



March 9, 2017

TO: Honorable Mayor and City Council

FROM: Edward C. Starr, City Manager 

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

CITY MANAGER/ADMINISTRATIVE SERVICES DEPARTMENTS

- In recent reports, I advised that Montclair has promoted a number of funding options to complete construction of the Montclair Segment of Phase 2B of the Gold Line Foothill extension, including encouraging local legislative leaders to introduce a budget bill that incorporates state funding for construction. Late last month, Assembly Member Freddie Rodriguez introduced Assembly Bill 215 (AB 215) as a spot bill to secure \$30 million of the \$70 million required for construction of the Montclair Segment of Phase 2B of the Gold Line. The San Bernardino County Transportation Authority (SBCTA—formerly SANBAG) has already developed approximately \$38 million for construction of the Montclair Segment.

One funding source available through AB 215 is state cap-and-trade auction funds. However, last week, for the second time since early 2016, the cap-and-trade auction of pollution permits performed poorly when compared to expectations—summary results indicate that buyers purchased just 2 percent of the carbon credits, for earnings of approximately \$10 million. Revenue from cap-and-trade is used to fund transit projects and other initiatives, including the bullet train between Los Angeles and San Francisco. The California Air Resources Board (CARB) had anticipated \$150 million in carbon credit purchases for last week's auction; buyers, however, took just 785,000 of the 43 million allowances offered (at the floor price of \$12.73), each of which will allow the emission of one metric ton of carbon dioxide.

The cap-and-trade auction market, a product of California's Global Warming Solutions Act, is designed to curtail the emission of carbon dioxide and other greenhouse gases. Companies or organizations that emit those gases have to buy credits issued by CARB.

Demand for the permits has fluctuated over concerns about the program's long-term viability. The cap-and-trade program is under a legal challenge, and a state appeals court is expected to rule soon on whether cap-and-trade represents an unconstitutional tax. The California Chamber of Commerce is the lead plaintiff in a suit that contends the fees are a tax that was not authorized by the required two-thirds of the Legislature, and that the law never specifically authorized the auctions. The state contends the fees are not taxes, but a consequence of regulations. The lawsuit was filed several years ago, before the first cap-and-trade auction. The judge in the case recently asked a series of questions that fueled speculation he might rule against the state.

A secondary trading market has also produced volatility for the state-operated program. In the secondary market, private parties who own the credits trade them daily at a price that is typically below the state floor in the auctions (\$12.34 at current price)—meaning any company needing a credit could buy it at less cost on the secondary market.

The Legislature is also evaluating extension of the program beyond the current 2020 expiration date. Some members of the Legislature question the performance of cap and trade, arguing revenue generation is unreliable and it may not be achieving pollution reduction in disadvantaged communities. However, energy analysts project cap-and-trade revenues are likely to increase as the state's economic activity continues to accelerate.

Another potential cause for weak performance is the potential that emitters of carbon dioxide have cut greenhouse gas output, producing less need for the credits. Performance in the secondary market, however, suggests demand for the credits remains high.

Lackluster performance for cap-and-trade credits is particularly troubling for transit projects, including the bullet train. The latter project is dependent on cap-and-trade performance to match \$3.5 billion in federal grants. The Federal Railroad Administration recently modified one of its two grants for the project to allow the state to spend all the federal money by next year, but not produce the state match until 2022. The current price tag for the bullet train is \$64 billion.

The state has a \$500 million cap-and-trade reserve set up in anticipation of volatility. Use of that reserve for the Montclair Segment, the bullet train, or other transit projects would have to be approved by the Legislature and the Governor.

- The unemployment rate in the Riverside-San Bernardino-Ontario Metropolitan Statistical Area was 5.6 percent in January 2017, up from a revised 5.1 percent in December 2016, and below the year-ago estimate of 5.9 percent. This compares with an unadjusted unemployment rate of 5.5 percent for California and 5.1 percent for the nation during the same period. The unemployment rate was 5.7 percent in Riverside County and 5.4 percent in San Bernardino County.

Between December 2016 and January 2017, total nonfarm employment declined from 1,445,900 to 1,426,000, a loss of 19,900 jobs. Agricultural employment fell by 600 jobs.

Trade, transportation, and utilities posted the largest employment decrease over the month with a loss of 16,500 jobs. Seasonal cuts in retail trade accounted for most of the job losses, down 9,100 jobs. Transportation, warehousing, and utilities dismissed 6,300 jobs and wholesale trade shed 1,100 jobs.

Seven other industry sectors posted job losses. The most notable included professional and business services (down 2,200), educational and health services (down 1,700), and construction (down 700).

Government reported the largest overall gain with the addition of 1,300 jobs. Local government added 1,600 jobs over the month, while federal government and state government declined by 200 and 100 jobs, respectively.

Between January 2016 and January 2017, nonfarm employment increased by 44,100 jobs or 3.2 percent. Agricultural employment declined by 1,000 jobs or 6.9 percent.

