



February 9, 2017

**TO:** Honorable Mayor and City Council

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

**SUBJECT:** CITY MANAGER'S WEEKLY REPORT: February 3-9, 2017

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

- With the passage of Proposition 64 on November 8, 2016, California voters legalized recreational marijuana use for adults. Statewide, Proposition 64 won with 57.13 percent of the vote; Montclair voters approved the measure by a 53.1 percent margin. Proposition 64 also allows adults 21 years of age or older to grow a maximum of 6 plants per residential unit and be in possession of 28.5 grams (roughly one ounce) of marijuana, or 8 grams of concentrated marijuana when away from home.

Before the retail sale of marijuana can occur, the state is required to put in place the regulatory infrastructure needed to oversee and monitor California's marijuana economy, conservatively estimated to be worth \$7 billion to \$9 billion annually once it is fully in place. The legal marijuana industry is also expected to generate an estimated \$1 billion in state taxes once marijuana-related businesses receive their licenses and begin operating.

Some analysts argue tax revenues will initially grow at a slower pace due to California's massive black market for marijuana production and distribution. It may take several years before the legitimate sector takes hold and the black market for marijuana recedes. However, unless local governments embrace the regulatory transition to the legalized sector, black market production and distribution and the criminal element associated with it would continue to survive and thrive. Law enforcement officials acknowledge that California's black market already ranks among the world's leading producers, manufacturers, and distributors of marijuana; and efforts by state authorities to control marijuana's black market costs Californians hundreds of millions of dollars in annual taxes.

For many in state and local government, a regulated marijuana industry may be the only way to significantly impact black market sales. Thus, regulators are pushing to meet the January 1, 2018 deadline for a licensing framework; but that framework requires a substantial regulatory structure.

Proposition 64 and the Medical Marijuana Regulation and Safety Act (MMRSA) of 2015 call for nearly 20 different types of licenses, including permits for farmers, delivery services, testing labs, distributors, cultivators, and dispensary operators at the retail level. To narrow and facilitate the regulatory rules, Governor Brown's office stresses that only one regulatory framework is needed to cover both recreational and medical marijuana.

Concern is beginning to emerge, however, regarding the state's ability to meet the regulatory deadline. California is effectively building the regulatory system for a multibillion dollar industry from scratch. Medical marijuana was legalized by state voters in 1996; however, it took another two decades for the state Legislature to approve the first comprehensive seed-to-store licensing system (MMRSA) in 2015, and lawmakers gave themselves until January 2018 to set up the necessary agencies, systems, and regulations. While Proposition 64 largely parallels MMRSA's regulatory structure for medical marijuana, it provides barely a year for the state to draft a regulatory scheme that controls the sale of marijuana for recreational use. Presently, there are no legal avenues for consumers to purchase marijuana for recreational use without a medical marijuana card; but once the regulatory scheme is in place, the first recreational marijuana businesses are expected to be licensed in 2018.

The complexity of getting there, however, is daunting. In order to distribute licenses, the state will need to develop regulations on taxation, testing, tracking, growing, distribution, delivery, and more to ensure that Californians are using safe products. Local governments are vital to the regulatory process—without their participation, unlicensed marijuana retail stores will propagate. To support this analysis, state regulators note that an estimated 70 percent of the state's medical marijuana-related businesses are unlicensed, operating primarily in communities that do not regulate medical marijuana dispensaries. One way or the other, Californians will be able to buy marijuana at a retail store in 2018 for recreational use, but will the businesses and products be properly regulated? Only in partnership with cities working with the state can the industry be properly and effectively regulated and taxes generated to support enforcement and educational efforts.

The importance of a well-defined regulatory scheme appears to have taken on increased importance with the expectation that the Trump administration will appoint a U.S. Attorney General who may hold a more traditional anti-marijuana perspective. The new Attorney General is expected to order audits of various state laws and marijuana programs to ensure they are in strict compliance with the [eight structures outlined in the 2013 Cole Memo—a memo by former DOJ Deputy Attorney General James Cole who authored a series of memos outlining federal policy related to the marijuana industry](#). It is widely speculated that under a Trump-appointed Attorney General, state programs not in compliance with the Cole Memo may respectively face roll back of their state's legalized marijuana industry.

