



September 15, 2016

**TO:** Honorable Mayor and City Council

**FROM:** Edward C. Starr, City Manager 

**SUBJECT:** CITY MANAGER'S WEEKLY REPORT: September 9-15, 2016

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## **CITY MANAGER/ADMINISTRATIVE SERVICES DEPARTMENTS**

- The State Water Resources Control Board (Board) announced that urban Californians' water conservation remained steady at 20 percent in July, just one percentage point below June's savings of 21 percent. The July results come even after the state relaxed conservation requirements in recognition of improved water supply conditions.

The cumulative average savings from June 2015 through July 2016 was 23.8 percent compared with the same months in 2013—evidence that statewide focus on urban water conservation can change habits as long as water suppliers continue their ongoing education and dialogue with customers on the importance of conserving and using water as efficiently as possible.

The Board continues to work with state partners to craft a long-term strategy to meet Governor Brown's executive order calling for new water-use efficiency targets, permanent prohibitions on water waste, and improved drought planning.

Virtually all agencies continued to save water in July, even those that no longer face a state mandated reduction. Under the Board's revised regulations, water agencies that passed a "stress test" of supply reliability, by demonstrating that they have sufficient supplies to withstand three years of continuous drought, will not face a mandatory percentage reduction through January 2017, but are expected to keep conserving water. The July results varied across the state, with some agencies saving a bit less than they did under state-mandated targets; others saved a lot less, and yet others saved more than in 2015.

Some water districts that had saved 20 percent or more in 2015 dropped to less than 10 percent savings in 2016, such as Anaheim, Malibu (Los Angeles County Public Works Waterworks District 29), Vallejo, and Yucaipa Valley. Additional suppliers with large decreases in conservation included the city of Bakersfield and San Juan Water District (suburban Sacramento area).

Other agencies maintained strong conservation despite passing their stress tests, including Sacramento, Beverly Hills, Fresno, San Luis Obispo, Park Water Company (LA County), San Jose, San Francisco, and Contra Costa. Some agencies even increased their level of conservation, such as Menlo Park, South San Francisco (California Water Company), Santa Fe Springs, Santa Barbara, Benicia, Hayward, Alhambra, Marina Coast Water District, Salinas, and King City (California Water Service Company).

### ***Focus on Local and Regional Results***

As a region, Southern California saw a bigger drop in overall conservation levels relative to 2015 than some other large regions—from 28.2 percent in July 2015 to 16.9 percent in July 2016. However, Southern California communities varied widely in their ongoing conservation, with some communities meeting or exceeding their 2015 conservation levels, and per capita water use remains low in many areas.

Still, the Board will continue to monitor conservation and usage levels at the local and regional scale. Even for water suppliers that passed their stress test, ongoing conservation is important to build drought resilience.

Water suppliers that passed their stress tests do not face a state-mandated reduction target through January 2017. While some local water suppliers may have relaxed water use restrictions from those that were in place last summer, the statewide prohibition on specific wasteful practices, such as fountains without recirculating pumps, or irrigation of turf in street medians, remain in place. Most agencies have kept up locally mandated restrictions and targets, which is appropriate and which the state strongly encourages.

### ***July Conservation Data***

- Statewide water savings for July 2016 was 20 percent (145,311 acre feet or 47.3 billion gallons), a decrease from June 2016's 21.5 percent savings, and down from July 2015's 31.3 percent statewide savings (74.9 billion gallons)
- Cumulative statewide percent reduction for June 2015 to July 2016 (14 months) is 23.8 percent, which equates to 1,899,336 acre-feet (618.9 billion gallons)
- The cumulative water savings of 1.9 million acre feet is enough to supply more than 9.5 million people for a year

- Locally, Monte Vista Water District (MVWD)'s monthly water savings for July 2016 was 25 percent, an increase from June's 20.4 percent savings, and a decrease from July 2015's 38.5 percent savings
- MVWD saw a cumulative water savings of 22.9 percent compared to 2013 exceeding its new adjusted targeted conservation standard of 22 percent
- California is considering becoming the first state in the country to allow people to drink recycled sewer water. For years, the state has allowed this to go on indirectly, by permitting water utilities to put treated wastewater into reservoirs and groundwater, where it is diluted with other water sources. Now, the goal is to skip that step and put the treated effluent straight into drinking water.