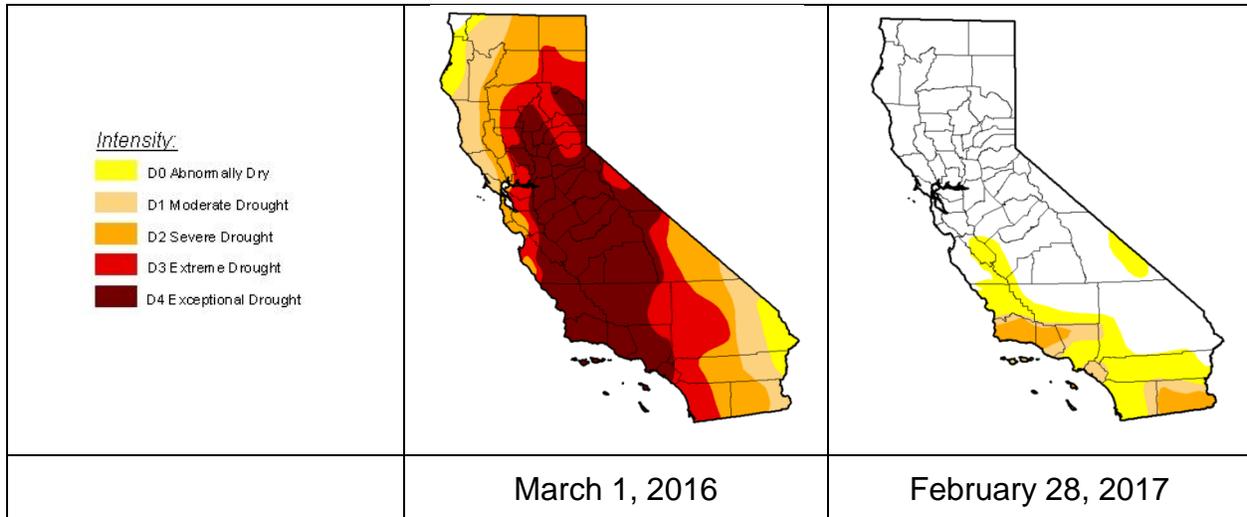
Trade, transportation, and utilities led all industries in job growth, posting an increase of 11,200 jobs. Transportation, warehousing, and utilities added 7,500 jobs, retail trade increased by 4,700 jobs, while wholesale trade cut 1,000 jobs.

Seven other industries reported year over growth including leisure and hospitality (up 9,000), government (up 8,900), educational and health services (up 6,800), construction (up 6,200), manufacturing (up 2,600), other services (up 1,900), and financial activities (up 1,400).

Professional and business services posted the largest decline over the year with a loss of 3,700 jobs.

- California's wet winter continues to provide above-average precipitation and snowpack—considerably improving the state's surface water supplies. Currently, 74.5 percent of the state is classified as drought-free.

California Drought Monitor



California's Statewide Water Supply Conditions as compared to the average for this season:

- Snowpack: 183 percent
- Reservoirs: 116 percent

Monte Vista Water District (MVWD) customers, including Montclair residents and businesses, continue to do their part in conserving water. Year-round prohibitions of wasteful water use practices, like hosing off driveways and excessive irrigation runoff, remain in place. Water use remains at historically low levels, 35 percent less than a decade ago and 23 percent less than in 2013.

March 20-24 is Fix a Leak Week! During that week, MVWD invites customers to stop by the main office during business hours to pick up a bag of giveaways. Across the nation, household leaks amount to more than 1 trillion gallons of water wasted! Come by to learn what you can do at home to use water wisely and learn of free programs available to assist you. MVWD's office is located at 10575 Central Avenue in Montclair.



COMMUNITY DEVELOPMENT DEPARTMENT/ ECONOMIC DEVELOPMENT

- The Successor Agency closed escrow on the property located on the northeast corner of Dale Street and Ramona Avenue with Dale & Camulos Properties, LLC (Bill Fox) on March 1, 2017. Mr. Fox then re-sold the site to JR Distributor International.

This past week, permits were issued for the new 55,577 square foot industrial/warehouse building that will be constructed on the site. As indicated, the developer is Dale & Camulos Properties, LLC. The contractor for the project is HBI Inc. from Newport Beach.

Construction of the building will be concrete tilt-up panels. The panels are designed with offsets, varied heights, and vertical reveals to add depth and architectural interest. The building will be well designed and compatible with surrounding business uses. The landscaping is drought-tolerant, and the irrigation system around the building is of a water-saving design. Construction began on March 7 and is expected to be completed by November 7, 2017.

JR Distributor International, located in Ontario, distributes late model car windows and parts. The owner, Jony Kou, is excited about moving his business to its new location in Montclair.



EAST ELEVATION



SOUTH ELEVATION

- Applebee's will close between 40 and 60 locations this year, according to DineEquity, Applebee's parent company.

DineEquity reported fourth quarter earnings last week. Revenue was down 10 percent to \$154.2 million from \$171.3 in the same quarter last year. Adjusted earnings per share were \$1.37 compared to \$1.59 in the same period of 2015, driven by lower gross profit. This was caused by a 7.2 percent decline in Applebee's same-store sales.

Applebee's closed 46 locations in 2016 and is suffering from an industry-wide slowdown that many analysts fear could be the beginning of a restaurant recession.