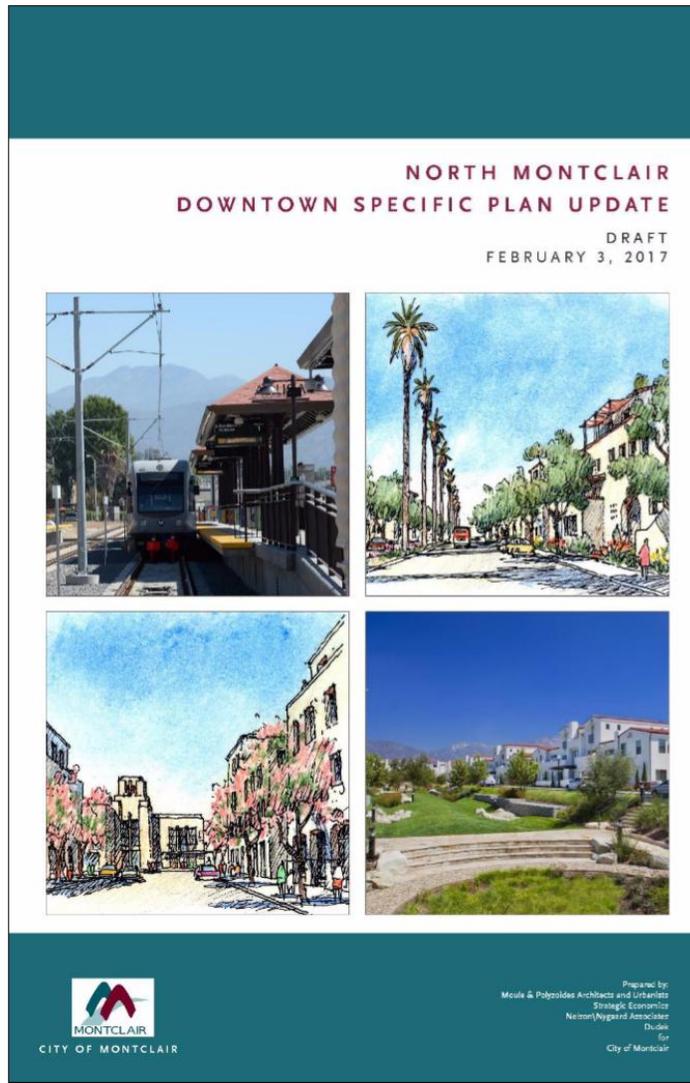
An order of audits by a new Attorney General is not necessarily unusual. When a new presidential administration comes in, the policies of the previous administration are typically audited to determine if they are effective in their application. Furthermore, President Trump's nominee, during confirmation hearings, appeared to take a middle-of-the-road approach to states' marijuana laws and noted that some of the [guidelines in the 2013 Cole Memo](#) were valuable, but that those guidelines may not always have been followed by states. The President's nominee also commented that Congress should enact legislation to end enforcement. Furthermore, President Trump's agenda on marijuana is to make it a states' rights issue.

In that regard, preservation of [the Rohrabacher-Farr Amendment](#) appears crucial. [The Rohrabacher-Farr Amendment](#) prohibits the federal government from spending any money to interfere with state medical marijuana programs. The Amendment was among the provisions renewed in a December 2016 stopgap funding bill, at least until April 28, 2017, and will either have to be reapproved by Congress prior to April 28 to be included in the next spending bill, or pass as a stand-alone bill. Over 60 percent of Congress is from states that have legalized some form of marijuana use, suggesting Congress would preserve some version of a Rohrabacher-Farr extension. U.S. Representative Dana Rohrabacher, R-California (the amendment's co-author), is confident the amendment will be renewed by Congress and anticipates it will be expanded to protect all state marijuana laws, both medical and recreational, from federal interference.

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

- On February 6, the proposed First Amendment to the North Montclair Downtown Specific Plan (NMDSP) was previewed for the City Council during its monthly workshop meeting. The firm of Moule & Polyzoides is preparing the amendment to the Specific Plan for the City. The principal of the firm, Stefanos Polyzoides, made the presentation to the City Council.

In 2006, the City approved the current NMDSP in an effort to lay the framework for the creation of a transit-oriented community around the existing Montclair Transcenter. Since the adoption of the original NMDSP, two significant residential projects have been approved and constructed—The Paseos at Montclair North and The District Arrow Station communities. A third project, Vista Court, was approved in 2016 and is expected to begin plan check review this year.



Because of continued interest by developers, the City began the process of updating the original NMDSP in early 2016. A summary of the major changes proposed with the update to the NMDSP include the following:

- Expansion of the current boundaries to include the southwest corner of Arrow Highway and Monte Vista Avenue and the area on the west side of Central Avenue at Richton Street.
- Clarification of zoning determinations and revised density ranges
- Refinement of development standards and architectural guidelines
- New signage and landscape standards
- Modified parking requirements



An Environmental Impact Report (EIR) was prepared for the project and released for a 45-day public review period which ends on March 8. The Planning Commission will review the proposal on February 27 to make a recommendation to the City Council. The City Council will make the final decision on the project and is expected to review the item at its regularly scheduled meeting of March 20.

