



June 16, 2016

TO: Honorable Mayor and City Council

FROM: Edward C. Starr, City Manager 

SUBJECT: CITY MANAGER'S WEEKLY REPORT: June 10-16, 2016

CITY MANAGER/ADMINISTRATIVE SERVICES DEPARTMENTS

- The linchpin of California's climate change agenda, a program known as cap and trade, has become mired in legal, financial, and political troubles that threaten to derail the state's plans to curb greenhouse gas emissions.

The program has been a symbol of the state's leadership in the fight against global warming and a key source of funding, most notably for the high-speed rail project connecting San Francisco and Los Angeles.

However, the legality of cap and trade is being challenged in court by a business group that alleges that cap and trade is unconstitutional because it functions like a tax, and the law creating the program was not passed by a two-thirds majority in the Legislature. Furthermore, questions are growing about whether state law allows the cap-and-trade program to operate past 2020. With the end of the legislative session in August, Governor Brown, lawmakers, and interest groups of all stripes are laying the groundwork for what could become a major battle over the future of California's climate change programs.

California received an unwelcome reminder of cap and trade's precarious situation last month.

The program functions by capping how much greenhouse gas can be emitted into the atmosphere and requires companies to obtain permits. Each permit allows for the emission of one metric ton of greenhouse gasses. Those permits can be purchased at auctions or traded in a market, a system intended to provide a financial incentive for businesses such as power plants, oil refineries, and manufacturers to reduce emissions.

By selling the permits, the state generates revenue that can be spent on other initiatives that reduce greenhouse gas emissions, such as weatherizing homes, helping low-income residents buy cleaner cars, and funding mass transit projects. The bullet train is the biggest recipient, getting 25 percent of cap-and-trade funds.

During the most recent auction in May, only 11 percent of the permits offered for sale were purchased.

Analysts suggested that legal uncertainty around cap and trade has damaged faith in a system that, like other markets, requires investors' confidence to operate smoothly. They also said corporations and speculators are holding more permits than currently needed to cover the amount of greenhouse gas emissions in the state, a supply-and-demand problem that has been growing in every auction over the last year and could continue to choke revenue through 2017.

Hanging in the balance is funding for the country's largest infrastructure project, the \$64 billion bullet train championed by Governor Brown.

The latest auction produced just \$2.5 million of the \$150 million expected for the project and drove the price of each permit to the minimum set by the state.

If revenue remains weak, the bullet train could run out of money needed next year to match a federal grant. The state rail authority is depending on annual cap-and-trade revenue of \$500 million to build the first operational segment from San Jose to Shafter.

Officials at the California Air Resource Board, which runs cap and trade, caution against jumping to conclusions that their system is facing major problems. But there are still uncertainties in the market because companies were encouraged to build up a surplus of permits, and no one is entirely sure how many they will ultimately need.

Another possibility is that polluters might have cut their emission levels more than was originally expected to occur, resulting in a need for fewer permits.

Either way, the result is a financial problem. Although the state could tap a \$500 million reserve of cap-and-trade funds to keep bullet train construction rolling, it could be hard for the state to show that future revenue will be stable enough to secure bonds, a key part of the plan for financing high-speed rail.

Meanwhile, clean energy businesses and environmental justice groups are counting on cap and trade to provide financial support for their products and their communities.

- Riding the latest high-tech boom and an overall statewide surge, California has leapfrogged France and Brazil to become the world's sixth-largest economy, according to figures released by Governor Brown's Administration.

Using data from the International Monetary Fund and the U.S. Bureau of Economic Analysis, the state Department of Finance said California jumped ahead two spots in the annual rankings in 2015, up from number eight the year before.

Economists cautioned against making too much of the global rankings, which seesaw from year to year and can be influenced by such factors as fluctuations in currency valuations. The strength of the Dollar vs. the Euro, for instance was part of the reason why California jumped ahead of France last year.

