



August 18, 2016

TO: Honorable Mayor and City Council

FROM: Edward C. Starr, City Manager 

SUBJECT: CITY MANAGER'S WEEKLY REPORT: August 12-18, 2016

CITY MANAGER/ADMINISTRATIVE SERVICES DEPARTMENTS

- In an effort directed at preserving the state's cap-and-trade environmental program, Governor Brown is proposing a legislative amendment that would extend the program beyond 2020, to 2030. Under the state's Global Warming Solutions Act of 2006, the California Air Resources Board (CARB) exercises authority to operate a market-based compliance mechanism (cap-and-trade) to meet statewide greenhouse gas emissions (GHG) targets by 2020.

Senate Bill 32, currently before the Legislature, would extend the state's GHG emission reduction targets beyond 2020 and create new targets; however, the bill does not propose extending the cap-and-trade program. The Governor's proposal would extend cap-and-trade.

Critics contend that cap-and-trade has allowed industries to continue polluting in areas of the state where less affluent people live.

Both SB 32 and the Governor's proposed extension of cap-and-trade come at a time when challengers have sued the state, arguing that cap-and-trade is a tax that must be approved by a two-thirds legislative vote. As a result of the turmoil surrounding cap-and-trade, last quarter's pollutions credit auction performed poorly, causing the Legislature to delay funding decisions for cap-and-trade-related grant applications, including a pending grant application for construction of the Gold Line from Claremont to the Montclair Transcenter.

The cap-and-trade program is a vital funding source for the state's efforts to expand public transit and build the proposed high-speed rail service between northern and southern California. For the current legislative session, the Legislature has until August 31 to take action on the SB 32 and the Governor's proposed extension of cap-and-trade.

- On August 16, the California State Transportation Agency (CalSTA) announced 14 recipients for the 2016 Transit and Intercity Capital Program (TIRCP) grants. The projects move forward the Governor's focus on reducing harmful greenhouse gas emissions while advancing the state's public transportation system.

TIRCP was created by Senate Bill 862 (Chapter 36, Statutes of 2014) and modified by Senate Bill 9 (Chapter 710, Statutes of 2015) to provide grants from the Greenhouse Gas Reduction Fund created by cap-and-trade auctions. The goal of the TIRCP is to provide monies to fund transformative capital improvements that modernize California's intercity rail, bus, ferry, and rail transit systems to achieve the following objectives:

- Reduction in greenhouse gas emissions;
- Expand and improve rail service to increase ridership;
- Integrate the rail service of the state's various rail operations, including integration with the high-speed rail system; and
- Improve safety

It is an additional goal of the program to provide at least 25 percent of available funding to projects that provide a direct, meaningful, and assured benefit to disadvantaged communities, consistent with the objectives of Senate Bill 535 that eligible projects must address a community need.

During the 2016 selection process, CalSTA adopted an initial multi-year program of projects covering a minimum of two years of estimated funding.

Montclair participated with the Los Angeles County Metropolitan Transportation Authority (Metro), the Foothill Gold Line Construction Authority, and San Bernardino Associated Governments (SANBAG) to submit a grant application for \$150 million toward Gold Line-related construction from Azusa to Montclair. CalSTA has approximately \$449 million in appropriated funds encompassing Budget Years 2015-16, 2016-17, and 2017-18. Unfortunately, the Gold Line was not selected for funding, probably because Metro submitted several, high-cost projects; and there is no demonstrated funding available for construction of the Gold Line in Los Angeles County and San Bernardino County.

On November 8, voters in Los Angeles County will be asked to vote on two transportation-related tax measures, with funding designated for a range of transit projects, including extension of the Gold Line to Claremont. The CalSTA grant application, had it been approved, would have funded portions of Gold Line-related construction activities from Azusa to the Los Angeles-San Bernardino County line and the Montclair Segment (from the Los Angeles-San Bernardino County border to the Montclair Transcenter).

