60th Diamond Anniversary 1956 - 2016 MONTCLAIR

BUILD THE GOLD LINE TO MONTCLAIR

February 2, 2017

TO: Honorable Mayor and City Council

FROM: Edward C. Starr, City Manager

SUBJECT: CITY MANAGER'S WEEKLY REPORT: January 27-February 2, 2017

CITY MANAGER/ADMINISTRATIVE SERVICES DEPARTMENTS

- The number of smoggy days jumped during the 2016 summer season. The year had 132 days that exceeded the new federal 8-hour ozone standard (>70ppb), which was lowered effective December 2015. This was the highest number of days over that standard level since 2012, which also exceeded 132 days. The last year to have more exceedances of the 2015 ozone standard level was 2008, with 140 days.

  While ozone air quality trends have been steadily improving for decades, it is not uncommon to see brief periods when the trends increase for one or two years. This is principally related to weather factors that are conducive to ozone formation. It is primarily these factors, which include stronger inversion layers and persistent patterns of high-pressure systems aloft that cause more stagnant conditions that are responsible for the upward ozone trends, rather than emissions, which have been steadily decreasing in the Southland over the years.

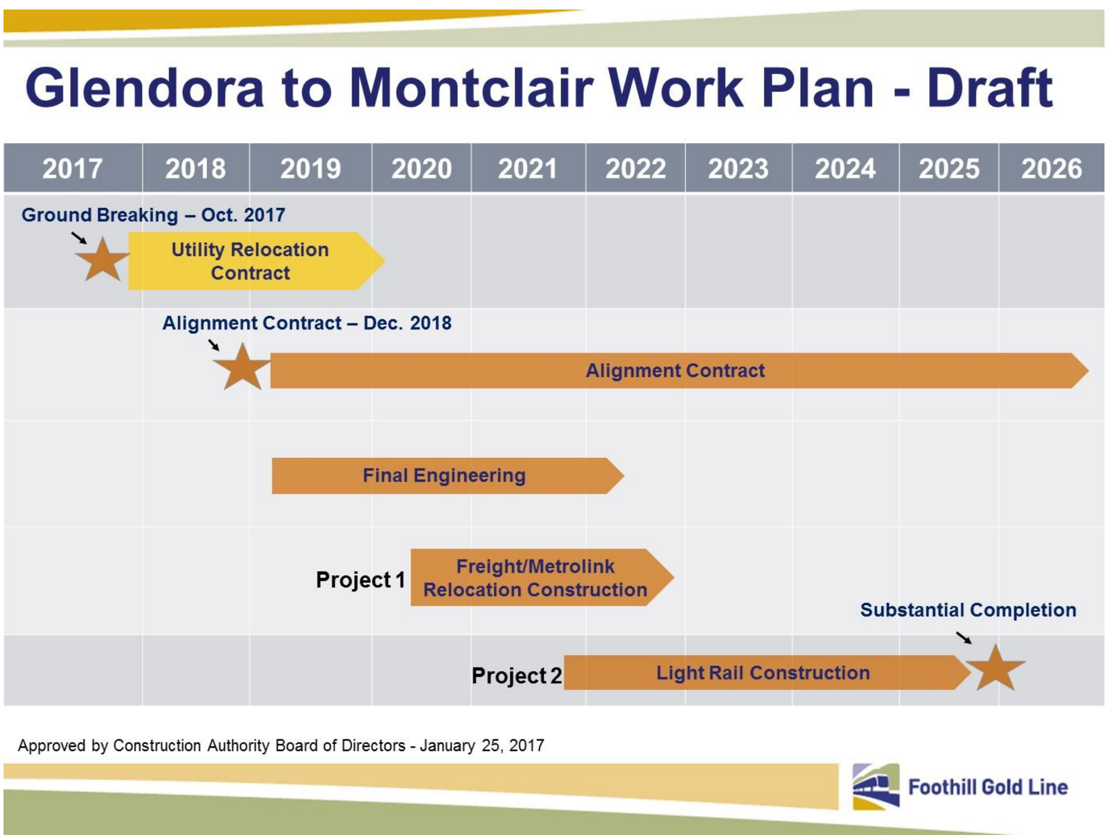
  The Southern Basin's smog season is considered to begin each year on May 1, the time of year when warm temperatures and abundant sunlight increase the formation of ground-level ozone and the number of days over the federal standards increase. However, some exceedance days are seen in February, March, and April, especially with the lower 2015 ozone standard. The most days over the ozone standard are seen in July and August. The smog season typically ends by the end of October.

  If you would like to receive daily air quality forecasts, visit www.aqmd.gov.

- The Gold Line Construction Authority has announced that groundbreaking for Phase 2B of the Gold Line Extension from Glendora to Montclair is scheduled this October for the $1.374 billion, 12.7 mile extension, with stations planned for Glendora, La Verne, San Dimas, Pomona, Claremont, and Montclair. In the near-term, the Construction Authority is finalizing the advanced conceptual engineering work, and survey crews have been dispatched to conduct geologic tests at key locations to evaluate soil conditions.

