



The VOICE

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Did you know...

- The US Postal Service lost a combined \$12.3 billion in its latest 2 fiscal years ending 9-30-10, including \$8.5 billion in the latest 12 month period. 65% of the fiscal year 2010 loss was attributable to the **projected health benefit costs** of future retirees.
- The South Redding Six-Lane widening project, which is being funded by State Prop 1B funds, will advertise for bids on or about **February 14, 2011**. It is anticipated that local contractors will apply, and construction will start in the Spring of 2011.
- The Cypress Avenue Bridge reconstruction project over the Sacramento River should be complete by Christmas...this year! Some overlay work and landscape will wait until the Spring, due to weather, but otherwise, the bridge itself is on track for completion.

HAPPY HOLIDAYS!



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Council Will Seek Private Sector Quotes After All for City Parks Maintenance

At the November 18th Community Services Advisory Commission (CSAC) meeting, Shasta VOICES encouraged the commission **not** to make a recommendation to City Council regarding outsourcing City Parks Maintenance functions until they had an opportunity to seek bids from local private landscape maintenance companies for accurate comparison purposes. Although the majority of commissioners were not at all comfortable with the public versus private sector cost comparisons prepared by City Staff, they were told they did not have the "authority" to issue a Request for Proposal to determine exactly what private companies were able to do for them. We suggested that Council should "fix" that problem, and fix it they did.

At the marathon Redding City Council meeting on December 7th, as the clock struck midnight, a majority of Council members directed the staff to work with members of the Community Services Advisory Commission (CSAC) to choose 4 or 5 neighborhood City parks and produce a Request for Proposal or Quotation (RFP or RFQ) from as many private firms as possible to perform basic landscape maintenance functions such as grass mowing, leaf blowing, shrub pruning, and trash collection.

Even though the CSAC members had agreed previously to bring forward the recommendation by staff to **not** produce this RFP, Commissioner John Wilson spoke on their behalf at this meeting and asked the Council to seek proposals from private firms after all. He said they may not be able to do better than the City, but felt "it would satisfy a lot of people" to seek proposals from private firms.

At least now we will find out for sure if the private sector is interested in providing these services to the City, if they can do so without sacrificing service levels, if they can provide the flexibility needed when City revenues drop, and if they can provide these services at an attractive cost to the City.

Shasta VOICES once again expressed their concern with the **process** that has been chosen in studying the pros and cons of outsourcing, contracting out or privatizing city services as it struggles to meet budget demands. So far, in every instance, existing City staffers working in the very jobs that are under discussion have been put in the position of providing the information necessary to determine whether or not it would be beneficial to contract out the services they are performing. To say they are conflicted in providing unbiased information is an understatement.

In the future, perhaps a more objective look at these services from a less-conflicted and disinterested third party would yield unbiased information on which a proper recommendation could be made. Or alternately, in the absence of funds to pay for such a third party, the finance department could simply provide all financial information related to a particular department or function, and the personnel department could provide the job descriptions and associated labor costs. But instead of providing this information to staff members, they could provide it to the committee members who have been charged with such a study. At least this way, the committee members would have accurate data from which to begin their assessment.

Management Audit Needed for REU

The Redding City Council once again voted to increase local electricity rates starting in January, 2011. Rates already increased by 7.84 percent in 2009 and 7.84 percent in 2010. Now, ratepayers in Redding will experience another 7.84 percent increase in 2011, and yet another 7.84% increase in 2012. And, according to the power point presentation done by REU Director Paul Hauser, similar increases are “planned” through 2016. That would bring the total amount of increases to 47.04 percent since 2009.

The reason continually given for the need for such increases are the “fixed costs” of the utility, along with a weakened economy and revenue shortfall. The Redding Electric Utility (REU) has made some management decisions in the past that are negatively affecting ratepayers today, but those decisions could certainly be changed to keep costs lower for customers. Now would be the ideal time for a long overdue management audit of REU, which has never been done. There are some practices that have always been in question, and now a new law that makes such a review necessary.

Voters in the November election passed Proposition 26 to convert some local fees to taxes requiring voter approval. The heart of Prop. 26 is its definition of “tax”: “As used in this article, ‘tax’ means any levy, change, or exaction of any kind imposed by a local government...”

Some of the group of fees covered by Prop. 26 are those “imposed for a specific government service or product directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of providing the service or product.” This exception will cover utility fees not subject to Prop. 218 (such as REU), and will apply to such intergovernmental charges as booking fees, property tax administration fees, *in-lieu fees* and others. REU has been paying about \$6 million per year in in-lieu property tax fees to the City’s general fund for some time. Had this money stayed in the utility budget as it should have, there may have been no need for the 7.84 % increases that were just approved by Council.

