



# The VOICE

Your independent news source

Greater Shasta County, CA

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**Did you know...**

- The City of Redding will pay \$15,975,000 to the CalPERS system to meet its pension obligations in 2008-2009. That's an increase of \$575,000 over the amount paid for the 2006-2007 fiscal year. This will be paid out of the general fund.
- The Enterprise Elementary School is seeking a \$34 million bond to pay for upgrades at its seven schools, despite declining enrollments. The bond will put before voters on February 5, 2008, and needs a 55% approval to pass.
- Oct. 2007 unemployment in Shasta County reached a nine year high of 7.0 percent, up from 5.4 percent in Oct. 2006.
- The median sales price of a home in Shasta County was \$239,500, a 9.6% decline from a year ago, and a 5.3% drop from September.
- The City of Redding issued 16 single dwelling building permits in October, 2007.
- The City of Anderson issued 1 (that's one) single dwelling building permit last month.

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## Local Attorney Speaks on Behalf of Shasta VOICES and Others "Unusual" Impact Fees Cause Great Concern

Walter P. McNeill, Attorney At Law, located in Redding, is representing Shasta VOICES, SHASTAX, and a coalition of businesses, organizations and citizens who are opposed to the unprecedented "cross-agency" Shasta County and City of Redding development impact fees and the proposed "Fix Five" traffic impact fees.

At a workshop for the Shasta County Supervisors on November 6, 2007, specifically for the purpose of discussing the "cross-agency" County and City of Redding proposed fees, Mr. McNeill was given the opportunity to address the legal issues related to consideration of these fees. He outlined four major legal defects applicable to all categories of the proposed impact fees. This was only a short review, and by no means an exhaustive legal analysis of the fees. It proved to be enough, however, for any prudent local government leader to step back altogether from consideration of these fees.

Here are the four issues that he outlined for the Supervisors and County Staff:

1. The "cross-agency" fee is beyond their legal authority, violates the Mitigation Fee Act, and violates Government Code 54985, which only permits the County Board of Supervisors to create and impose county fees.
2. The missing Memorandum of Understanding (MOU) not only undercuts the validity of the fee but also makes it painfully obvious that the unlawful fees are nothing more than a substitute for tax revenues that the City and County have attempted to negotiate in a tax sharing agreement.
3. The basic fee-setting methodology is fundamentally flawed and unlawful under the Mitigation Fee Act; "facilities standards" do not meet the Mitigation Fee Act requirements for identification of the public facilities that will be paid for by impact fee revenues.
4. The non-participation of the Cities of Shasta Lake and Anderson creates gaping "holes" in the fee setting methodology that are not and cannot be lawfully filled.

Infrastructure and public facilities financing in Shasta County and Redding is a serious matter that deserves serious attention, but this fee program is a misguided and illegal tool for that task.

After Mr. McNeill's presentation, other speakers were given the opportunity to express their concerns. These included Mary Machado from Shasta VOICES, Willie Preston from SHASTAX, Ron Largent, Kent Dagg from the SBE, and Jan Lopez. They talked about the cumulative effect of the numerous fees being currently proposed which will be passed along to local consumers, concerns about methodology, concerns regarding the lack of "fair share" burdens being placed on builders, the lack of accountability in government, and erosion of affordable living conditions for people who live and work in the area.

Asking that this and any plan comply with the law seems like a reasonable request. The Supervisors seemed to agree. They sent the fees back for further work and legal review, and will conduct a second workshop sometime in January. Stay tuned! We will keep you updated and informed.

## “SHOP REDDING” Campaign To Assist Businesses Affected by “Detours”

From mid-March through mid-May, 2008 (weather dependent), and again from mid-July through mid-September, 2008, the North/South turn lanes from Cypress Avenue will be closed due to bridge construction. This will include Parkview Avenue, Athens Avenue, Hartnell Avenue, and Hemsted Drive, which all fall into the construction zone area surrounding the Cypress Avenue Bridge. Businesses that rely on these routes for customers could be greatly affected by such closures.

So, a group of concerned business leaders, spearheaded by the Redding Chamber of Commerce, got together to strategize how to best raise awareness of these businesses and provide support during the impending “detour” around the access to their facilities. **Detour signage** will be of paramount importance in directing traffic to businesses. Pat Corey, owner of McHale Signs, is working with the City of Redding and several affected businesses to create signs that will include logos of highly recognized anchor businesses to shopping centers in and around the construction zones.

Jim Zauher from the City of Redding, together with the City’s Transportation Engineering Department, is generating a list of all businesses affected by the upcoming traffic closure. Once identified, all will be contacted for a meeting (mid-December) to lay out the conceptual idea of the campaign and asked for their input and participation.

Using the Chamber’s “Shop Redding” campaign as a centerpiece, a **promotional program** will be developed. It may include newspaper, radio, and television spots, as well as other forms of advertising. Though still in the design stage, the general concept of this program is to direct customers to the affected participating places of business, and thanking them for coming with some sort of tangible reward. The goal is to let customers know how much their business is appreciated in spite of being inconvenienced by detours, and to keep them coming back!

