



# The VOICE

Your independent news source

Greater Shasta County, CA

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### Did you know...

- July 2010 sales of single-family homes dipped to their lowest level nationally since May 1995.
- Cal PERS adjusts employer contribution rates every year based on whether the pension fund experiences actuarial gains or losses. Cal PERS gives the following reasons for increasing employer costs July 1, 2010 for public retirement plans:
  1. To adjust for demographic studies that found Cal PERS retirees are living longer and retiring earlier.
  2. To compensate for investment losses during the recent economic recession.
  3. It is necessary to ensure the long-term financial health of the pension fund. Historically, up to 75 cents of every dollar paid in benefits come from investment income, with the remaining 25 cents split between employer and employee contributions.

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## Shasta VOICES Produces First City of Redding Salary and Benefits Survey and Comparison

Shasta VOICES has just released an independent research document entitled “City of Redding Employee Salary and Benefits Survey and Comparison with other North State Cities.” Mary Machado, Executive Director for Shasta VOICES, compiled the data and produced the comprehensive document.

The research was done in response to the intense interest in the subject matter and requests for accurate information. Citizens are concerned that huge retirement and retiree-health care debt, which continue to grow daily, will raise the tax and debt burdens on private employees in order to cover public-employee compensation. The local newspaper has done stories about Redding’s salaries and benefit costs, but nobody has studied these costs in depth as compared to similar cities in size and structure in the North State, **until now**.

The cities surveyed and compared to Redding include Chico, Davis, Fairfield, Lodi, Merced, Napa, Roseville, Vacaville, and Vallejo. The City of Redding has used most of these cities in the past when conducting their own surveys, with the possible exception of Vallejo (who is now in bankruptcy).

The survey compares and presents raw, factual data for ranges of base salaries, total cost of employee benefits, an overview of the cost of each benefit paid by each city, any additional benefits provided and cost (if any), and an overview of retirement benefits provided through the California Public Employees Retirement System (Cal PERS). You can read the entire document at our website: [www.shastavoices.com](http://www.shastavoices.com) (click the “Studies” tab).

The data shows that Redding has the **highest percentage cost** for both Public Safety and Miscellaneous (all other) employees for the Cal PERS retirement program. Redding is the **only** city that pay 100% of the employee share for all employees for enhanced benefits, referred to as the Employer Paid Member Contribution (EPMC). Redding is also the **only** city to include the EPMC amount they pay as additional compensation for retirement calculations for all employees. Salary ranges illustrate that Redding is not the highest in all categories (but in some) and not the lowest in any category.

Even Vallejo, which was driven to bankruptcy with its high cost of employee compensation, has a lower benefit package cost than Redding. They are in the process of cutting salaries and paring back benefits as part of their plan to reorganize.

As Redding’s revenues continue to fall, salaries, pension and health insurance costs keep rising and will continue to rise in large part due to union contracts negotiated in past years. If this trend continues, Redding is on track to follow the same path as Vallejo. Corrective action needs to be addressed by policymakers locally to avoid such a result.

Shasta VOICES has been asked to also compare City of Redding salaries and benefits with those of the private sector locally. That would take the better part of one year, and may be a consideration for the future. Here are some numbers produced by the U.S. Department of Labor (Bureau of Labor Statistics, [www.bls.gov](http://www.bls.gov)) that speak nationally to this issue :

“Employer costs for compensation—March 2010”

**Private industry** workers averaged **\$27.73** per hour worked in March 2010.  
**State and local government** workers averaged **\$39.81** per hour worked in March 2010.

## *Radical “Big Deal Sweepstakes” Proves to be Highly Successful*

The concept of creating business activity and new jobs with some radical ideas is proving to work in the Redding area. Originally brought forward by the “Radical 10 in ‘10” committee in January, 2010 and put into action by the Greater Redding Chamber of Commerce and Redding’s local auto dealers, the “Big Deal Sweepstakes” concluded with a Grand Prize drawing of \$5,000 on September 7th. The winning ticket was drawn by our Redding City Manager, Kurt Starman, and the winner of the \$5,000 was Darla Lisenbee. Mayor Patrick Jones presented her with the check on September 10th.

