



The VOICE

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Greater Shasta County, CA

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Did you know...

- Only one new single-family home permit was issued in Redding in June, bringing the total number of new single-family home permits to 11 for the entire year. That is down 74% from last year. New Commercial building permits are down 92% from last year, with only one new Commercial building permit issued in 2011.
- Construction is underway on I-5 to add a third lane in each direction from just north of Knighton Road to the Lake Boulevard interchange. Local contractor Tullis, Inc. has been awarded this work. The funds to pay for it are coming from the State and Federal government, a full 20 years earlier than the proposed "Fix 5/SCRIP" locally paid fees program (which was defeated by the efforts of Shasta VOICES) would have produced.

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Knighon and Churn Creek Commons Retail Center Hearing Scheduled August 1, 2011

On **August 1st at 5:00 pm**, the Shasta County Supervisors will hold a special meeting for the purpose of considering approval of a proposed retail and entertainment center, referred to as the Knighon and Churn Creek Commons Retail Center. This is a public hearing. It will take place at the County Supervisors Chambers, 1450 Court Street, Room 263, Redding.

At their June 9th meeting, the Shasta County Planning Commission approved the following recommendation to the Board of Supervisors:

1. Certify the Environmental Impact Report (EIR).
2. Adopt the Mitigation Program.
3. Adopt the Statement of Overriding Consideration.
4. Adopt a General Plan Amendment.
5. Adopt a Zone Amendment.

Now it is up to the County Supervisors to determine if the Hawkins Company, the project applicant, will be allowed to move forward with their plans to develop approximately 92 acres at the northeast corner of Knighton Road and the Interstate 5 interchange.

The potential economic benefits of this project cannot be denied. New jobs will be created by such a project, both for construction and related trades as well as long term positions with businesses that would come to our community, providing an infusion of up to \$25 million per year economically. The Hawkins Company plans to invest **millions of private dollars** in our community, and will bring other private investors with them. They are not asking for any handouts from the County, and have followed County and State rules at their own expense.

During the June 9th Planning Commission meeting, Cal Trans took issue with the traffic "modeling" data that has been used by traffic consultants to determine the level of mitigation necessary to offset the increased traffic impacts that will occur as a result of this project. A letter from Cal Trans indicated that they had not received information that they had requested. When asked by County staff (after the meeting) for a list of what was missing, Cal Trans finally produced their list, and has been provided everything in existence necessary for them to do their own modeling and calculations to check those in the EIR. Our research on this issue indicates a cooperative spirit between Cal Trans, the County staff, and traffic consultants, and it would appear that all questions have been addressed. We won't know for sure if Cal Trans is satisfied until the August 1st hearing.

Since the June 9th meeting, the Pacheco Union School District Board has passed a resolution opposing the project, saying it poses a safety risk for students at Pacheco Elementary School. Their concerns are being addressed by County officials, and should be discussed at the August 1st hearing.

The August 1, 2011 hearing is the next step in the approval process for this project. If you wish to participate in this process, plan to attend the meeting: **Monday, August 1, 2011, 5:00 p.m., Shasta County Supervisors Chambers, 1450 Court Street, Room 263, Redding.**

EPMC, PERS, PARS....update

Readers may recall the series of articles we presented a year ago detailing and explaining complex government employee benefit programs (July, August, September 2010). Fast forward through the November 2010 elections, the overwhelming approval by the voters in the City of Redding of Measures A and B, and the continuing decline in City revenues over the past year, and we find ourselves in a much different place.

On July 19, 2011, the Redding City Council approved a resolution that amends and updates the Employment and Benefit Policies for about 400 unrepresented employees. This resolution also amends the Cal PERS retirement benefit plan.

Here is a list of the changes that were approved and implemented as of August 7, 2011:

1. ***Elimination of the Employer Paid Member Contribution (EPMC) to Cal PERS.*** This change requires that all unrepresented employees pay the full 7 percent or 9 percent of salary, their share of the cost for this benefit. With the elimination of EPMC, the additional 7 or 9 percent of salary is no longer added to the employees salary each year, and will no longer be included in the calculation for final retirement benefits. This reduction in retirement benefits will not only save hundreds of thousands of dollars while the employees are actively working, but also between 6 and 8 percent of each retirees monthly check, reducing the unfunded liability by millions of dollars.
2. Modification of the retirement formula for ***non-public safety*** new hires to **2 percent @ 60** using the highest three years of income for retirement benefit calculations, rather than the current 2.7 percent @ 55 using the single highest year of income for retirement benefit calculations.
3. ***Elimination of the 0.7 percent @ age 55 Public Agency Retirement System (PARS) supplemental retirement benefit*** formula for ***non-public safety*** employees hired after August 7, 2011. Existing employees have a 2.7 @ 55 retirement benefit formula because of PARS. The standard Cal PERS benefit is 2 percent @ 55.
4. Modification of the retirement formula for public safety "Police" new hires to **3 percent @ 55** using the highest three years of income for retirement benefit calculations, rather than the current 3 percent @ 50 using the single highest year of income for retirement benefit calculations. The retirement formula for "Fire" new hires will be modified when a successor contract is negotiated with the International Association of Fire Fighters (IAFF).
4. Modification of the retiree health insurance formula for unrepresented employees requiring ***current and new*** employees retiring from the City with five or more years of City service to pay a proportionate share of the retiree health insurance premium using a 2 percent for every year of City service benefit formula, up to a maximum of 50 percent effective August 7, 2011.
5. Prescription co-pay increases and elimination of benefits not provided by Blue Shield, effective September 1, 2011.