  The announcement for the groundbreaking was released concurrent with an announcement, last week, from the Construction Authority board of directors that it approved an updated schedule and work plan for the Glendora to Montclair project (Graph 1, below). The updated schedule is based on the extensive planning done to date, and a more complete understanding that the next segment is really two major construction projects, with the freight and Metrolink relocations occurring first, followed by light rail system construction.

Graph 1
Glendora to Montclair Work Plan - Draft



The updated schedule forecasts substantial completion in late-2025 to early-2026, two years later than the preliminary schedule developed and approved earlier in the planning process. The additional construction time is due to the complicated nature of the work ahead and the fact that the project is really two projects in one, adding costs associated with the extended timeline of construction and new prevailing and minimum wage increases that will take effect during the construction period. Other significant reasons cited for the delay include the following:

- Despite the passage of Measure M in Los Angeles County to fund the Gold Line Extension, the project will have to wait longer for funds to become available, so major construction will start in 2019, rather than 2017.

- Some cities have objected to closure of two nearby intersections simultaneously to allow for alignment and placement of track. As a compromise, the Construction Authority agreed to stagger the work in consecutive chunks.

- Existing heavy rail, such as BNSF and Metrolink, share the alignment of the Gold Line light rail. The heavy rails will have to be relocated within the right-of-way where conflicts exist, while at the same time keeping the tracks active.

First-year activities will include relocating utilities, conducting other pre-construction activities, and hiring a design-build contractor in late 2018, at which time the schedule and estimate will once again be reviewed.

Once construction begins, the first phase of the project will include relocation of the freight and Metrolink tracks and rebuilding of the Claremont Metrolink station. The second phase includes construction of the light rail system. As with Pasadena to Azusa (Phase 2A), Phase 2B is planned to be built along the former Atchison, Topeka, and Santa Fe (ATSF) right-of-way, which was purchased by Metro in the early 1990s for the project.

With this more detailed understanding of the Phase 2B project, the cost estimate was updated in January 2017 to $1.374 billion ($1.3 billion in Los Angeles County and $70 million to extend the line from Claremont to Montclair) from the earlier estimate of $1.216 billion, representing an increase of $118 million.

Planning for the Glendora to Montclair segment began in 2006, and significant work has been completed for the segment. The Final EIR was certified by the Construction Authority Board of Directors in March 2013, and a locally preferred funding alternative was selected. In March 2016, Addendum No. 3 to the Final EIR was approved, allowing for phased construction of the light rail project if deemed necessary—Glendora to Claremont, followed by Claremont to Montclair. Phased construction is planned for in the event funding for the Montclair segment is not fully developed by 2018.

The project is being built in Los Angeles and San Bernardino Counties and will be funded locally. The majority of funds needed to complete the Los Angeles County portion will come from Measure M (Los Angeles County Traffic Improvement Plan), a half-cent sales tax measure approved by Los Angeles County voters in November 2016 that takes effect July 1, 2017. The San Bernardino County Transportation

Authority has developed approximately $38 million of the estimated $70 million cost of construction for the Montclair Segment (Los Angeles County-San Bernardino County line to the Montclair Transcenter), and cap-and-trade funding is expected to fund the remaining balance of the project.

The delay for completion of Phase 2B, while not welcome, was expected considering the intense competition for Measure M funds and project complexities. The delay is also not the first for the Gold Line. "Segment 1" of the original Gold Line route between Union Station and Sierra Madre Villa in Pasadena (Phase 1) opened to passenger traffic on July 26, 2003. At the time, it was projected that Segment 2 would be open for passenger service to Azusa (Phase 2A) by 2009 and to Montclair (Phase 2B) by 2014. A souvenir shirt from the era is show below.

Phase 2A from Arcadia to Azusa did not open for passenger service until March 5, 2016, seven years behind schedule. Extension of the Gold Line might have ended at Azusa were it not for the passage of Measure M in Los Angeles County. Measure M funding will now allow for completion of Phase 2B to Montclair (provided the San Bernardino County Transportation Authority develops the required funding for the Montclair Segment) in 2025-2026, approximately 12 years behind the original 2014 projected completion date.

COMMUNITY DEVELOPMENT DEPARTMENT/ ECONOMIC DEVELOPMENT

- The new tenants for the 5444 Palo Verde Street property have moved in! The tenants are excited about their move into this very special residence that was designed and constructed by the late John Svenson, the renowned sculptor and artist. Mr. Svenson and his family sold the home in 1970 and moved to Claremont. Although it has been many years since the Svenson family lived on the property, the Montclair Housing Corporation worked to restore the adobe-constructed residence and grounds to a condition more in keeping with the design of the house when built in the late 1940's and early 1950's. Mr. Svenson added on to the house as his family grew, so construction occurred on the property quite frequently back then.