- FedEx is making an aggressive play to grab some of Amazon's most valuable customers as competition between the two longtime partners heats up.

FedEx Fulfillment, which the shipping giant launched on Tuesday, is an effort by FedEx to cater to the small- and medium-sized companies whose businesses increasingly rely on online sales.

The new FedEx service will handle the entire order fulfillment process: A company can send its products to FedEx and FedEx will handle everything from warehousing the products, packaging, delivering, and even taking return orders.

FedEx Fulfillment looks almost exactly the same as Amazon's own fulfillment program—Fulfillment by Amazon (FBA). The biggest difference is that Amazon's program gives the added benefit of making the sellers' products Prime-eligible, giving more exposure to Amazon's most prolific spenders. At the same time, FedEx's solution serves as a good alternative to Amazon's, as some sellers might be wary of exposing their sales numbers to Amazon when they sell through FBA.

FBA has been one of the most successful businesses at Amazon. Although it does not disclose exact figures, Amazon said in its most recent earnings that FBA delivered more than 2 billion units on behalf of sellers in 2016. The number of active sellers using FBA grew 70 percent year-over-year, while FBA represented more than 55 percent of total third-party sales.

FedEx's new fulfillment service also shows the complex relationship between the logistics company and Amazon. Although Amazon publicly denies it, recent press reports suggest the company is ramping up its delivery capabilities under the goal of one day, replacing its shipping partners, like FedEx.

- The problems that have plagued retailers like Macy's and Sears are now hitting the restaurant industry.

Food service traffic, or the number of visits to restaurants across the U.S., declined slightly in 2016, according to a recent NPD Group report. Quick-service restaurants, such as fast-food and fast-casual chains, had no traffic growth; while full-service, sit-down restaurant visits declined.

A major contributing factor in the slump was a decline in lunch traffic, which dropped by 2 percent in 2016. According to NPD, one of the reasons for the decline in lunch traffic is on the rise of online shopping. Fewer people shopping in stores means fewer people grabbing food on the go.

But that is not the only change hurting restaurants.

During the recession, Americans developed a bargain-hunting habit that has haunted the retail industry ever since. The restaurant industry has noticed and responded by emphasizing value after years of doubling down on quality, with a flood of bundled bargain deals.

Restaurant executives are also beginning to realize there are simply too many restaurants, a problem the retail industry has been grappling with for years.

Executives at both Starbucks and Darden, Oliver Garden's parent company, have said that the U.S. is "over-retailed," echoing executives at retailers who have blamed company struggles on an overcrowded industry.

In August, Macy's CFO said in an earnings call that "this country is over-stored, given evolving customer shopping habits."

With similar problems come similar solutions. As traditional retailers like Sears and Macy's hope to find redemption in e-commerce, sit-down chains like TGI Friday's, Buffalo Wild Wings, and Olive Garden are investing in digital and to-go orders as a way to grow sales.

## **FIRE DEVELOPMENT**

- On Tuesday, members of the Mom's Club of Ontario-Montclair visited Fire Station No. 151 to present Firefighters with a hand-made sign in a show of appreciation for their service to the community. Firefighter/Paramedic Carlos Sandoval took the group on a tour of the station and discussed fire safety, the uses of personal protective equipment and gear, and fire-service careers.



Firefighter/Paramedic Sandoval is pictured with the moms and their children



# Burn Awareness Week

## February 5 - 11, 2017

- Scald prevention is one of the primary focuses of Burn Awareness Week. A scald injury can happen at any age, but most at risk are children, older adults, and people with disabilities. Hot liquids from everyday life including bath water, hot coffee, and microwaved soup can cause severe and devastating injuries. The American Burn Association (ABA) estimates that nearly 500,000 burn injuries are treated in hospitals each year; roughly half of these injuries are due to scalds.

The National Fire Protection Association (NFPA) offers the following tips to stay safe. We encourage you to use these safety tips as a guide to help prevent scald injuries. By making simple behavioral or environmental changes, scalds can be prevented.

### **Kitchen Safety**

- Designate a "no enter zone" for children of at least 3 feet around the stove and areas where hot food and drink is prepared or carried.
- While using the stovetop, turn handles towards the back.
- Place hot liquids and food in the center of a table or towards the back of a counter.
- Do not let children carry hot food or drinks.
- Never hold a child while you are cooking, drinking a hot liquid, or carrying hot foods or liquids.
- Open microwaved food slowly, away from the face.
- Allow microwaved food to cool a bit before eating.
- Never heat a baby bottle in the microwave. Heat baby bottles in warm water from the faucet.
- To reduce the risk of a spill, choose prepackaged soups whose containers have a wide base, or pour the soup into a traditional bowl after heating.