The state had projected a \$1 billion surplus in cap-and-trade funding, with an additional \$400 million designated toward transit. However, this surplus funding has been impacted in two ways: (1) the Legislature removed the projected surplus from budget discussions and will consider it under Special Session; and (2), the last cap-and-trade auction significantly underperformed, impacting long-term projection profiles for cap-and-trade revenue.

While there may still be opportunity for the Gold Line to receive funding from any surplus cap-and-trade funds, the likelihood now seems remote. Therefore, Montclair and its partner agencies will need to reconsider applying through the Federal Transit Administration (FTA) for funding. Unless the FTA is relaxing local match requirements based on a higher level of federal recognition for transit-related projects, the City would need to determine how to develop local match funding. Based on recent projections, the cost of constructing the Montclair Segment would be approximately \$40 million, plus associated administrative and oversight costs.

I will be meeting with the City's Federal Legislative Advocate, Jamie Jones, next week to discuss federal-related options for funding the Gold Line construction to the Montclair Transcenter.

Representative Norma J. Torres issued the following statement regarding the announcement that the Metro Gold Line Foothill Extension project from Azusa to Montclair was not selected to receive cap-and-trade funding as part of the 2016 Transit and Intercity Rail Capital Program:

"I'm extremely disappointed that the California State Transportation Agency (CalSTA) did not award cap-and-trade funding to the Gold Line Foothill Extension project. The second phase of the extension project from Azusa to Montclair will reduce traffic on the 210 and 10 Freeways and improve public transportation options for thousands of residents in the Inland Empire. CalSTA has missed an important opportunity to invest in public transportation and fund this promising project, which ultimately will reduce greenhouse gases and ease congestion in Southern California."

- A new poll conducted by The American Public Transportation Association (APTA) and the Mineta Transportation Institute (MTI), shows that more than 73 percent of Americans support using tax dollars to create, expand, and improve public transportation in their communities. By a similar number, Americans believe Congress should increase federal spending on public transportation infrastructure. The survey reflects a continuation of a multi-year trend where nearly three-quarters of Americans consistently support increased investment in public transportation.

This year's presidential candidates are focusing on infrastructure investment, including public transportation, as important components of their respective economic improvement plans. Infrastructure spending impacts the middle class both in providing jobs and creating access to jobs. According to some studies, every \$1 billion invested in public transit creates more than 50,000 jobs.

Last December, both Congress and the Obama Administration authorized a long-term surface transportation investment program that included public transit.

Representatives from APTA note that based on the strength of polling data, voters this November 8 are likely to approve as many as 27 state and local ballot initiatives across the country directed at investing in new public transportation projects. Los Angeles County residents will be asked to vote on a ballot measure to fund a major expansion of Los Angeles County's rail and highway network over the coming decades. The measure would permanently extend Measure R, the 30-year, half-cent sales tax hike that passed in 2008, kick-starting the region's massive public transit construction boom—currently the nation's largest public works improvement project. The ballot measure would also add another half-cent tax increase, also with no sunset.

The Mineta Institute and APTA survey also highlights the public's support for the value public transportation adds to communities across the country:

- Nearly 82 percent agreed that public transportation provides an affordable way for people to get around
- 84 percent of the respondents said public transportation provides people with vital connections to important resources like jobs, schools, and medical facilities
- Roughly 80 percent said that public transportation connects people to jobs, and thus helps to fuel economic growth and development
- 67 percent of those surveyed stated that public transportation creates a cleaner environment and reduces carbon emissions

It is widely accepted that, for a number of reasons, the nation has not fully addressed the country's public transportation infrastructure requirements over recent decades. In an effort to catch up, some industry analysts believe Congress should commit \$43 billion annually over the long-term if the maintenance backlog is to be effectively addressed. To do so, Congress would need to increase the federal excise tax on fuel products—the last time an adjustment occurred was in the early 1990s.