Shasta VOICES will be assisting in the promotion of this program with each issue of “**The VOICE**” newsletter, which will showcase the campaign and its participating businesses. Contact Mary Machado at (530) 222-5251 if you have any questions or would like to participate.

## Redding City Council Meeting Packed With Tough Controversial Issues

The December 4th Redding City Council meeting agenda included so many important issues that we waited for the meeting before completing this issue of “The VOICE” to report the outcome.

Of particular interest are two issues we have been tracking for months: funding plans for **Retiree Health Benefits** (totaling \$94 million), and a **new Redding Police Station** (to the tune of \$35 million). Both were included in the biennial budget as “unfunded items”.

City Manager Kurt Starman put forth a plan to **set aside funds now** to help pay for the future promised retiree health care benefits. Starting in Fiscal Year 2008-09, the City would contribute around \$2 million toward a trust fund established with CalPERS. This amount would be increased each year by at least 1 percent of payroll until the City is able to achieve the contribution level recommended by a previous actuarial report, or \$6 million each year.

Additionally, Mr. Starman proposed **capping future increases** in the existing contribution for those already receiving benefits. He suggested **reducing** the amount the City contributes toward health insurance once a retiree

becomes eligible for Medicare. He suggested stipulating that an employee must work for the City of Redding for a minimum of 5 years in order to qualify for retiree health insurance. And, he proposed **eliminating this benefit for employees hired after a certain date**.

The Council members unanimously endorsed this proposal, but felt it needed to go even further. Councilman Murray made a motion to have staff include the “elimination of this benefit for any new employees hired” in their negotiations with the various labor unions effective January 2008 and beyond. This also passed unanimously.

Though this is a good start at fiscal responsibility, other options need to be explored as well. Both Kurt Starman and the City Council should be applauded for their efforts, and we look forward to seeing those efforts continued.

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Moving to the new Police Facility discussion, it seems clear that a new facility is sorely needed. With a price

tag of \$35 million, it may take time to come to an agreeable funding plan. City Manager Starman again put forth several potential funding options. **Lump sum resources** may come from contributions from Redevelopment, proceeds from the sale of the existing facility, block grants, and sale of surplus property. There would still remain an annual debt service for 30 years of \$1.85 million. The option for paying this debt service that all Council members agreed on was a **reduction in the general fund**.

All five Council members had **no interest in an impact fee**, and **no interest in raising the TOT tax** (on hotels). Four of the five did **not** want an increase in the sales tax. Mary Stegall, however, is in favor of raising the sales tax. She went so far as to ask speakers and members of the audience if they would stand up and support a sales tax, with little response. It seemed to be an inappropriate action on her part.

The Council agreed in principle to build momentum for a new Police Facility, and continue moving forward with property selection. They directed staff to do further research based on the Council’s funding preferences and report back to them in January.

## 2007 Revenues for City of Redding Below Projections

City Manager Kurt Starman submitted a monthly financial report for the General Fund at the November 6, 2007 City Council Meeting. Here are the highlights of his report:

Total revenue to date is \$11.8 million, or \$801,570 below staff's cash flow projection. That is **6.4% below projections**.

Sales tax revenue year to date totals \$4,419,674, or \$80,326 below staff's cash flow projection. That is **1.8% below projections**.

Sales tax for the second quarter **decreased** by 4 percent over the same quarter the prior year. The next information on actual sales tax receipts will be received in December for the third quarter of the calendar year. Unless there is significant improvement in sales tax information received in December, staff will return to Council with recommended changes to the 10-Year Financial Plan to offset the lower sales tax amount.

Transient occupancy tax revenue year to date totals \$1,275,565, or \$24,378 below staff's cash flow projection. That is **2.0 percent below projections**.

Other revenues in September totaled \$1,539,622, or \$190,576 below staff's cash flow projection. That is **11.0% below projections**. Other revenue year to date totals \$4,531,600, or \$784,374 below staff's cash flow projection. That is **14.8 percent below projections**.

Expenditures at the end of September 2007 (excluding encumbrances) total \$18,326,499, or \$3,794,435 **below** staff's original projection. That is 17.2 percent. The encumbrances at month end total \$1,658,644.

The good news is, although the revenues are lower across the board than expected, expenditures are also lower than originally expected, with the exception of employee retirement costs. Those costs are expected to climb by \$575,000 for fiscal year 2008-2009.

We would assume that the City will continue to curtail their expenditures as the downturn in revenues continues. And, we would **hope** that our City Council will take steps to reduce the growing pension liability. Shasta VOICES will continue to monitor this situation and report our findings.

## Attempt to Undermine Current TIF Program Fails Redding City Council Votes Down Staff Proposal

The "hits" just keep on coming, at least as far as traffic impact fees are concerned in Redding.