  The property transformed from overgrown chaos, when purchased by the Redevelopment Agency in 2011, to an orderly and attractive landscape design. The new landscape was designed to create an ambience similar to the original planting model which did not include lawn areas. However, the new design has been updated with the planting of water-efficient materials and the replacement of the pea gravel driveway with permeable driveway pavers. To create a fresh updated design to the property, the design of the fence includes horizontal panels.

  The new tenants are artists and will be utilizing the detached studio for their larger bodies of work. They understand the significance of the property and feel honored to live in this special residence.

- It was a rough holiday season for department store chains, and J.C. Penney was no exception.

  After steadily bringing customers back in the door, J.C. Penney's current CEO had reassured investors the company would post a profit in 2016 for the first time since 2011. However, after its performance during the holiday season, that prediction may be in doubt as comparable sales fell 0.8 percent in November and December.

  J.C. Penney's CEO said the company struggled through the first three weeks of November, "consistent with trends in the broader retail industry." However, comparable sales improved from Thanksgiving and were actually positive. J.C. Penney's CEO also said the company's turnaround in profitability "remains on track."

  Management had originally called for a comparable sales increase of 3 percent to 4 percent, but it lowered that to 1 percent to 2 percent after the company's third-quarter report. However, through the first 11 months of the fiscal year, comparable sales are about flat. That's a problem, because J.C. Penney has introduced a number of initiatives that were supposed to boost sales—part of the reason it had called for 3 percent to 4 percent comp sales growth to begin with.

J.C. Penney's boldest move this year seemed to be getting back into the appliance business for the first time in 33 years. The decision came as rival Sears Holdings, a major appliance seller, has been bleeding sales and closing stores, and J.C. Penney began to notice that customers were searching for appliances on its website.

J.C. Penney's current CEO is from Home Depot and seems to be relying in part on home improvement products to drive its comeback. The company has also been testing selling flooring with Empire Today and has made efforts to increase sales of blinds, curtains, and other home decor products. J.C. Penney began the launch with a pilot program testing appliance sales in 22 stores and over the summer said it would expand to about 500 stores, or about half of its total fleet. That seemed to be a sign that the program was delivering positive results. Regardless of the expansion and management saying it saw strength in appliances, comparable sales still fell in the second half of the year.

Possibly the best strategic decision J.C. Penney has made in the past decade was forming an exclusive partnership with Sephora, the popular cosmetics company that now operates shops in about half of Penney's stores. As a destination in and of itself, Sephora helps drive traffic to J.C. Penney locations, and some customers end up shopping in other parts of the department store. It also helps J.C. Penney attract more fashionable customers and spruce up the company's image.

J.C. Penney planned to open nearly 100 new Sephora locations and also aimed to redesign departments near the Sephora locations to make them more attractive to shoppers, as only 25 percent of Sephora shoppers were shopping in the rest of the store. Like appliances, the company said performance at Sephora was strong during the holiday season, but it did not have the overarching effect desired.

Another growth opportunity management has identified is fashionable plus-size clothing. Fashion labels often make clothes only up to size 12, leaving out a significant piece of the market. J.C. Penney teamed up with Project Runway winner Ashley Nell Tipton to launch Boutique+ in the spring at 500 stores, and in the fall Tipton launched her own collection as an extension of Boutique+. Plus-size women's clothing is an estimated $20 billion market in the U.S., and it is outgrowing women's clothing in general. Women's clothing is J.C. Penney's biggest segment, but poor sales in women's apparel seemed to be the major reason why its comparable sales fell during the holiday season as it was the only category it named as experiencing weakness.

Despite J.C. Penney's weak second-half performance, the company is still trimming costs and working toward profitability, and seems to have outperformed some of its department store peers as the entire industry faces headwinds. Analysts are still expecting profit growth in 2017 as well.

The company also released a bit of good news this month—it formed an agreement with Nike to open 500 Nike shops within its stores.

ECS:spa

"Besides love and sympathy, animals exhibit other qualities connected with the social instincts which in us would be called moral."
~ Charles Darwin

FEBRUARY 2017

06	City Council Workshop – Revision of the North Montclair Downtown Specific Plan Council Chambers	5:45 p.m.
06	City Council Meeting Council Chambers	7:00 p.m.
13	Planning Commission Meeting Council Chambers	7:00 p.m.
14	Valentine's Day	
14	City Manager's Staff Meeting City Hall Conference Room	9:00 a.m.
15	Safety Committee Meeting City Hall Conference Room	10:30 a.m.
16	Public Works Committee Meeting City Hall Conference Room	4:00 p.m.
16	City Council Workshop – Proposition 64 and Medical Marijuana Regulation and Safety Act Council Chambers	6:00 p.m.
20	Presidents' Day – City Offices Closed	
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.
23	Midyear Budget Review Council Chambers	6:00 p.m.
27	Planning Commission Meeting Council Chambers	7:00 p.m.