



November 3, 2016

TO: Honorable Mayor and City Council

FROM: Marilyn J. Staats, Deputy City Manager

A handwritten signature in black ink, appearing to read "MJS", is placed to the right of the "FROM:" line.

SUBJECT: CITY MANAGER'S WEEKLY REPORT: October 28-November 3, 2016

CITY MANAGER/ADMINISTRATIVE SERVICES DEPARTMENTS

- The 2016 California Statewide Local Streets and Roads Needs Assessment Report (2016 Report) released last week once again confirms the deteriorating condition of city streets and county road systems that make up more than 80 percent of California's roadways and are the backbone of the statewide transportation.

The 2016 Report confirms pavement conditions continue to decline due to insufficient funding levels to properly fix and/or maintain streets, roads, bridges, sidewalks, storm drains, and traffic signs. Deferring this crucial work, however, is not an acceptable response; inaction will likely double the cost of repairs in the future and impede efforts to reduce greenhouse gas emissions and other air pollutants.

The California State Association of Counties and the League of California Cities collaborated on the assessment, along with the state's regional transportation planning agencies. Produced every other year since 2008, the 2016 Report surveyed California's 58 counties and 482 cities and captured data from more than 99 percent of the state's local streets and roads.

The 2016 Report underscores how critically important it is that California develop a transportation funding solution. On a scale of zero (failed) to 100 (excellent), the average pavement condition of local roads is a 65 or an "at risk" condition. Moreover, only 6 counties have pavement in "good" condition compared to 16 counties in 2008. Accordingly, the number of counties with pavement conditions in the "poor" or "at risk" category has grown from 42 in 2008 to 52 in 2016. In 10 years, it is projected that 22 percent of local streets and roads will be in failed condition.

Over the next decade, absent a significant new public investment, the 2016 Report found the local system is facing a \$73 billion funding shortfall to bring pavements into good condition, address deficient bridges, and fix essential components such as storm drains, sidewalks, and signage. It is estimated that \$3.5 billion is needed annually just to maintain local streets and roads in their current condition; however, current funding lags behind at just \$1.9 billion per year. To bring local streets and roads to optimal condition would take an estimated \$7 billion annually.

Because the funding crisis is so great, many local jurisdictions are passing local revenue measures to support their local streets and roads. There are more than a dozen such measures on Tuesday's ballot. However, these local taxes are not enough and must be matched by a new robust state investment in the entire road and highway system.

Visitors to www.SaveCaliforniaStreets.org will find an interactive map showing the street and road condition for every California county and city.

COMMUNITY DEVELOPMENT DEPARTMENT/ECONOMIC DEVELOPMENT

- Amazon has been causing problems across the entire retail space. In just the past year, you can blame the online retailer at least partly for Sports Authority going out of business, Sears teetering on the edge of oblivion, and even Macy's struggling for survival.

Costco, however, has been immune to the impact of the online giant. Even though both Costco and Amazon court customers looking for discounts, the warehouse club has been able to maintain its business.

In Costco's fiscal 2016, which closed on August 28, the company reported comparable sales growth of 3 percent in the United States, 8 percent in Canada, 4 percent in the rest of its international stores, and 4 percent company-wide when you factor out lower gas prices.

At a time when other retailers are struggling to survive as Amazon takes their business, Costco managed to grow net sales by 2 percent to \$116.07 billion. In addition, the company managed to keep its net income relatively flat at \$2.35 billion, or \$5.33 per diluted share, for 2016; compared to \$2.38 billion, or \$5.37 per diluted share, last year. On top of that, membership has been growing, and the warehouse club has added over 1 million new cardholders to its revamped credit card loyalty program.

It seems like, with the online company constantly improving its delivery and becoming even easier to do business with, that eventually even Costco will fall victim; but new research from Morgan Stanley suggests that may not be the case.

In its research report, Morgan Stanley found that "Costco and Amazon can coexist." The company surveyed 2,700 people and found that nearly half (45 percent) of Costco members also had an Amazon Prime membership.

Part of Costco's resilience comes from the fact that it sells groceries—specifically perishables— which Amazon has only tackled in limited markets. In a broad sense, the research showed that Costco members tend to buy groceries and large appliances with the warehouse club, while Amazon has an edge in clothing, pet items, and consumer electronics.

Currently, Costco and Amazon can co-exist because Costco can leverage its strength in groceries to get people into its stores. The warehouse club also has an edge over its online rival in that it sells gasoline, and that also brings store traffic. There is also a mild advantage in the scavenger-hunt nature of its stores. Costco shoppers may go in for a specific purchase but may easily be led into buying something else.

These are reasons why Amazon has not crushed Costco so far, but the warehouse club should view these as temporary advantages. The online leader has steadily expanded its product range, and it's not unreasonable to think that eventually it will solve the grocery issue on a national basis.

- The Southern California real estate market took a breather in September, with sales dipping slightly as the market entered a typically slower season amid price gains that have made homes less affordable. Real estate firm CoreLogic reports that sales in the 6-county region fell nearly 1 percent last month compared with a year earlier.

The region's median price also fell 1 percent to \$460,000 from August, but is still up 5.7 percent from a year earlier—and close to the 9-year high of \$465,000 recorded in June.