Another attempt was made at the City Council meeting on November 6th to increase fees without identifying how much, in dollars, this would actually cost. Barry Tippin and his Transportation Department lobbied the Council to "modify" the Traffic Impact Fee (TIF) Program by approving a change in the Cost Inflation Index used for annual TIF adjustments.

The current annual "Cost Inflation Index" to the existing Traffic Impact Fee Program (TIF) is based on the Engineering News Record Construction Cost Index (ENR-CCI), as provided for in the ordinance. In July of 2006, it was increased by **4 percent**. Staff wants more.

As a matter of fact, staff wants to use a "blended" index as an alternative to the ENR-CCI. And which index do they want to "blend" the ENR-CCI with? Well, that would be the CalTrans Price Index. And how much more of an in-

creased percentage was the CalTrans Price Index this year? It was a whopping **38 percent!**

Of course, as Kent Dagg, CEO of the Shasta Builders Exchange pointed out at the meeting, the index is flawed, as it uses the biggest two years in history as a guide.

This new "proposal" undermines the current TIF Program that was approved on April 22, 2004, after a series of meetings between the City and the development community. Now, staff does not believe that sufficient revenue will be generated to complete the approved projects within 10 years. Really? Let's review.

With only 7 permits for new construction in August, 8 in September, and 16 in October, and with the current economic downturn, it's not hard to figure out that **without** the City's projected growth and new development occurring, **traffic volume increases**

**attributable to growth will not occur**. Staff has assigned priority to each traffic "project" based on current and anticipated traffic-volume increases. Now seems like hardly the time to look for more money from a source that is not producing new revenues, and not increasing traffic volumes.

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The City Council said they were "ill-prepared" to handle this decision at a Council meeting. They directed staff to prepare more information for a public workshop that would include the "blended" index explanation. Seeing that there is currently only \$3 million available for approved projects, the Council voted to move forward on the widening of Placer Street between Airpark Drive and Buenaventura Boulevard. They chose to postpone prioritizing other projects until more information is available for proper consideration.

## ***“Impact Fees Challenge” Update***

### **Stop “Fix Five” Coalition in High Gear**

For the past 30 days or so, Shasta VOICES has been putting together a “Stop Fix Five Coalition” in opposition to the proposed local impact fees program to widen a federally owned interstate highway. We are happy to report that both the Shasta and Tehama County communities have been overwhelming supportive of our efforts.

Our attorney, Walt McNeill, has been busy preparing for the upcoming public hearings in the seven jurisdictions from Corning to Mountain Gate. One of his first actions was to request advance notice and supporting documentation if and when the cities and counties in these jurisdictions move forward to consider approval of new impact fees. The response, at least from the City of Redding’s Attorney Rick Duvernay, was less than cooperative, and prompted Walt to reply as follows: “I am a little surprised not just by the legal error of your response disavowing the City’s legal obligation for 14 days advance notice, but also by the subtext that the City of Redding would somehow feel “threatened” that public citizens would be so audacious as to request public notice of Council action on an issue of such importance to our community and region; that you would (erroneously) instruct City staff to ignore the request for 14 days advance written notice, raising the possibility that the City may choose to act illegally and in bad faith to approve “Fix 5” with less than the legally required 14 days advance written notice; and, that you would gratuitously distribute your erroneous opinion to the other public agencies that may also take action on the “Fix 5” fees, thereby “poisoning the well” of potential public access to the local agencies who have to carefully consider this matter and deserve full public input to assist them.”

The public outrage is just beginning. Finally, the general public is learning about these proposed fees, and paying closer attention to the information available. On November 27th, Mary Machado, Executive Director for Shasta VOICES, and Willie Preston, President of Shastax, were the guests on the Ken Murray morning radio show at 8:00 a.m. on station KQMS. Kent Dagg, CEO of the Shasta Builders Exchange, was filling in as the host of the show for the vacationing Ken Murray. We were given “equal time” on the show, since the “Fix 5” architects from the Shasta Regional Transportation Planning Agency and Cal Trans had done the show some two weeks prior. This opportunity allowed us to address the other side of this issue, and the public who phoned in were outraged that the “locals” would be asked to pay even more for a federal interstate highway than they are currently paying! Several questioned the legality of such fees. We assured them that we are challenging the legality of such fees. An audio tape was made of the entire show, should anyone who missed it care to obtain a copy. We appreciated this great opportunity for our side to be heard.

Needless to say, our attorney has only just begun to represent our interests. Much work is being done, and we will be ready when the opportunity presents itself to put forth our best effort to stop these fees.

As of this writing, ***there are no Public Hearings scheduled in any jurisdiction for the proposed “Fix 5” Impact Fees.*** Apparently, the “Fix 5” Partnership isn’t able to comply with the 14 day advance notice requirement without completion of the proper documentation for prior review. That documentation is in the hands of their attorneys currently. **Shasta VOICES will keep you informed as to the Public Hearing schedule if and when it becomes available.** Thank you for your continued interest and support.

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