COMMUNITY DEVELOPMENT DEPARTMENT/ECONOMIC DEVELOPMENT

- The Helena Gardens Owners Association recently completed its full alley paving project. The Helena Gardens neighborhood encompasses the apartments on Canoga and Bandera Streets between Helena and Monte Vista Avenues. The extensive project was completed in three days without any problems, due in part to the collaborative effort of Montclair Housing Corporation, Public Works, and Code

Enforcement staff. The entire project was paid for by the Helena Gardens Owners Association.

It should be noted that the gated alley is owned by the Helena Gardens Owners Association, having been deeded by the City to the owners in 1989 at the time of formation of the owners association. The Montclair Housing Authority owns 18 apartment units in the Helena Gardens neighborhood.

- Nordstrom has reported strong e-commerce sales growth in its second quarter 2016 earnings report, even as the company saw an overall decline in total sales. Strong mobile engagement, which is outpacing desktop, was largely behind the e-commerce results.

Total sales for Nordstrom during Q2 2016 reached \$3.5 billion, marking a 1.2 percent year-over-year (YoY) decline. However, total sales for Nordstrom.com grew 9.4 percent YoY to reach \$683 million. Furthermore, total sales for Nordstrom's off-price retail site and its flash-sale site, HauteLook, grew nearly 35 percent YoY to total \$157 million.

Nordstrom's strong e-commerce performance was driven by a heavy focus on its mobile tools and engaging customers on their smartphones. The company focused on its mobile app performance during Q2, adding a visual search function and letting customers shop from specific store locations.

This fall, Nordstrom will be testing a mobile feature that allows shoppers to reserve merchandise at a Nordstrom location, and then try it on in-store before making a purchase. The emphasis on Nordstrom's app and mobile browser has propelled m-commerce (mobile commerce) to outpace desktop sales for some time now.

Nordstrom could leverage its Nordstrom Rewards program to push mobile engagement even further. The Nordstrom Rewards program was expanded during Q2 to allow shoppers to earn rewards and points every time they shop, even without using a Nordstrom credit card. The company now boasts 6 million Rewards members. Shoppers can already access their Nordstrom Rewards accounts on the mobile app, but this can be leveraged to increase m-commerce sales even further.

One way to do this would be to provide exclusive access to promotions and new clothing lines to Rewards members within the mobile app. This could help encourage shoppers to keep using the app and make future purchases.

- Amazon has partnered with Japanese entertainment company, Yoshimoto Kogyo, to create a series of videos that showcase Japanese cuisine, while letting viewers make "1-Click" purchases for products seen in the shows.

Viewers will be able to purchase products seen in the cuisine-inspired videos by clicking on the 1-Click icon as it appears in the video. The series will consist of four episodes that are approximately 40 minutes in length, and will only be available to Amazon Prime subscribers.

The videos will be available to Prime members in Japan, as well as other, unspecified foreign countries. Prime members in these designated countries will be able to buy products utilized in the videos through a single click. The viewers must have their payment information and delivery information pre-entered in their accounts in order to use the 1-Click feature. This is not the first time Amazon has partnered with Yoshimoto, as the two companies recently teamed up to create a variety show series for Prime Video.

The 1-Click feature will ease the checkout process, while also boosting consumer confidence. The 1-Click buy button will streamline the purchasing process, and could even decrease shopping cart abandonments among Amazon shoppers. In fact, 39 percent of shopping cart abandonments in the U.S. are attributed to lengthy or complicated checkout pages, which ask for shipping addresses and payment information.

Having this information pre-entered as part of the 1-Click feature could mitigate this issue. Consumers may also feel more confident in products before purchasing them, as 73 percent of U.S. adults are more likely to make an online purchase after watching a product description video. If successful, Amazon may look to roll out 1-Click purchases in other original Prime Video content.

HUMAN SERVICES DEPARTMENT

- The L.A. County Fair opens on Friday, September 2 at Fairplex in Pomona and runs through Sunday, September 25. The Fair is open on Monday, September 5 (Labor Day), but is closed subsequent Mondays and Tuesdays.

