



The VOICE

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Did you know...

- Over the past decade in California, pension costs for public employees increased 2,000 percent. State revenues increased by only 24% over the same period.
- The City of Redding currently has 41 positions that pay an annual salary of \$100,000 or more; 97 positions that pay between \$75,000 and \$100,000 annually; 113 positions that pay between \$50,000 and \$75,000 annually.
- There have been a total of 10 new single family dwelling permits issued in Redding since January 1, 2010. That is a 33% decline from the same time last year. Commercial building permits are down 75% from the same time last year.
- Over the past 10 years, City of Redding statistics show the total number of single family dwellings constructed was 3,864. The previous 10 years show 5,327 single family dwellings constructed. The total number of units in 2009 was 115.

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It's a Civic Center...and an Amenity

A packed room full of people concerned about losing their Redding Convention Center came to hear the real story behind recent "secret" discussions to close the Center at a Community Services Advisory Commission meeting on March 4th.

What they learned instead from City Manager Kurt Starman was that such closed-door discussions were merely "brainstorming" sessions, and the time wasn't "ripe" back then to have such discussions in public. He indicated that, because of huge budget gaps due to the current recession, both the Convention Center and the Convention and Visitors Bureau (CVB) are on the table for major cuts because they are not core (essential) services.

Starman referred to the Convention Center as a community *amenity*, supported by TOT taxes (those collected by hotels when people stay overnight). There has been a 13% reduction in TOT revenue, and there is not enough money to meet the budgets of either the Convention Center or the CVB. He additionally expressed a sense of urgency to the Commissioners in making recommendations to the City Council for reducing the budget gaps.

So, the Commissioners took up discussions on the CVB first. Shasta Cascade Wonderland Association, a private non-profit regional tourism promoter for many years, has also been experiencing trouble financially. This has created an opportunity for the two organizations to merge together, while continuing crucial marketing of tourism services for Redding and the entire Shasta-Cascade area.

The commissioners wasted no time formulating and voting unanimously on a recommendation to City Council to merge the CVB with Shasta Cascade Wonderland, a move that will in effect *privatize* the CVB, eliminating costs associated with city employee benefits, and reducing the existing CVB budget deficit by as much as \$200,000 per year. The City would enter into a contract with Shasta Cascade Wonderland for tourism promotion services, complete with performance measures to ensure that services provided meet expectations. The City Council must first accept the recommendation, which should appear on the agenda for the Council meeting on March 16th.

Next, the commissioners moved on to discuss their findings regarding privatizing the Convention Center. They received responses from two companies who specialize in Convention Center services after sending out Requests for Information (RFI's) to see if someone out there was, in fact, interested. Neither of the two had an interest in the actual building itself, and neither were willing to give specifics as to what they could do to improve the financial situation we are in today.

Given the fact that the center was actually built as a *Civic Center*, a reminder which long time community supporter Tom Spade brought to the attention of those in attendance, it is not surprising that there are no outside companies interested in taking over such management. Therefore, the commissioners voted unanimously to abandon their pursuit of privatizing the Center. They will now move forward with a strong short-term and long-term strategy (keeping users in mind) to reduce the existing budget deficit and provide for needed safety upgrades and repairs to the building. This is sure to include user rate increases, which would reduce the deficit by as much as \$250,000.

A special meeting is scheduled for **March 23, 2010 at 4:00 pm**, Room 125, Convention Center, to finalize the proposed strategies and recommendation to City Council.

Be WISE! Deferred Loan Program Approved You May Qualify—Read On...

One of the Radical 10 in '10 ideas to help stimulate the local economy was to **expand** the housing rehabilitation loan program to include **moderate** income homeowners. Only very low and low income households were previously eligible. In response to this suggestion, the City has created the Be WISE! Deferred Loan Program. WISE is an acronym standing for **W**eathertight, **I**mproved, **S**ustainable, and **E**fficient, all terms that describe the focus of the program, improving energy efficiency. Funding for the program will come from the existing Redding Redevelopment Agency's Low and Moderate Income Housing Set-Aside Fund (LMIHF), and will total \$500,000.

As proposed by the Radical 10 committee, the program provides a deferred payment loan for up to moderate income-eligible homeowners desiring to improve their home's energy efficiency. Eligible homeowners must have annual household income between 81% and 120% of the current area median, or between \$44,651 and \$66,950 based on a family of four. The maximum loan is \$25,000 with a maximum term of 15 years at one percent (1%) interest. Repayment of both principal and interest is deferred for the term of the loan, or earlier upon sale of the home or if the home is no longer the principal residence of the loan recipient. A deed of trust will be recorded against the property securing the Redding Redevelopment Agency for the amount of the loan.