A new report released by the State Water Resources Control Board (Board) last week outlines what needs to happen before drinking treated wastewater, also known as "direct potable reuse," becomes a reality. Here are some key takeaways from that report.

### ***Why Is This Happening Now?***

California is growing—the population is expected to reach 50 million by 2050. At the same time, the state is staring down a future that will be hotter and drier. As a result, state officials are hoping to boost the use of recycled water, including sewage.

In 2010, the state legislature asked the California Department of Public Health to look into the feasibility of recycling sewage for drinking water and report back by the end of 2016. The report released last week is part of that process.

### ***What Did The Report Find?***

It found that putting recycled sewer water directly into drinking water is technically possible, but there are a lot of unanswered questions: like how to identify unknown contaminants in the sewage, how to monitor for pathogens in wastewater, and how to define "rigorous testing," "diverse sources," and other subjective terms so that future regulations are clear and enforceable.

### ***How Soon Will It Be Before We're Drinking Treated Sewer Water?***

There's no timeline for developing the regulations. There would need to be regulations in place before anyone is putting treated sewer water directly into drinking water.

But in Southern California, many of us already are drinking treated wastewater, at least indirectly. Places like Orange County, the Chino Basin, and coastal Los Angeles have been blending treated wastewater with groundwater for years. The difference is, the treated sewer water has been sitting in a reservoir or underground aquifer before it gets delivered to our tap. That means the water is

diluted, and it also gives water managers time to wait for lab results from the wastewater treatment plant and make last-minute changes if something goes awry.

It will be quite a while before there is a pipeline directly from the wastewater treatment plant to the drinking water treatment plant.

***What are the concerns about drinking treated sewer water?***

Sewage is not an ideal source of water. It has to be closely analyzed and monitored. It has a potential to carry a lot of things that are adverse to public health, like viruses, medications, and chemicals.

That kind of monitoring is expensive. Currently, treating sewage costs more than importing water from Northern California, and as a result, water agencies will only turn to direct recycling of sewage when they have exhausted all their other options.

## **COMMUNITY DEVELOPMENT DEPARTMENT/ECONOMIC DEVELOPMENT**

- Members of the City's staff attended the International Council of Shopping Centers (ICSC) Western Division Conference and Deal Making in San Diego on August 30 to September 1, 2016. The City hosted a booth complete with brochures, maps, demographic updates, site availability, and other information regarding location opportunities in the City. Again this year, ICSC set up a central booth area on retailer row in the leasing hall to enhance attendees' deal-making abilities through direct contact with various participating retailers.

ICSC's Western Division Conference held discussions on the following:

- ✓ The Inland Empire region of 4.2 million people was heralded as a symbol of economic health back when 30,000 homes were built there annually at the peak of the last real estate cycle then was hit hard during the Great Recession. Now the Inland Empire is attracting more retail and housing investment to its region. Estimates are that the economy could grow by some 4.2 percent annually through 2020, which would be the fastest rate in California, according to analytics firm IHS. Projections indicate the region could create about 3,500 retail jobs this year alone. Among the national retailers expanding into the region are Dick's Sporting Goods, Forever 21, Nordstrom Rack, Whole Foods, Sprouts, Smart & Final Express, Aldi, Planet Fitness, and discounter T.J. Maxx. Retail developers, concerned about uncertain economic setbacks, are making decisions based on an established population and consistent sales that remain stable, even with swings in the economy. The only consistently rising above-market rents are at 'A' properties and newly built centers.