Actuarial updates are still being prepared, but based on current assumptions that the City will have the same level of employees in the future, the unfunded liability for retiree health insurance benefits (stated as \$94 million as recently as 2 years ago) will be reduced by as much as \$22 million with these changes.

These changes will continue to provide ongoing savings to the City, and will help reduce the burden on taxpayers.

Redding, Shasta Lake Keep Redevelopment Agencies

The cities of Redding and Shasta Lake both have agreed to pay the State so that they can keep their redevelopment agencies. Governor Brown signed legislation dissolving redevelopment agencies statewide, but allowed them to reform if they agree to make large up-front payments.

Redding Redevelopment Agency officials voted unanimously on July 18th to pay \$5.9 million as a one-time payment to the State this year. Money that was set aside for affordable housing will be used to make this payment. State legislation allows agencies to use affordable housing money the first year only. Ongoing payments must be made each year to the State. Redding's estimated annual

payment is \$1.4 million. They expect about \$17.4 million in tax and other revenue this fiscal year, and \$15.6 million next year.

A majority of Shasta Lake Council members voted to pay \$1.1 million as a one-time payment to the State this year, and between \$270,000 and \$280,000 each year in ongoing payments. Money that was in reserves and the low-income housing fund will be used to make the one-time and ongoing yearly payments to the State. Typically, the city of Shasta Lake receives about \$3 million per year in tax and other revenue in redevelopment funds.

SCRTPA Says “No” to Independent Agency

In the end, it's all about the money. That was the conclusion reached by the Shasta County Regional Transportation Planning Agency (SCRTPA) Board at their June 28th meeting. And they voted 6-1 not to spend it.

The agenda item up for consideration was whether or not the SCRTPA has such potential for conflict of interest and concerns over impartiality when allocating funds and setting policy in the region that it should become an agency independent of Shasta County.

Currently, the SCRTPA is a legally separate public agency with its own governing board. Their staff guides the distribution of over \$12 million in funds annually to the three cities and the county. The Shasta County Department of Public Works staff also acts as staff to the SCRTPA. This staffing arrangement has called into question the ability of the SCRTPA to be even-handed while serving two masters with sometimes opposing needs. California's other 17 metropolitan regions are staffed independently.

In addition to funding decisions, the SCRTPA sets policy, pursues grants, and provides comment letters that may be at odds with a particular city or county priority.

Under the current arrangement, the SCRTPA Board has no direct authority over its executive director and staff. For example, the SCRTPA Board does not choose its executive director; they must accept the public works director, or his designee. SCRTPA staff is hired by the County's Depart-

ment of Public Works which determines staffing levels and assigns other, non-SCRTPA workload. Public Works staffers do charge for each hour worked on SCRTPA. In total, five full-time equivalent positions are spent on SCRTPA within an eight-person division.

If the SCRTPA became an independent agency, there would be a shift of \$127,000 (perhaps more) in overhead expenses from County Public Works to the SCRTPA. This would include office space, utilities and support.

The majority of the Board agreed that no such conflicts have occurred, and they were not willing to spend more money for nothing. “If it ain't broke, don't fix it” was echoed by several members of the Board.

Dick Dickerson, however, who requested that this topic be agendaized, felt that the Board owed it to its member agencies to give them the chance to weigh in on this potential conflict of interest issue. He agreed that there hasn't yet been serious impact on how funds are distributed, but the potential exists. His motion to have each city and the county examine this issue failed by a vote of 2-5.

Ironically, the Board had directed their Executive Director, Dan Little, to prepare the staff report and documentation for their consideration on this issue. That unfairly put him in a conflicted position. Should this issue come back in the future, it was suggested that a disinterested third party be brought in to prepare such a report.