Crown Motors Ford Dodge Honda, S.J. Denham Chrysler Jeep, Lithia Chevrolet, Lithia Toyota, Redding Kia, and Taylor Motors Buick Cadillac GMC offered entry forms for a drawing of \$500 every Tuesday, just for stopping in to visit. No purchase was necessary to enter the drawing, and you could enter as often as you wanted, with a Grand Prize of \$5,000 to be given away on September 7th.

There were over 2,000 entries received from July 1st through September 7th! That means 2,000 visits to these Redding businesses that might not have occurred otherwise. These results were so encouraging and positive for the businesses that participated, that the Chamber is planning to expand the concept to other local businesses. They want to continue their efforts and campaigns to educate local residents about the importance of buying locally. The recent news coverage around Redding’s city budget has showcased the need to drive revenue in addition to holding down costs. A highly significant portion of city revenue comes from sales tax on purchases made in the city.

## *Privatizing Park Maintenance Finally Being Considered...Maybe*

In July of 2009, the City of Redding formed a Privatization Evaluation Committee (PEC) to evaluate existing City services and determine whether contracting any of them would save money and provide better value to the public. During their discussions, the Committee referred review of the ***parks maintenance operations*** to the Community Services Advisory Commission (CSAC). The CSAC members, with a full plate and having finally completed their evaluation of the Convention Center and Visitors Bureau, are just now getting to the parks maintenance evaluation.

On September 8th at their regular monthly CSAC meeting, “Parks Maintenance” employees conducted a Power Point slide presentation illustrating them doing their respective jobs. It took the better part of one hour. Then a heavily one-sided discussion took place, with City staff doing all the talking, mostly about how competent they are at doing their jobs, and how difficult it would be to find that level of talent and dedication in an outside contractor.

The ***two*** of us “general public” in attendance waited patiently for an opportunity to participate in the discussion. We did learn that out of the total current annual City budget of \$2.4 million for providing parks maintenance, about \$1.4 million would be eligible for contracted out services. \$975,000 would stay in the budget to pay for utilities, property taxes, cross-charges with other departments etc., even if privatization occurred.

It was somewhat confusing that the commissioners weren’t asking many questions, or doing any of the talking. Fearing a repeat of the failed Privatization Evaluation Committee (PEC) last year, who were merely listening as the staff kept talking, we finally were given permission to speak (nearly 2 hours after the meeting started). And speak we did.

We pointed out that these employees are being well paid to

perform their duties, and thanked them for their efforts. Nobody is questioning their dedication and talent. The “extra” things, not to mention the usual things, that they do and spent an hour showing us could all be outsourced, or contracted out. These included tree trimming, irrigation repair, pocket park maintenance, trash pick-up, and mowing down the weeds at the Clover Creek Preserve, among other things. The “two” even suggested that the City could sell off the pocket parks and eliminate the need for maintaining parks that are rarely ever used, thus reducing overhead.

We would encourage those reading this to put their thinking caps on and attend the next meeting, referred to as Part 2 of this privatization discussion. This meeting will be for the purpose of discussing “parks maintenance contracting experiences of comparable jurisdictions, examination of the opportunities, consequences and cost comparisons of additional contracting-out or park maintenance services, and offer staff recommendations.” Once again, staff will conduct the presentation.

Not only does the general public need to attend this meeting and weigh in on the subject matter, the CSAC members should be directing the staff to utilize the information presented in preparing a legitimate Request For Proposal (RFP) to determine if any private company out there is interested in performing parks maintenance for the city. If not, a good deal of time and effort could be wasted. Here are the details of the next meeting as of this writing:

**Date of CSAC Meeting: Wednesday, October 13, 2010**

**Time of Meeting: 3:00 p.m.**

**Location of Meeting: City Hall, Caldwell Park Room**

These meetings have a history of being changed at the last minute—you can confirm the details on the city’s website as the meeting date gets closer.

## Public Pensions and Our Fiscal Future

*by Arnold Schwarzenegger, Wall Street Journal article, 8-27-10—excerpts*

Recently some critics has accused me of bullying state employees. Headlines in California papers this month have been screaming “Gov assails state workers” and ‘Schwarzenegger threatens state workers.’”

I’m doing no such thing. State employees are hard-working and valuable contributors to our society. But here’s the plain truth: California simply cannot solve its budgetary problems without addressing government-employee compensation and benefits.