### **Bathroom Safety**

- Install anti-scald devices on tub faucets and shower heads.
- Always supervise a child in or near a bathtub or shower.
- Test the water by moving your hand, then wrist, then forearm through the water. The water should feel warm, not hot, to the touch.
- Test the water before placing a child in the bath or getting in the bath yourself.

## Do you know what to do if you get a scald burn?

1. Cool the burn immediately by running with COOL (not cold) water on the affected area for 3 to 5 minutes to stop the burning process.
2. If possible, remove all clothing and jewelry around the injured area. Do not remove clothing that is stuck to the skin.
3. Cover the area with clean, loose bandages.
4. Seek medical attention.

Test your knowledge of scald prevention with this [ABA assessment](#).

For more burn and fire prevention tips, visit [www.fireandburn.org](http://www.fireandburn.org) and click on the [Prevention](#) tab.

## HUMAN SERVICES DEVELOPMENT

- This week, the Montclair Medical Clinic, which was housed in the Recreation Center for over 30 years, moved to a new location inside the Lally Medical Group at 5050 San Bernardino Road. Many may remember that address as the previous Family Planning Associates building. It was purchased by the medical director of the Montclair Medical Clinic, Dr. James M. Lally; he invested over half a million dollars remodeling the entire facility. The renovated building has over 15 exam rooms and will soon include radiology (X ray), laboratory, and pharmacy services.

Dr. Lally's goal is to provide affordable and accessible care to all members of our community, including newborn, pediatric, adult, and geriatric patients. In addition to taking a variety of private insurance plans, Dr. Lally will still provide services to the uninsured by continuing the sliding-scale services, like those offered through the Montclair Medical Clinic. Free immunization services and the sharps disposal program are also available at the clinic's new location. Furthermore, Dr. Lally plans to participate in programs that will serve the veterans in our area so they can receive medical care and behavioral health services in a comfortable, non-threatening environment.

On Monday and Thursday evenings from 5 p.m. to 9 p.m., the Montclair Medical Clinic and student volunteers from Western University will continue to provide medical care to the uninsured in the community. Lally Medical Group's regular business hours are 8 a.m. to 5 p.m., Monday through Friday. In the future, they plan to extend business hours to include weekends.

For additional information, or to schedule an appointment, please call (909) 281-5800.

- This Saturday from 10 a.m. to 12 p.m., the Reeder Citrus Ranch will host "2017 Citrus Harvest Days." Guests will learn about California's famous citrus heritage and will receive a free tour of the historic orange grove. Fresh bags of oranges grown on the historic Reeder Citrus Ranch will be available to purchase for \$5 a bag.

For more information, refer to the flyer on Page 12, call (909) 624-1560, or visit [reeder@reederranch.org](mailto:reeder@reederranch.org).

## POLICE DEVELOPMENT

- Congratulations are in order for Sergeant Jim Michel! On February 3, he graduated from the Sherman Block Supervisory Leadership Institute, Class 390.



Pictured from left: Lt. Brandon Kumanski, Police Chief Robert Avels, Sgt. Jim Michel, Capt. Jason Reed, Lt. Brian Ventura, Det. Dave Taylor, and Lt. Matt Borra

The Supervisory Leadership Institute (SLI), offered through the Commission on Police Officer Standards and Training, is designed to stimulate personal growth, leadership, and ethical decision-making in California law enforcement front-line supervisors. Designed and implemented in 1988 through the efforts of California law enforcement professionals and top educators and trainers, the SLI is an intense program based on experiential learning techniques. Eight three-day sessions are held over the course of eight months. The curriculum provides a forum for personal growth and development of qualities necessary for effective public safety leadership.

ECS:spa

"Patriotism is supporting your country all the time, and your government when it deserves it."

~ Mark Twain

# FEBRUARY 2017



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.

# 2017 CITRUS Harvest Days

SATURDAY, FEBRUARY 11, 2017

AND

SATURDAY, FEBRUARY 25, 2017  
10:00 A.M. – 12:00 P.M.

At the Historic Reeder Citrus Ranch  
a City of Montclair Historic Landmark

FREE tours of the Historic Orange Grove and the Ranch

Learn about California's Famous Citrus Heritage

**Take home a fresh bag of oranges  
from the Reeder Historic Orange Grove (\$ 5.00/bag)**

For more information:  
909.624.1560  
[reeder@reederranch.org](mailto:reeder@reederranch.org)