As recently as 2012, the state had fallen to tenth in the global economic rankings because of the lingering effects of the recession and the housing market slump. Since then, California's economic growth has been among the top in the country, cutting the unemployment rate roughly in half. The rate was 5.3 percent in April.

For all the good cheer, California does face some warning signs. Much of the recent economic growth has been concentrated in the Silicon Valley and San Francisco, leaving the state vulnerable in case the tech economy sours. Exports have already suffered because of slowdowns being experienced by some of California's most important trading partners.

For the time being, however, California's economic growth has been undeniably strong when compared with the rest of the country. Last year, California's economy grew by 4.1 percent when adjusted for inflation. The U.S. economy grew at a 2.4 percent rate.

As for global rankings, the overall U.S. economy was No. 1 last year at \$17.9 trillion. China was No. 2 at \$10.98 trillion, followed by Japan at \$4.12 trillion, Germany at \$3.36 trillion, and the United Kingdom at \$2.85 trillion. California was next at \$2.46 trillion. France dropped to No. 7 at \$2.42 trillion, followed by India at \$2.09 trillion.

- This past Saturday, Accountant Janet Kulbeck completed her Bachelor of Science Degree in Accounting from California State Polytechnic University, Pomona. Janet graduated Cum Laude, or "with honors," a distinction given to students who have achieved academic excellence.

Janet has been attending Cal Poly Pomona over the past several years while concurrently working for the City. Prior to attending Cal Poly Pomona, Janet attended Chaffey Community College, where she graduated with an Associate Degree in Accounting and an Associate Degree in Liberal Arts and Sciences.

Janet started working for the City in 2001 as an Office Specialist in the City Clerk's Department. In 2003, Janet began working as an Accounting Specialist in the Finance Department. While working as an Accounting Specialist, Janet discovered her passion for accounting and finance. Janet went on to become an Accountant in the Department, overseeing the preparation of the Annual City and Mid-Year Budgets, the City's waste franchise contract with Burrtec Waste Industries, as well as additional day-to-day operations.

During her tenure with the City, Janet has exhibited an extraordinary ability to tackle some of the toughest and most challenging projects in the Finance Department.

Apart from her professional career, Janet enjoys spending time with her husband, Scott, and campaigning for charitable causes, such as the Susan G. Komen foundation.

Janet's dedication and commitment to her work has been commended repeatedly by her peers, City staff, and members of the City Council.

Janet, congratulations on your personal and professional achievements!



COMMUNITY DEVELOPMENT DEPARTMENT/ECONOMIC DEVELOPMENT

- The purchase of automobiles has been on a winning streak in California. For the first three months of this year, registrations for new cars sold exceeded 500,000, a 3.8 percent improvement over the first quarter of 2015, marking the 22nd consecutive year-over-year increase in quarterly registrations. The state is on track to top 2 million new vehicle registrations for the second straight year. "We're a car state," said Brian Maas, president of the California New Car Dealers Association (CNCDA), which released the new figures last week. "Passenger cars are king."

The car-buying rally is due to a number of factors, including plenty of pent-up demand on the part of drivers to replace what they are currently driving. Maas said the average vehicle on California's roads is 11 years old—a much higher age than cars and trucks in most other states. In addition, low interest rates, aggressive lease programs from dealers, low gasoline prices, and a generally better economic picture offer additional incentives. "Combine all that and it's really a good time to buy a vehicle," Maas said.

Light trucks led the way, with a 12.5 percent increase over last year. The Ford F Series pickup took nearly one-third of the market share for full-size trucks, with 10,986 registrations through March. In Los Angeles and Orange counties, first-quarter sales rose 5 percent for the year-earlier period, representing a 0.8 percent decline in car sales, but a 15 percent increase in truck sales. Southern California purchases were up 4.4 percent, while sales in Northern California rose only 1.9 percent. The used vehicle market saw solid growth, up 11.7 percent across the state.