The sales and price slips could signal a flattening market after years of strong price appreciation, or it could be typical fluctuations in the data. It is not unusual for the median sale price to move up and down slightly from month to month.

CoreLogic analysts said the median often dips from August to September as the market enters the slower fall season.

Still, many economists predict price increases to be smaller in the future as affordability worsens. Though the median price is \$5,000 off from the June peak, it has still risen on a year-over-year basis for 4½ years.

Historically, low interest rates have kept mortgages more affordable than during the bubble last decade, but wage growth has lagged behind housing price gains driven by a lack of supply.

Locally, the August median sale price for a home in San Bernardino County was \$243,370 and \$355,000 for Riverside County.

FIRE DEPARTMENT

- On October 27, Fire Suppression personnel took part in the Human Services Department's Community Helpers Day/Halloween Celebration. Fire Captain Ed Cook and his A-1 crew shared spooky stories with the students. They also shared Halloween treats and candy, as well as important Halloween safety tips and information that Halloween trick-or-treaters of any age can find helpful year-round.



Pictured L-R: Fire Engineer Brian Cizek, Firefighter/Paramedic Ulises Baeza, Fire Captain Ed Cook, and lots of adorable costumed preschoolers

- On October 29, Fire personnel participated in Chino Basin Water Conservation District's 2016 Landscape and Water Conservation Fair. There were many exhibits for adults and children, including a water-wise plant sale, pumpkin patch, and tours of the facility and garden. Fire Department personnel provided attendees with fire prevention, safety, and hazard mitigation information. On-duty fire crews provided "tours" of the fire engine's many interior and exterior features.

Photos can be found on Page 8.

- Daylight Saving Time ends Sunday, November 6, and marks the 29th anniversary of the *Change Your Clock Change Your Battery*® Program, sponsored by Energizer and the International Association of Fire Chiefs. The purpose of this program is to remind us to change and test the batteries in our smoke- and carbon-monoxide alarms.

Communities nationwide witness tragic home fire deaths each year. Nonworking smoke alarms rob residents of the protective benefits home fire safety devices were designed to provide. The National Fire Protection Association reports that 71 percent of smoke alarms that failed to operate had missing, disconnected, or dead batteries. Changing and testing the batteries in your smoke alarms is a simple and effective way to reduce tragic deaths and injuries. Having a working smoke alarm in your home can give you the extra seconds you need to get out safely during a home fire.

Every year people in the United States die from unintentional exposure to carbon monoxide (CO). CO is a colorless and odorless gas that is produced by burning fuels such as gasoline, wood, coal, natural gas, propane, and oil. Any fuel-burning appliance in your home is a potential CO source. Proper installation, operation, and maintenance of fuel-burning appliances in the home are the most important factors in reducing the risk of CO poisoning. Changing and testing the batteries in your home CO alarms is a source of added protection.

Everyone is encouraged to use the extra hour they "gain" on Sunday to change and test the batteries in their own smoke and carbon monoxide alarms. By taking this simple step, you may develop a lifesaving habit!

HUMAN SERVICES DEPARTMENT

- Several hundred children and their families attended the Annual Children's Halloween Party on Monday night in the Community Center. Also in attendance were Mayor Pro Tem Carolyn Raft and Council Members Bill Ruh and Trisha Martinez. Staff repeated the "spiced up" festivities from last year with nine carnival games and the popular Wii game "Just Dance" so everyone could enjoy dancing in their costumes.

Special thanks go out to our event sponsors: Montclair Place, Montclair-Ontario Junior Women's Club, and the City of Montclair for donating candy and prizes. Our appreciation is also extended to our volunteers; members of the Community Action Committee for judging the costume contest; Information Technology Division staff for setting up numerous Halloween inflatables in the gym, audio, and the Wii game; and Fire and Police Department staff for attending and giving out candy.

Photos are shared on Page 9.

POLICE DEPARTMENT

- On Saturday, District 52 Assemblymember Freddie Rodriguez dedicated a portion of the I-10 Freeway in Pomona to fallen officer Shaun Diamond of the Pomona Police Department. The stretch of the I-10 from the 57 Freeway interchange to Towne Avenue will now be called *Pomona Police Officer Shaun Diamond Memorial Highway*.

The highway sign was unveiled at the dedication ceremony by Assemblymember Rodriguez

Officer Diamond was shot, and later died, after serving a search warrant related to an outlaw motorcycle gang investigation. The ceremony on Saturday marked two years to the day of Diamond's death.

Chief Robert Avels, Lieutenants Brandon Kumanski and Matt Borra, and Sergeant Andy Graziano represented the Montclair Police Department at the dedication ceremony.



MJS:spa

"Dogs' lives are too short. Their only fault, really."

~ Agnes Sligh Turnbull

NOVEMBER 2016



6	Daylight Savings Time Ends	
7	City Council Workshop – The Ralph M. Brown Act Council Chambers	5:45 p.m.
7	City Council Meeting Council Chambers	7:00 p.m.
8	Election Day	
10	City Offices Closed in Observance of Veterans Day	
11	Veterans Day	
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.
21	Real Estate Committee Meeting 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.
24	City Offices Closed for Thanksgiving	
28	Planning Commission Meeting Council Chambers	7:00 p.m.

Landscape and Water Conservation Fair 2016



CHILDREN'S HALLOWEEN PARTY



Costume Contest Winners!