Borrowers may choose to utilize the proceeds of the Program under two options. The first would consist of undertaking improvement work such as window replacement; appliance upgrades; enhanced insulation; replacement of heating and air conditioning units; replacement of water heaters; and installation of solar equipment, all focused on improving the home's energy efficiency. Participating homeowners would utilize a variety of local subcontractors in the community, providing a much-needed jolt to our local economy and putting people back to work.

The second option would be to use the loan to pay for costs associated with the Redding Electric Utility's (REU) new Home Performance Program (HPP). HPP is currently funded from a grant from the US Department of Energy as part of the American Recovery and Reinvestment Act economic stimulus program. This specialized program provides participants with a professional evaluation of their home's current energy usage and assists with costs related to addressing inefficiencies relative to the home's attic thermal envelope. Typical repairs include air sealing of the ceiling top plate; improving attic insulation; replacement of older heating and air conditioning units; and repair/sealing of all duct systems. REU has entered in to service contracts with a number of local contractors and subcontractors who have completed specialized training through the Shasta Builders Exchange (SBE) and who will perform all HPP work, again putting our local people to work.

This one year program begins on March 1, 2010. Depending on the success of the program, it could be continued beyond one year. The Program will be heavily marketed by REU, the SBE, and the City of Redding. If you are interested, or know someone who is, you can contact Redding Redevelopment Agency, (530) 225-4351.

Radical 10 in '10 Ideas Continue Moving Forward

So far, most of the Radical 10 ideas presented to City Council on January 7th to try and jump-start our local economy are being implemented. You read about the **"Be WISE!"** deferred loan program above, and about the **"Local Venture Capital"** program and **"5% Local Preference Purchasing Policy"** in our February issue of *The VOICE*.

Here is an update on the progress of the other ideas:

- *Partner Up!* Surplus property potential partnership sites between the City of Redding and private sector partners: city staff is preparing a complete list of all surplus properties that should be ready by the **end of March**, and brought back to City Council.
- *First Lot Free in Stillwater Business Park:* There is a prevailing wage issue that needs to be resolved before any more progress can be made on this offering. It is targeted to come back to Council by **4-6-10**.
- *Creation of a Redding California Conservation Corps:* A non-binding letter of intent was approved by Council on **3-2-10** to facilitate the project moving forward as quickly as possible once funding becomes available.
- *Tax on Medical Marijuana:* The City Attorney plans on bringing this issue back to Council in **July** as part of the six month evaluation of the City's new medical marijuana ordinance.
- *Money for a Newly Constructed Home:* It does not appear that a local bank would be willing to finance "silent second" notes, making this idea impractical.
- *Expand Shop Local Campaign:* The "Buy Your New Car in Redding, **Win \$10,000**" program sponsored by the Redding Chamber of Commerce has just about raised the money for this initiative, and will be promoting it soon.
- *Volunteer Vacant Properties/Free Rent for One Year:* This program may move forward when the "Local Venture Capital" program is in place. Together, they could act as a business incubator to help ensure success.

More Shasta County Workers Offer to Pay 7% PERS

The largest bargaining unit in Shasta County, Shasta County General Unit Members (SGCU), made a formal concession to the Shasta County Board of Supervisors on February 23, 2010.

The members voted to pay the employee share (7%) of their retirement in exchange for a status quo contract and an extension to April 30, 2012.

The SGCU contract expires on April 30, 2010. SGCU follows a list of other County unions who have agreed to do the same over a 12 month period. The unit was waiting to see what County elected and department heads were willing to do before sending the offer to the Board.

Labor Relations Representative Cinamon Pitts presented the concession on behalf of Business Manager Chris Darker, who was in the Monterey Bay area working on concession issues there. Darker said, "This was not an easy decision for the members. This unit, like so many others, have given up salary and benefits to achieve and maintain 100% paid retirement over the years. In fact, the County improved the retirement by dropping the 5 year PERS payment requirement by newly hired employees just 4 years ago. There was no concern then or as recently as two years ago about sustainability."

Darker also said that is was "cheaper and saved the taxpay-

ers money to pay the PERS rather than grant salary increases." He further said that "in recent months, the media and politicians looking for public approval ratings, have been making a lot of hay about the golden public employee pensions even though the average pension is less than \$24,000 a year and no Social Security benefits."

As usual, there are differing viewpoints on the subject of public salaries and pension benefits and the expense associated with them. We know, for instance, that current employees working for Shasta County, with the exception of public safety employees, **do** have both Social Security **and** the PERS retirement benefit, and they do pay their employees portion of Social Security.