It was a much different story 7 years ago, when dealers got socked in the immediate aftermath of the Great Recession. In 2009, barely more than 1 million cars were purchased, only half of what the current market is selling. But for all the good news, the 22-quarter winning streak may end soon as demand for new cars tapers off. This quarter's 3.8 percent rise pales in comparison with quarterly increases that often topped 10 percent as the economy recovered. For example, the third quarter of 2012 saw a 34.2 percent surge over the previous year. "We can't continue to keep up that pace of improvement forever, so it makes sense it's going to ease," Maas said.

While the nation's top-selling vehicle is the Ford F-150 pickup, the bestselling vehicle in California is a subcompact, the Honda Civic, which racked up 20,790 registrations in the most recent quarter. The Civic was also the bestselling used car in the state.

Among some of the other big winners in the report: Buick, which saw a 90.7 percent increase over the first quarter of 2015; and Volvo, which was up 75.9 percent. Fiat experienced a 34.3 percent sales drop, and Mitsubishi fell 34.1 percent in the first quarter.

The CNCDA report also showed signs of how the low global price for oil—which leads to low prices at the pump—keeps hurting sales for hybrids, plug-in hybrids, and electric vehicles. After reaching almost 7 percent of market share in 2013, hybrid registrations in California have steadily slid to just below 5 percent in the most recent quarterly report. National numbers have been even more pronounced. There was some good news for Tesla though. Its Model S was the top seller in the "luxury and sports" segment in California for the first quarter of 2016, with 2,552 registrations, edging out the Mercedes E-Class.

HUMAN SERVICES DEPARTMENT

- The 2016 Summer Concert & Movie Series starts next week on Tuesday, June 21 at 7 p.m. Concerts and movies are held at Alma Hofman Park (Shark Park), and are presented free of charge and open to the public. The Splash Pad will also be open for all concerts and movie nights from 5 p.m. to 8 p.m. All concerts begin at 7 p.m. and movies begin at 8 p.m. Bring your friends and family, blankets, lawn chairs, and a picnic dinner for a fun evening in the park.

Free children's activities will also be offered.

The concert schedule is:

June 21	The Shameless Dawgs (dance variety)
June 28	The Ravelers (classic rock)
July 5	The Silverados (country)
July 12	Mariachi El Aventurero (mariachi)

The movie schedule is:

July 19	<i>Inside Out</i> (rated PG)
July 26	<i>The Peanuts Movie</i> (rated G)
August 2	<i>Star Wars: The Force Awakens</i> (rated PG-13) (National Night Out movie)

- Due to the heat wave forecasted for this weekend, the Senior Center will serve as a cooling center from noon to 6 p.m. on Sunday, June 19. The cooling center is free to all Montclair residents (proof of residence is required). Those under age 18 must be accompanied by an adult.

The Senior Center and Recreation Center lobbies will also be open to the public as a cooling center on Monday, June 20 during normal business hours.

POLICE DEPARTMENT

- Members of the Boy Scouts of America replaced the Police Department's United States flag with a new one on June 9 and performed a brief retirement ceremony for the old flag.

Kevin Neuer, assistant scoutmaster for Riverside Troop 2, has been replacing tired United States flags for various organizations since he was 14 years old. Kevin recycles to pay for the flags and is sometimes assisted by others who donate their recyclables. Since 2011, Kevin has replaced a total of 43 flags.

Kevin is a Montclair resident who was recognized for replacing and refurbishing the park benches in Saratoga Park for his Eagle Scout project last year. Kevin also works at the local Boy Scout Store, located next to the Police Department. This unique position has allowed him to network with other troops who are now helping with his endeavor.

Assisting Kevin were members of Boy Scout Troops 207 and 411, as well as Cub Scouts from Packs 212 and 204. In honor of Kevin's dedication to the community, and as a token of our appreciation, he and his volunteers were presented with Montclair Police Department "challenge coins" by Chief Mike deMoet.