Other types of fees covered by Prop. 26 include “a fine, penalty, or other monetary charge imposed...as a result of a violation of law.” This will include parking fines, administrative penalties, *late payment fees*, interest charges and others. Each year, REU late fees are given to the general fund. This money, too, should have stayed in the REU fund, helping to reduce the need for rate increases.

Proposition 26 requires two-thirds voter approval for any fee or charge exceeding the reasonable costs to local government for providing the service. The rate increases City Council approved to begin in January 2011 would count as a new fee under Prop. 26.

Of course, there are many unanswered questions about Proposition 26. Like most initiatives, the law in this area will develop over time. For now, local government agencies would be wise not to adopt a new fee or increase an existing fee without legal advice. They should review existing fees to better understand the impacts of this measure and begin to plan to deal with its consequences. Shasta VOICES believes that a management audit now is a timely and necessary way to do just that.

Union Concessions Approved

A new four-year contract between the City of Redding and the Redding Peace Officers Association Miscellaneous group (RPOA-Misc.) was *unanimously* approved by City Council on December 8th. Even though this is the smallest of the City’s unions (seven members, down 50% due to layoffs), this agreement will more than likely lead the way for other union contract agreements.

RPOA-Miscellaneous members will now pay their share of pension contributions in phases and receive annual 2 percent raises starting in 2012: 1.75% the first year, 3.5% the second year (with a 2% raise), 5.25% the third year (with a 2% raise), and the full 7% the fourth year (with another 2% raise). In the past, the City paid both the employee contribution *and also granted the raises*.

Under the new agreement, these members also agreed to accept a new formula for the provision of retiree health in-

urance benefits based on years of service. Retiring members will now be offered coverage only after they have worked at least 5 years for the City of Redding, and the City will pay the cost of the coverage at a rate of 2% per year of service, up to a maximum of 50%. A retiree with at least a full 25 years of services will be able to have 50% of the health insurance premium paid by the City.

It should be noted that the City, who under this agreement will no longer be paying the “employees” share of their pension contribution (commonly referred to as EPIC), will also no longer report that contribution to Cal PERS as additional compensation for calculation of retirement pay. The City will no longer need to pay the Cal PERS premium on the additional compensation reported, saving about 3.5% on those dollars. And, down the road when these members retire, the reduction in their retirement pay will help reduce the City’s future liability and cost for this benefit.

Regional Agency (SCRTPA) Looking For More Influence

The Shasta County Regional Transportation Planning Agency (SCRTPA) has been busy behind the scenes making “deals” with public officials that will enhance their ability to influence transportation projects and the funding that goes along with them.

One of these deals involves a “Statement of Understanding and Intent to Participate” letter presented to the County of Shasta and all three cities within the county. The SCRTPA was successful in obtaining \$700,000 in grants to develop a centralized location and computer file server for joining and exchanging the region’s various GIS data. The planned use of this data is to develop a trial version of the region’s Sustainable Communities Strategy (SCS). Therefore, each of the cities and the County need to interject their own agency land use plans into the SCS. They do, in fact, control land use decisions in their respective jurisdictions, don’t they? And, participation will certainly cost each agency, which should be reimbursed from the grant funds for their efforts. Before any letters of intent are signed, there ought to be clarification on such reimbursement. Each jurisdiction will have an opportunity to improve on the suggested language in the letter of intent before voting on its approval.

Just to review, the SCS is a region wide land use and transportation plan that is now required under SB 375, designed to reduce the number of passenger vehicle miles traveled and thus greenhouse gas emissions in our region. Our target reduction rate for these emissions has been set at 0%, meaning that whatever growth occurs between now and 2035, our goal is to not increase our current level of greenhouse gas emissions.

We have heard repeatedly that this effort will not constitute “policy” and that each jurisdiction in our region will retain control of land use planning decisions. Perhaps paying for each jurisdiction to participate will ensure that this actually happens.

Another “deal” has been reached with the recently formed North State Super Region, consisting of sixteen RTPA’s in the North State. The SCRTPA Executive Director, Dan Little, will serve as the Chairman of the Super Region. He has been given authorization to sign letters of support on behalf of this group that are consistent with their platform. The major goal of the Super Region is to support efforts to assure that a fair share of state and federal funding for transportation projects are returned to the North State.

And lastly, the SCRTPA has officially asked the Redding Area Bus Authority (RABA) Board to reappoint its current Chair, Dick Dickerson at its January 24th meeting for continuity reasons. He represents RABA on the SCRTPA Board, has been serving as VP on the Board of the California Association of Councils of Governments (CalCOG), and is set to become President of that Board next year. This position gives SCRTPA staff access to top officials in key funding agencies. His current RABA appointment, thus his appointment to the SCRTPA, is set to expire without this reappointment.