It is only logical to assume that salary increases will always occur, and taxpayers are told that this can actually add value to the services they receive. From the vantage point of the average taxpayer, it is not cheaper nor does it save money to also pay for the public employees share of PERS.

One thing that everyone seems to agree with is that this concession offered by the SGCU employees is needed, appreciated, and demonstrates the type of cooperative spirit that will benefit all members of our community. They, along with the Deputy Sheriff's Association (DSA) employees, deserve some thanks for taking leadership roles during this unprecedented Great Recession.

Shasta County Bargaining Units Step Up to Reign In Future Pension Costs

There are a total of nine employee bargaining units representing those who work for the County of Shasta. Each has a contract with the County which comes to an end every couple of years and is then renegotiated between the employees of each unit and County management and the Shasta County Supervisors.

So far, **five of the nine** bargaining units have agreed to modifications in their pension formulas for all future hires during this renegotiation process. Here are the details of these modifications:

Public Safety Units

1. Changed pension formula for new hires from 3% at 50 to 3% at 55.
2. Employees pay **100%** of the employees portion of the PERS pension costs (9% of their salary).
3. The pension is based on the highest 3 years of earnings instead of the highest year.

General Units (not all have agreed yet)

1. Changed pension formula for new hires from 2% at 55 to 2% at 60.
2. Employees pay **100%** of the employees portion of the PERS pension costs (7% of their salary).
3. The pension is based on the highest 3 years of earnings instead of the highest year.

Although these changes will not affect the pension costs and liability of those currently working under the old formulas, it will certainly help to reign in future pension costs and liabilities. The new formulas reflect the suggestions and desires of the taxpaying public to raise the public employee retirement age, have each employee contribute their fair share to the cost of the retirement benefit, and eliminate the ability to "spike" the final years earnings for a higher pension check.

Kudos to all of the employees who agreed to these modifications, and to County officials for demonstrating the type of fiscal responsibility that is needed to keep our entire community healthy.

“Civil Servants are Millionaires” “Plunder!” Author Speaks in Redding

Steve Greenhut, author of *“Plunder! How Public Employee Unions are Raiding Treasuries, Controlling our Lives and Bankrupting the Nation,”* spoke in Redding at a breakfast meeting on March 3rd sponsored by the Greater Redding Chamber of Commerce.

His entertaining presentation, though short on real solutions, described a California public employee salary and benefit system that is unsustainable on a number of levels, may bankrupt the state, and is difficult to change. His book was written to “raise awareness of the issue and generate discussion and potential solutions to a problem that has gotten so large that we must do something about it.”

But what can be done? Here are some excerpts from the author: The state has a 12.3% unemployment rate and a budget \$20 billion in the red. This year alone, \$3 billion was diverted to pension costs from other programs. So far, according to Greenhut, there isn’t any broad consensus to do much about those who have prodded the state into its current position: public employee unions that drive costs up and fight to block spending cuts.

There are now more than 15,000 government retirees statewide who receive pensions that exceed \$100,000 per year. The pensions for these retirees increase each year with inflation and are guaranteed by taxpayers forever—regardless of what happens in the economy or whether the state’s pension funds have been fully funded (which they haven’t been). These pension “promises” are made to employees who largely do not contribute to the retirement fund, and therefore have no stake in our economy.

How did this happen? Former Assembly Speaker Willie Brown, a well-known liberal voice, recently wrote this in the San Francisco Chronicle: “The deal used to be that civil servants were paid less than private sector workers in exchange for an understanding that they had job security for life. But **we politicians**—pushed by our friends in labor—gradually expanded pay and benefits...while keeping the job protections and layering on incredibly generous retirement packages....at some point, someone is going to have to get honest about the fact.”

Greenhut described California’s civil servants as millionaires who stick around, keep their jobs, and retire with pensions valued at millions of dollars. California is the only state “stupid enough” to base retirement on the final year’s pay, according to Greenhut. Now we are getting “spikes” in the final year that raise the retirement pay to increasingly higher levels.

Speaking to the often-argued point that the public gets better public safety because of increased salaries and benefits, Greenhut said that what we’re getting instead is degraded public services, and that these increases are not done for the benefit of the public.

The author went on to say that because of the “vested benefits” that exist today, we can only change things going forward. When asked what he saw as the top three fixes or possible solutions, he named these:

- Stop digging now—increase retirement contributions from employees.
- Push out the retirement age (i.e. 60, 62, 65) and create a two-tier system to offer lesser benefits to new employees.
- Though it takes a lot of money, use the initiative process and make it as difficult as possible for the government to steal your money.
- Enact paycheck protections that require union officials to get permission from their members before spending union dues on politics (something that would undercut union power).

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