- ✓ In California, cities face the challenge of attracting retailers and developers to underutilized development sites. Cities often spend a great deal of time and money-making efforts to plan for economic growth, but have little money or staff time to implement their plans. Similarly, for tenants, developers, and real estate investors, the massive amount of research needed to find development sites that have unmet potential and local support can be challenging and expensive. Working with real world tools that cities and real estate professionals can use would be helpful to help turn underutilized development sites into actual developments.
- ✓ Homegrown and independent tenants, the types landlords might well have overlooked roughly a decade ago, have come into high demand in California as shopping centers re-create themselves to give consumers something fresh and surprising. With all the changing demographics and population segments in California, new and different retailers are emerging. Developers are now paying attention to the trend.
- ✓ The Los Angeles Basin retail market, which includes Los Angeles and Orange counties and the Inland Empire, recorded a net absorption of 943,300 square feet of retail space last year, according to Colliers International. Orange County and Los Angeles County show 4.7 percent retail vacancy, while the long-struggling Inland Empire improved to 9.5 percent over the high double digits, post recession.
- ✓ Foreign investors continue large purchases throughout the state. Those investors apparently don't have a problem buying in at a 4.5 percent to 5.5 percent cap rate. Their desire is to get the money out of their countries so they can get 4 times the return here than they are receiving at home.
- ✓ Numerous ethnic residential and shopping enclaves have sprung up in the past 10 to 15 years throughout the state. There are new Hispanic, Asian, and Middle Eastern districts and others that present opportunities for developers to become aware of these growing markets.
- ✓ Renovation or redevelopment is becoming important in the retail real estate industry, with a variety of factors influencing developers and landlords to renovate and rehab existing centers rather than build new ones. Shifting demographics and technology trends have incentivized communities to infill and redevelop sites that are underperforming, disinvested, or simply not aligned with future goals.

Staff accomplished the following at the conference:

- ✓ Several staff members met with Aaron Keswick of the CIM Group who provided a general update on Montclair Place retailer leasing possibilities. He discussed the upstairs relocation and construction of a new food hall, the demolition of the former Broadway building, a new theatre, and several full-service restaurants.
- ✓ Staff met with several retailers assigned to the retailer row and elsewhere who plan to expand into the Inland Empire in the near future. Staff will follow up regarding appropriate sites, property contacts, and other demographic information about Montclair as a key location to expand within the Inland Empire.
- ✓ Staff met with OppSites, an online marketplace using new technology that directs developers to locate underutilized or vacant sites in cities that want to promote specific sites. The technology allows planning and economic development staff to post sites that they want to see developed, even if those sites are not listed for sale. Sites are then showcased on a searchable, web-based platform and marketed to a national audience of developers. This approach would allow staff to promote development opportunities in specific zones such as the North Montclair Downtown Specific Plan. Services are complimentary for cities that are seeking to drive interest to potential development sites.
- ✓ Staff met with a representative of Aldi Markets to discuss our interest in having them anchor a commercial center or other retail centers. The representatives explained they are considering a mall site location and had considered another shopping center site, both in Montclair. They may be open to other possible locations if building ownership is willing to renovate or upgrade their buildings.

Attendees were City Manager Edward Starr, Deputy City Manager Marilyn Staats, Planner Manager Mike Diaz, Planning Manager/Assistant Director of Housing Christine Caldwell, and Economic Development Coordinator Melinda Flores.

- Burgerim restaurant is the newest eatery to open at the Montclair Shoppes center on Central Avenue. Burgerim, which translates to "many burgers" in Hebrew, has been open for a week and has already been visited for lunch by a number of City staff. This international burger chain specializes in mini burgers (not sliders) on sesame-seed, brioche-like buns. The restaurant offers 10 types of patties including chicken, beef, Wagyu, Merguez, lamb, salmon, and vegetarian. Optional toppings range from American cheese and avocado to pineapple. The fries are good, too!

The Montclair store is the second location in the U.S.



- Moody's analysts say Sears and Kmart do not have enough money—or access to money—to stay in business. Kmart in particular is at risk of shutting down, according to Moody's.

In a report published Wednesday, the analysts downgraded Sears' liquidity rating, saying the company is bleeding cash and will have to continue to rely on outside funding or the sale of assets, such as real estate, to sustain operations. According to the report, Sears and Kmart are estimated to be operating with negative cash flow of \$1.5 billion for this year alone.