Radical 10 “First Lot Deal” Approved

The “Radical 10 in ‘10” program, with 10 bold ideas to stimulate Redding’s economy and create jobs in 2010, has found success once again, this time with idea #3—First Lot Free in Stillwater Business Park.

City Council approved a non-binding letter of intent with Southern Aluminum Finishing Company (SAF) on December 8th to facilitate expansion plans.

SAF established a West coast location three years ago when it opened a small, temporary facility in Redding. They are a full-service manufacturer that provides high-quality aluminum products to the commercial construction industry. They originally intended to construct a new facility on Metz Road, but those plans were delayed due the severe recession.

When the City of Redding adopted Radical 10’s idea #3, it prompted SAF to re-evaluate its expansion plans in Redding. Now, they plan to build a 50,000 square foot facility

on Lot 7 in Stillwater Business Park. The City intends to sell Lot 7 to SAF for \$1,860,557, by providing the financing in the form of a silent second deed of trust. The City will then forgive 20% of the principal when SAF secures permits and begins construction, another 20% when the facility opens (by 12-31-11), another 20% after 25 full time jobs are created (by 12-31-12) and maintained for one year, another 20% after 40 full time jobs are created and maintained for 3 years, and the remaining 20% after 50 full time jobs are created (by 12-31-21) and maintained for 4 years.

SAF will receive the City’s typical economic development incentives, but will be paying fees for water and sewer connections, storm drains, fire, school, and miscellaneous permit fees. The proposed project will generate construction jobs and at least 50 full time jobs at a minimum of \$17.07 per hour (plus benefits), with an annual payroll of at least \$1.775 million per year.

This a true win-win for our community!

Previewing 2011

Shasta VOICES has been tracking and monitoring many issues that affect economic opportunity in our community since we began our work in 2007. Several of those issues are still progressing. Here is a partial update of what is most likely to be coming to fruition in 2011:

- ***Knighton Road/Churn Creek Commons Retail Center***—The Hawkins Companies Commercial Developers of Boise, Idaho, is currently in the process of developing a commercial retail and entertainment center on 92 acres located at the northeast corner of Knighton Road and the I-5 interchange. At completion, the project would include about 740,000 square feet of mixed commercial development which may include retail shops, restaurants, lodging, food supplies, recreation activities and equipment, traveler services and entertainment-related facilities to be phased in over three to four years. Approximately six acres of the site fronting Knighton Road is currently designated Commercial (C) and zoned Planned Development. The remaining 86 acres would require an amendment of the Shasta County General Plan Use Element to re-designate that portion from Part-time Agriculture (A-cg) to Commercial (C) and an amendment of the Shasta County Zoning Plan to rezone from Limited Agriculture to Planned Development (PD). A Draft Environmental Impact Report (DEIR) was authorized, and preparation of this document began in December, 2008. It became available for comment October 30, 2009. The traffic and circulation section of the DEIR is being ***re-circulated*** for review of new information and analysis not previously included during the initial circulation. It will be available for review and comment for 60 days beginning December 3, 2010 and ending January 31, 2011. Any comments that are received will be addressed, and the final document will probably be completed in the Spring. The project may come before the Shasta County Planning Commission for approval at that time.
- ***Tax-Sharing Agreement***—Discussions regarding sales tax sharing between the County and the City of Redding are sure to come up again if the Knighton Road/Churn Creek Commons Retail Center gains approval.
- ***Budget Woes***—There doesn't seem to be an end in sight to local government revenue shortfalls. Discussions are sure to continue regarding where and how to cut budgets. Public employee ***salaries and benefits*** will continue to be a source of controversy, as well as the provision of public safety services.
- ***Oasis Road Interchange Reconstruction***—Phase I of the Oasis Road Interchange reconstruction is almost complete, and was funded with Federal Stimulus dollars, along with some traffic impact fees. It appears that the Federal government does plan on extending stimulus programs for such projects in 2011. The City of Redding will more than likely continue to apply for such grants to assist in Phase II design and construction. If they are unable to obtain these grants, another source of funding will need to be identified. This project was identified as the Council's number one infrastructure priority in 2008/2009.
- ***Charter City***—There has been some talk of exploring the potential for Redding to become a Charter City. There are plenty of pros and cons, and we plan to learn about all of them in 2011.
- ***Questionable Fees***—Voters passed Prop 26, which requires 2/3 voter approval for any new or increased fee or charge exceeding the reasonable charge for government to provide the service. There are many city and county fees and charges that could be (and probably will be) called into question in 2011.
- ***Sustainable Communities Strategy***—Controversy already exists as to jurisdictional control of land use decisions, and the preparation of this required document will intensify that controversy in 2011 and beyond.

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