keep the store stocked. The chain also requires customers to put down a 25-cent deposit to use carts, which they get back once they return the cart. This eliminates having to pay an employee to round up the carts.

As a result, Aldi, which is in the midst of a \$3 billion expansion in the US, can invest more in keeping prices low.

Dollar General also limits its investments in store infrastructure and labor. Most of the company's squat, boxy stores feature fluorescent lighting, narrow aisles, and basic metal shelving. Each store—which range between 7,000 and 10,000 square feet—costs about \$250,000 to build and pays for itself within 2 years. Thanks to their relatively small size, the stores require very little labor. Dollar General typically staffs only 2 to 4 employees at a time to work the registers and keep the shelves stocked. There are only 2 registers in most Dollar General stores.

The no-frills model has been successful for Dollar General. The company's sales were up nearly 8 percent in 2015, and it is planning an aggressive expansion, opening more than 2,000 stores within the next 2 years and bringing its total number of stores to about 14,500.

Trader Joe's targets a wealthier demographic than Aldi and Dollar General, but it offers a similar value proposition with a simple, uncomplicated shopping experience. Trader Joe's doesn't release sale numbers, but studies have shown it sells about twice as much per square foot as Whole Foods.

Similarly, warehouse stores like Costco and Sam's Club also target a higher demographic with low prices and a shopping experience that's far from fancy. The stores feature concrete floors and industrial metal shelving and, like Aldi, stack some items on top of each other in their original packaging.

But customers keep coming back to these stores because they offer such competitive prices.

Aldi, for example, is 30 percent cheaper than Walmart, according to a recent price check conducted by Business Insider; Dollar General is about 20 percent cheaper than traditional grocery stores and 40 percent cheaper than convenience stores, according to UBS; and Trader Joe's is 26 percent cheaper than Whole Foods.

- Costco is launching a new credit card that will offer some of the best rewards in the market. The new card, managed by Visa, will launch June 20. Costco's current card is managed by American Express. The company ended a 16-year deal with American Express to switch over to Visa.

The new Costco Visa card will offer 4 percent cash back on eligible gas purchases (on up to \$7,000 per year, then 1 percent back), 3 percent back on restaurant and travel purchases, 2 percent back on Costco and Costco.com purchases, and 1 percent back everywhere else.

That's a much better deal than the American Express card, which offered 3 percent cash back on gas (up to \$4,000), 2 percent back on restaurants and travel, and 1 percent back everywhere else.

In fact, the new Visa card offers some of the best rewards of any card in the market, according to a report released by NerdWallet.

There is no annual fee on the Visa card, but shoppers must pay for a \$55 annual Costco membership to use it.

Costco customers who have the current American Express card will receive the new Visa card in the mail beginning in May.

ECS:spa

"Children will not remember you for the material things you provided, but for the feeling that you cherished them."

~ Richard L. Evans

APRIL 2016



11	Planning Commission Meeting Council Chambers	7:00 p.m.
12	City Manager's Staff Meeting City Hall Conference Room	9:00 a.m.
18	Real Estate Committee Meeting City Hall Conference Room	5:30 p.m.
18	Code Enforcement/Public Safety Committee Meeting City Hall Conference Room	6:15 p.m.
18	City Council Meeting Council Chambers	7:00 p.m.
20	Safety Committee Meeting City Hall Conference Room	10:30 a.m.
21	Public Works Committee Meeting City Hall Conference Room	4:00 p.m.
22	Earth Day	
25	Planning Commission Meeting Council Chambers	7:00 p.m.
26	City Manager's Staff Meeting City Hall Conference Room	9:00 a.m.
28	Retirement Luncheon for Community Development Director Steve Lustro, Community Center	Noon - 1:30 p.m.

Senior Center March Birthday Party





MONTCLAIR

Montclair's



**SECOND SATURDAY
GARDENING CLUB**

First Meeting:

Saturday, April 9, 2016 from 9 a.m. - 12 p.m.

The Montclair Community Garden and the Montclair Community Fruit Park are in need of volunteers to help maintain them. Volunteers of all ages* are needed to help weed, prune and perform general tree and garden maintenance. The Second Saturday Gardening Club will meet the second Saturday of every month from 9 a.m. - 12 p.m. at both the Montclair Community Garden and the Montclair Community Fruit Park. The parks are located as follows:

Montclair Community Garden

4495 Palo Verde St. (SW corner of Palo Verde St. and Ramona Ave.)

Montclair Community Fruit Park

Sunset Park, 4351 Orchard St.

Volunteers are invited to show up at either park ready to volunteer. No gardening knowledge needed; we will provide instructions. Basic gardening tools and gloves will be provided but you are welcome to bring your own. Light refreshments will be provided to those who are volunteering. Both parks do not have restrooms on site so plan accordingly.

Questions? Call (909) 625-9485 or email lgavilanes@cityofmontclair.org

*Those under 18 are welcome to help, however a parent/guardian will need to fill out a waiver before they can participate. Those under age 12 must be accompanied by a parent/guardian while volunteering.