Sears said in August that its cash and equivalents have fallen to \$276 million from \$1.8 billion one year ago. As a result, the retailer was forced to accept \$300 million in financing from Sears CEO Eddie Lampert's hedge fund, ESL Investments, in the most recent quarter.

The company is losing cash as sales plunge at its namesake and Kmart stores.

Moody's analysts noted that Sears has a sizable asset base, but "its debts are significant with approximately \$3.5 billion of funded debt as well as an unfunded pension and post-retirement obligation of \$2.1 billion."

The company's minimum pension contributions are an immediate threat to its cash flow. In 2016 and 2017, minimum pension contributions total approximately \$596 million.

- Target is losing customers to Walmart and Amazon. According to new research, shopper traffic is declining for the first time in years because they can find better prices and more convenience elsewhere.

Analysts say Target is losing the business of shoppers who visited the retailer to get a small amount of items between larger "stock-up" trips. Shoppers are cutting down on these "fill-in" trips to Target because they are finding cheaper prices at Walmart and more convenience with Amazon Prime, according to data compiled by Cowen & Co.

Amazon is seeing explosive growth in several categories, most notably grocery and consumables, which accounts for 45-50 percent of Target's business and are likely the categories feeling pressure from the fill-in trip dynamics. According to the report, Walmart has the ability to use its economies of scale to compete on price to regain or maintain market share vs. Amazon, but Target cannot compete as easily.

Target is planning to overhaul its grocery department to better compete with its rivals, but analysts say the changes will take too long to accomplish. The food section is facing increasing competition from Walmart's price investments, as well as added convenience features at some competitors, such as online grocery pickup and expanded service offerings.

Walmart, Kroger, Harris Teeter, Giant Food, and other chains have started offering online grocery pickup, meaning customers can order their groceries online and pick them up at a nearby store.

Analysts said Target will have to drop prices in its grocery department to stop losing customers to Walmart.

## **FIRE DEPARTMENT**

- On September 2, Fire Captain Ed Cook, Fire Engineer Brian Ciszek, and Firefighter/Paramedic Christian Noboa participated in Vernon Middle School's Math and Science Day 2016. The crew gave a presentation about the math and science involved in fighting fires, and another on hose-operating procedures and safety.

This week, the Vernon Middle School students showed their appreciation with a thank you card and a photo collage.

The Montclair Fire Department would like to say "thank you" to Mrs. Castillo and her 7th grade math classes for this opportunity.

## MFD Math & Science Day at Vernon 2016



- On September 8, youth members of American Heritage Girls Troop CA 3130 visited Fire Station No. 151. They demonstrated their appreciation of the Fire Department by presenting Captain Ed Cook and Firefighter/Paramedic Christian Noboa with a batch of homemade cookies.



The adorable troop members, pictured above with Firefighter/Paramedic Noboa (L) and Captain Cook (R), toured the station and received hands-on training on some tools of the trade.

## HUMAN SERVICES DEPARTMENT

- The Human Services Department has four new classes offered to the public:
  - 1) **Contemporary Dance**, for ages 10-16, this class will be held on Thursday afternoons from 4-5 p.m. The class fee is \$62 a month.
  - 2) **Jazz Funk**, for ages 10-16, this class will be held on Tuesday afternoons from 4-5 p.m. The class fee is \$62 a month.
  - 3) **Singing**, for ages 7-14 and ages 15 and up. The youth class will be held Tuesdays from 6:45-7:45 p.m., and the adult class will be held on Thursdays from 6:45-7:45 p.m. The class fee is \$92 for 7 weeks.

- 4) **Guitar**, for ages 7-14 and ages 15 and up. The youth class will be held on Tuesdays from 5:30-6:30 p.m. and the adult class will be held on Thursdays from 5:30-6:30 p.m. The class fee is \$92 for 7 weeks.