Privatization Consultant Says Yes, it Saves Money

The Council voted 3-2 on April 5th to hire an outside consultant to study and seek Request for Proposals (RFP's) in an effort to pursue public/private partnership opportunities in four areas: water treatment plant operations, wastewater treatment plant operations, development services, and information technology services. The use of private enterprise to provide City services is on the rise across California and the rest of the nation. These particular departments are areas where cost savings and/or operational efficiencies might be realized.

Two different consultants have been hired to do these studies. Local firm Waterwork Engineers will study the water treatment and wastewater treatment plan operations, based on what others have done, wage comparisons, rate comparisons, and quality of service, and will make a recommendation in early September. Zucker and Associates, however, will produce a study for development services and information technology services, without making any recommendations.

On July 19th, Zucker and Associates met with the City Planning Commission at a special meeting that was open to the public. When asked directly if privatizing or outsourcing city services could save money, Mr. Zucker said absolutely “yes.” He was quick to add “but should they.” This indicates (at least to this author) that the City has once again compromised the integrity of the study by giving such direction to the consultants. Zucker wanted to hear from the commissioners what level of service they have received from city staffers (who, by the way, were in the room). There were mostly positive comments about the expertise and longevity of the staff. Zucker agreed that there are advantages to having stability, and that Redding has the most stable staff he has seen. Commissioner Bert Meyer responded by saying “that's because they are so well paid.” Zucker agreed.

The question is, and has always been, is it worth it to have such a highly paid and costly City staff performing duties that can be outsourced at a lower cost? It appears that the direction given to this consultant by the oh so stable City staff, by their own admission, is not to make a recommendation on this issue, but rather to gather the information necessary for “City management” to make recommendations. Been there, done that...went nowhere.

So, this attendee left the meeting feeling, “here we go again” when it comes to any real effort to use private enterprise to provide City services. It appears that once again, this will be a wasted (and perhaps expensive) effort.

City Needs to Re-evaluate the Way Traffic and Sewer Fees are Applied

At the Redding City Council meeting on April 5, 2011, Mary Machado, representing Shasta VOICES and Jerry Wagar, President of Ochoa Shehan Builders presented a proposal to eliminate the annual inflationary increases being applied to building and development impact fees, beginning with the current 4.2% increase that took effect on January 15, 2011. They also asked that the City *re-examine* how traffic, water and wastewater impact fees are applied to commercial construction. The Council concurred on both issues. The fee increase was suspended through 2012, and became retroactive to January 15, 2011. But so far, it doesn't appear that anything has changed in the way the City is applying impact fees, specifically traffic and sewer.

Because new businesses must pay impact fees whether they are leasing or buying space, there has been little interest in moving forward with potential new businesses. *Until now.*

Now, there is all kinds of much needed activity taking place. Commercial construction is beginning to reappear. Empty buildings are starting to fill up again. Space is being leased, and with that, comes construction remodeling. And the businesses that are investing in our community are experiencing all kinds of trouble with the City's development services department, not the least of which are unplanned and questionable traffic and sewer impact fees.

There are five different categories of traffic impact fees applied to new businesses: commercial-general, commercial-high generation, commercial-low generation, office-general, and industrial. The City has, in all their wisdom, determined that any restaurants and drive-through businesses of any kind (including banks) must pay the high-generation fee. The traffic impact fee for this category is a whopping \$25,338 per 1,000 square feet. A general retail store, say an anchor grocery store in a shopping center, pays \$12,668 per 1,000 square feet. A low-generation retail business pays \$6,335 per 1,000 square feet. An office-general business pays \$9,853 per 1,000 square feet. An industrial business pays \$5,068 per 1,000 square feet. And it doesn't matter to the City that a business could be the third or fourth to occupy an existing space, whose impacts have already been mitigated, often more than once.

Sewer fees are somewhat of a mystery. The system of applying these fees is highly arbitrary, with City officials choosing what they "think" a given business will produce, and assigning a household equivalent factor (HE factor) to each business. The HE factor could be anywhere from two times the normal single family dwelling unit rate to twenty times that rate. As an example, an HE factor of "6" for a restaurant with 4,000 square feet would total \$41,568.

What's worse is that this information is not provided to a business that will be leasing and remodeling space until they are ready for their occupancy permit, which is normally after they have exhausted their funds and are two weeks away from opening their new business. To be told by City staff that, by the way, it'll be \$93,000 to obtain that occupancy permit two weeks away from completion is just plain unacceptable.

Our community is and has always been built by small businesses. The only way we will recover from this great recession and create jobs is by working together with a cooperative attitude between the public agencies and private sector investors and businesses.

So, Shasta VOICES will once again work to move the re-evaluation effort forward. Our local economic recovery process depends on it! We need to hear from those of you who have experienced exactly what we are referring to in this article. Please contact Mary Machado with the details: mary@shastavoices.com; (530) 222-5251.

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