The fourth quarter 2016, particularly December, was the worst for casual dining sales and traffic, according to Applebee's CEO. And, according to the food-business publication *FSR Magazine*, only 34 percent of casual-dining brands recorded by the industry tracker TDn2K had positive comparable restaurant sales in the third quarter of 2016.

There are two main factors contributing to its sluggish sales: the rise of fast-casual restaurants like Chipotle and Panera Bread, and the fact that more people are eating at home because the cost of groceries is falling.

Applebee's CEO claimed new products introduced during 2015 and 2016, like its hand-cut grilled meat, did not resonate well with customers and were off target with value-focused trends in the industry. The company now plans to improve its online ordering to better compete with fast-casual restaurants.

FIRE DEPARTMENT

- Sunday, March 12 is the start of Daylight Saving Time. While phones, computers, and tablets may "spring forward" automatically, themselves, it's up to you to keep yourself and your family safe by changing your smoke and carbon monoxide alarm batteries. Working smoke and carbon monoxide alarms save lives; that beeping can get everyone out safely and avoid tragedy.

Three out of five home deaths resulted from fires with no smoke alarms or no working smoke alarms. Some of the leading causes of home structure fires and fire injuries are cooking equipment, heating equipment, lighting equipment, smoking materials, clothes dryers and washers, and candles. For more information on the causes of home structure fires, visit [NFPA, U.S. Home Structure Fires](#).

Smoke alarms should be installed on every floor of your home, in every bedroom, and outside of all sleeping areas.

Here are some tips to installing smoke alarms:

- ✓ The ceiling is the best place to mount smoke alarms
- ✓ If you cannot mount the alarm on the ceiling, install it high on the wall 4 to 12 inches from the ceiling
- ✓ Always test your newly installed smoke alarms
- ✓ It's simple: the more alarms you have, the greater your chances are of surviving a fire. Don't skimp on smoke alarms around the home!
- ✓ Replace all smoke alarms in your home every 10 years
- ✓ **Quick Tip:** Some manufacturers are now offering smoke alarms that are equipped with a sealed 10-year battery. While these new devices eliminate the process of changing the batteries in your smoke alarm each year, it does not eliminate the need to test your smoke alarms once a month to make sure they are in working order.

As well as working smoke alarms, every household should have an evacuation plan. Practice it! Make sure everyone knows how to get out and where to meet. Never go back inside a burning building! If someone is missing, inform the dispatcher when you call 9-1-1. Firefighters have the proper training to perform rescues.

Every year more than 100 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 a 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 home CO alarms is a source of added protection.

Here are some tips to installing carbon monoxide alarms:

- ✓ CO alarms should be installed in a central location outside each sleeping area and on every level of the home and in other locations where required by applicable laws, codes, or standards
- ✓ Follow the manufacturer's instructions for placement and mounting height
- ✓ Always test your newly installed carbon monoxide alarm
- ✓ Replace them according to the manufacturer's instructions.

Batteries from household smoke and carbon monoxide alarms may be recycled at your nearest household hazardous waste recycling facility.

- Last Saturday at Saratoga Park, Montclair Little League held its Opening Day ceremonies for 2017 games. The Fire Department's B-2 crew attended the festivities and set up a static display for public viewing.

Fire Captain Tom Dowser, Fire Engineer/Paramedic Ben Garcia, and Firefighter/Paramedic Robert Estrada enjoyed an afternoon of pitching, batting, and stealing bases with the Montclair Little League community.

A photo collage is included on Page 10.

POLICE DEPARTMENT

- Assembly Member Freddie Rodriguez held a Public Safety Roundtable last Friday at his District office in Chino to discuss legislation he has introduced. Over 15 attendees represented various organizations, including Chino, Montclair, Fontana, and Pomona Police Departments; Los Angeles County and San Bernardino County Sheriff's Departments; the California Highway Patrol, and Chino Valley Fire. Lt. Matt Borra represented Montclair Police Department.

Legislative updates to AB 67 (violent and nonviolent felonies) and AB 263 (emergency medical services workers: rights and working conditions) were discussed, as well as Proposition 64 and new marijuana dispensaries.

Assembly Member Rodriguez will be looking closely at how these current laws are affecting our communities and perhaps adding new clauses to the bills.

ECS:spa

"Around here, we don't look backwards for very long...We keep moving forward, opening new doors and doing new things because we're curious...and curiosity keeps leading us down new paths."

~ **Walt Disney** ~

MARCH 2017



12	Daylight Saving Time begins	
13	Planning Commission Meeting Council Chambers	7:00 p.m.
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.
17	St. Patrick's Day	
20	Happy Spring!	
20	Real Estate Committee Meeting	5:30 p.m.
20	Code Enforcement/Public Safety Committee Meeting City Hall Conference Room	6:15 p.m.
20	City Council Meeting Council Chambers	7:00 p.m.
27	Planning Commission Meeting Council Chambers	7:00 p.m.
28	City Manager's Staff Meeting City Hall Conference Room	9:00 a.m.

Montclair Little League Opening Day 2017