Chief deMoet handed out keepsake challenge coins to the boys

- On June 11, Mothers Against Drunk Driving (MADD) paired with the California Office of Traffic Safety to recognize law enforcement officers throughout California who had the most DUI arrests per agency in 2015. For Montclair Police Department, that recognition went to Officer Jesus Carrillo for the second year in a row. The recognition program and luncheon was held at Town and Country Resort in San Diego.

Officer Jesus Carrillo has been an Officer with Montclair Police Department for almost three years. Having seen the negative effects of impaired driving, Officer Carrillo became committed to making the roadways safer by locating and arresting impaired drivers. For 2015, while assigned to routine patrol, Officer Carrillo made 49 arrests for impaired driving.

Congratulations, Jesus, on this honorable achievement!



Officer Carrillo is pictured with his cousin, Oscar Carrillo, and Captain Robert Avels

PUBLIC WORKS DEPARTMENT

- On April 18, 2016, the Montclair City Council awarded a construction contract to Gentry Brothers, Inc. for the Eastern Zone 3 Montclair Street Rehabilitation Project.

The street resurfacing project is intended to provide pavement rehabilitation throughout a portion of the City where Monte Vista Water District recently constructed water mainline and services upgrades. The project limits are from San Bernardino Street on the north, Benson Avenue on the east, Orchard Street on the south, and Central Avenue on the west.

Improvements include removal and replacement of damaged curb, gutter, and sidewalk; replacement of non-compliant Americans with Disabilities Act (ADA) pedestrian ramps; grinding of existing asphalt concrete pavement; and new asphalt concrete pavement. In total, 25 streets received resurfacing.

Construction began April 20 and will be completed next week at a cost of 1.2 million dollars.

Funding for the Eastern Zone 3 Montclair Street Rehabilitation Project comes from 2014 Lease Revenue Bond Proceeds.

"A man never stands as tall as when he kneels to help a child."

~ Knights of Pythagoras

JUNE 2016

		
19	Father's Day	
20	Real Estate Committee Meeting City Hall Conference Room	5:30 p.m.
20	Code Enforcement/Public Safety Committee Meeting City Hall Conference Room	6:15 p.m.
20	City Council Meeting Council Chambers	7:00 p.m.
27	Planning Commission Meeting Council Chambers	7:00 p.m.
28	City Manager's Staff Meeting City Hall Conference Room	9:00 a.m.
30	Retirement Celebration for Police Chief Mike deMoet Police Department	3 p.m. - 5 p.m.

JULY 2016



4	Independence Day – City Offices Closed	
5	City Council Meeting Council Chambers	7:00 p.m.
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.
25	Planning Commission Meeting Council Chambers	7:00 p.m.
26	City Manager’s Staff Meeting City Hall Conference Room	9:00 a.m.

SUMMER

CONCERT & MOVIE SERIES

56TH ANNUAL
SUMMER
SEASON



MONTCLAIR

Bring the family, lawn chairs
and a picnic dinner and enjoy
an evening in the park.

FREE
CONCERTS
& MOVIES!

June 21 **Shameless Dawgs**

7 pm (Dance Variety)

June 28 **The Ravelers**

7 pm (Classic Rock)

July 5 **The Silverados**

7 pm (Country)

July 12 **Mariachi El Aventurero**

7 pm (Mariachi)

July 19 **Inside Out (PG)**

8 pm (Movies in the Park)

July 26 **The Peanuts Movie (G)**

8 pm (Movies in the Park)

National Night Out!

August 2 **Star Wars:
The Force Awakens (PG-13)**

8 pm

(Movies in the Park)

FREE
KIDS ACTIVITIES!

BRING THE
FAMILY!

REFRESHMENTS
FOR SALE

Admission is **FREE** • Alma Hofman Park (Shark Park), 5201 Benito Street

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