For additional information on all classes offered through the Human Services Department, visit:

[http://www.cityofmontclair.org/depts/human\\_services/brochures.asp](http://www.cityofmontclair.org/depts/human_services/brochures.asp).

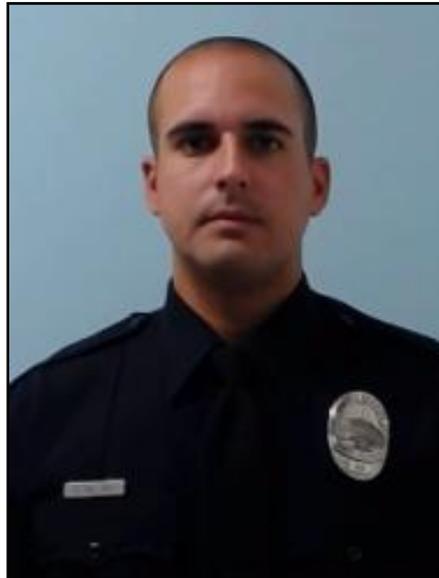
## POLICE DEPARTMENT

- On September 9, CSU Officers Eric Rivera and Jeffrey Wheeler and Motor Officer Kris Kelley were the guests of honor at Patriot Day held at Ramona Elementary School. Patriot Day has become an annual event with the schools since September 11, 2001.



Artwork by Ramona Elementary School children, illustrating their support of Montclair's law enforcement officers, is piled on a table in the Police Department's Briefing room and has been browsed by staff all week

- Police Department Trainee Anthony del Rio graduated from the 202<sup>nd</sup> session of the San Bernardino County Sheriff's Department Basic Law Enforcement Academy on September 8. Chief Robert Avels, Captain Jason Reed, Lieutenant Brandon Kumanski, Sergeant Jim Michel, and Officer Amanda Bergman attended the graduation.



Anthony del Rio

Anthony's appointment as Police Officer takes effect on Monday. Welcome, Anthony, to the Montclair City family!

- Officer Jesus Carrillo had 49 DUI arrests in 2015—the most for the Department. He was Montclair Police Department's MADD Award honoree at a 2016 Law Enforcement and Prosecutor Recognition Luncheon last Thursday.

This is the second MADD Awards recognition this year for Officer Carrillo. The first event was held in San Diego, and Thursday's event was held in Riverside. The recognition usually continues throughout the year.

Pictured in the photo below, from left, are Sergeant Bryon Kelly, Chief Robert Avels, Officer Jesus Carrillo, and Officer Chad Ebli. Lt. Brandon Kumanski also attended the luncheon (and also took this picture).

Congratulations, Officer Carrillo, and thank you for keeping our citizens safe!



ECS:spa

How lucky I am to have something that makes  
saying goodbye so hard.  
~ Winnie the Pooh ~

## SEPTEMBER 2016



15	Public Works Committee Meeting City Hall Conference Room	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	
22	Montclair Day at the Fair	
26	Planning Commission Meeting Council Chambers	7:00 p.m.
27	City Manager's Staff Meeting City Hall Conference Room	9:00 a.m.

# OCTOBER 2016



3	City Council Workshop – Audit Responsibilities and Process, Council Chambers	5:45 p.m.
3	City Council Meeting Council Chambers	7:00 p.m.
5	State of the City Community Center	11:30 a.m.
5	Community Action Committee Meeting Council Chambers	7:00 p.m.
10	Planning Commission Meeting Council Chambers	7:00 p.m.
11	City Manager’s Staff Meeting City Hall Conference Room	9:00 a.m.
17	Real Estate Committee Meeting City Hall Conference Room	5:30 p.m.
17	Code Enforcement/Public Safety Committee Meeting City Hall Conference Room	6:15 p.m.
17	City Council Meeting Council Chambers	7:00 p.m.
19	Safety Committee Meeting City Hall Conference Room	10:30 a.m.
20	Public Works Committee Meeting City Hall Conference Room	4:00 p.m.
24	Planning Commission Meeting Council Chambers	7:00 p.m.
31	Halloween	