Starting next week, City employees and the community may again purchase discounted Fair tickets from the Recreation Center. Tickets are good any day the Fair is open. Adult tickets are \$12 and child tickets (6-12 years old) are \$6. Children 5 and under are free. Tickets must be purchased with cash only.

Montclair Day at the Fair is Thursday, September 22. The day's activities will include a parade featuring Montclair groups and a special ceremony for Montclair's Community Heroes. Coupons for \$5 admission to the Fair on Montclair Day are available at the Senior Center, Recreation Center, and City Hall, and on the City's website. Discounted tickets can be purchased online or at the gate with a coupon.

The Montclair Golden Express will be providing free transportation for those 18 and older on Montclair Day only, beginning at 11 a.m. To make reservations, call the Senior Center at (909) 625-9483.

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

POLICE DEPARTMENT

- At the City Council meeting on Monday, Jason Reed was formally introduced by Chief Robert Avels as the Police Department's new Police Captain. Captain Reed promoted from Lieutenant to Captain on August 8.

Captain Reed's family members, including his wife and daughters, mother, and brother, were present for the introduction, as well as fellow officers.

Congratulations, Jason, on this well-deserved promotion!



Pictured, from left, are Lt. Brandon Kumanski, Sgt. John Minook, Capt. Jason Reed, and Sgt. Matt Borra

PUBLIC WORKS DEPARTMENT

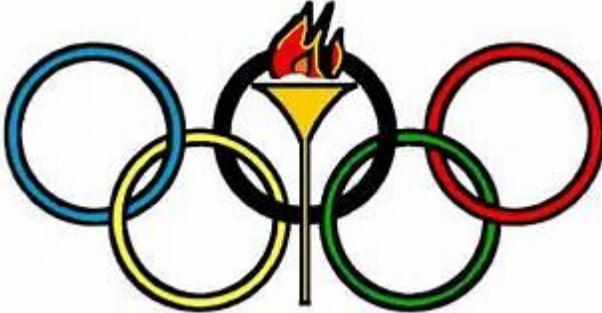
- Recently, a new water line serving the Youth Center was replaced by Public Works crews, replacing the original galvanized water line that was installed in 1975, way back when the Police Department was located where the Youth Center is today. The old water line was abandoned and left in place, and the new water line was routed further south and closer to the building.

Leaving the original water line in place was necessary in order to save the large pine tree that sits in front of the Youth Center. Because the original water line runs underneath the tree, leaving the water line eliminated the need for extensive root cutting or possible tree removal. This is the same pine tree that is used for the City's annual tree lighting ceremonies at Christmastime.

ECS:spa

"Trust him not with your secrets who, when left alone in your room, turns over your papers."
 ~ Johann Kaspar Lavater

AUGUST 2016

		
18	Public Works Committee Meeting - Canceled	
22	Planning Commission Meeting - Canceled	
30	City Manager's Staff Meeting City Hall Conference Room	9:00 a.m.

SEPTEMBER 2016



Made in USA

4	L.A. County Fair Opens	
5	Labor Day – City Offices Closed	
6	City Council Workshop – David Turch & Associates Federal Legislative Advocate Presentation Council Chambers	5:45 p.m.
6	City Council Meeting Council Chambers	7:00 p.m.
7	Community Action Committee Meeting Council Chambers	7:00 p.m.
12	Planning Commission Meeting Council Chambers	7:00 p.m.
13	City Manager’s Staff Meeting City Hall Conference Room	9:00 a.m.
15	Public Works Committee Meeting City Hall Council Chambers	4:00 p.m.
19	Real Estate Committee Meeting City Hall Conference Room	5:30 p.m.
19	Code Enforcement/Public Safety Committee Meeting City Hall Conference Room	6:15 p.m.
19	City Council Meeting Council Chambers	7:00 p.m.
21	Safety Committee Meeting City Hall Conference Room	10:30 a.m.
22	Autumn begins	
26	Planning Commission Meeting Council Chambers	7:00 p.m.
27	City Manager’s Staff Meeting City Hall Conference Room	9:00 a.m.