As former Speaker of the Assembly and San Francisco Mayor Willie Brown pointed out earlier this year in the San Francisco Chronicle, roughly 80 cents of every government dollar in California goes to employee compensation and benefits. Those costs have been rising fast. Spending on California’s state employees over the past decade rose at nearly three times the rate our revenues grew, crowding out programs of great importance to our citizens. Neglected priorities include higher education, environmental protection, parks and recreation, and more.

Much bigger increases in employee costs are on the horizon. Thanks to huge unfunded pension and retirement health-care promises granted by past governments, and also to deceptive pension-fund accounting that understated liabilities and overstated future investment returns, California is now saddled with \$550 billion of retirement debt.

The cost of servicing that debt has grown at a rate of more than 15% annually over the last decade. This year, retirement benefits—more than \$6 billion—will exceed what the state is spending on higher education. Next year, retirement costs will rise another 15%. In fact, they are destined to grow so much faster than state revenues that they threaten to suck up the money for every other program in the state budget.

At the same time that government-employee costs have been climbing, the private-sector workers whose taxes pay for them have been hurting. Since 2007, one million private jobs have been lost in California. Median incomes of workers in the state’s private sector have stagnated for more than a decade. To make matters worse, the retirement accounts of those workers in California have declined. The average 401(k) is down nationally nearly 20% since 2007. Meanwhile, the defined benefit retirement plans of government employees—for which private-sector workers are on the hook—have risen in value.

Few Californians in the private sector have \$1 million in savings, but that’s effectively the retirement account they guarantee to public employees who opt to retire at age 55 and are entitled to a monthly, inflation-protected check for the rest of their lives.

In 2003, just before I became governor, the state assembly even passed a law permitting government employees to purchase additional taxpayer-guaranteed, high-yielding retirement annuities at a discount—adding even more retirement debt. It’s as if Sacramento legislators don’t want a government of the people, by the people, and for the people, but a government of the employees, by the employees, and for the employees.

For years, I’ve asked state legislators to stop adding to retirement debt. They have refused. Now the Democratic leadership of the assembly proposes to raise the tax and debt burdens on private employees in order to cover rising public-employee compensation.

But what will they do next year when those compensation costs grow 15% more? And the year after that when they’ve risen again? And 10 years from now, when retirement costs have reached nearly \$30 billion per year? That’s where government-employee retirement costs are headed even with the pension reforms I’m demanding. Imagine where they’re headed without reform.

My view is different. We must not raise taxes or borrow money to cover up fundamental problems.

Much needs to be done. The Assembly needs to reverse the massive and retroactive increase in pension formulas it enacted 11 years ago. It also needs to prohibit “spiking” - giving someone a big raise in his last year of work so his pension is boosted. Government employees must be required to increase their contributions to pensions. Public pension funds must use reasonable projected rates of returns on their investments. The legislature could pass those reforms in five minutes, the same amount of time it took them to pass that massive pension boost 11 years ago.

After they’ve finished passing those reforms, they could take another five minutes to pass legislation terminating the annuity giveaway they passed in 2003 and ending the immoral practice of pension fund board members accepting gifts or even campaign contributions from lobbyists, salesmen, unions and other special interests.

Reforming government-employee compensation and benefits won’t close this year’s deficit. It will, however, protect the next generation of Californians from overwhelming burdens. The same is true with respect to the other reform I’m demanding—the establishment of a rainy-day fund so that legislators can’t spend temporary revenue windfalls. All of these reforms must be in place before I sign a budget.

## *News and Notes*

### **Turtle Bay, Shasta Forward, REU, and City of Anderson Police**

There are many “meetings” taking place these days to discuss issues that are of significance to the general public. The problem, however, is that the general public doesn’t seem to know about most of them. Yes, there is a public notice policy to be adhered to by public agencies, but who would think that in order to find these public notices you have to either read the hard copy of the classified section of the local newspaper every day so as not to miss a notice, or continually access the various websites of each of the government agencies (and there are many) in the area. Shasta VOICES does, in fact, do both of these things and attends most of the meetings, and here is an update for those of you who want to remain informed:

- The Redding Planning Commission voted 4-2 to delay approval of the proposed **Turtle Bay Hotel** on September 14th. Though they expressed support for the concept, they weren’t convinced that there had been proper plans submitted to address access to and from the site and mitigation measures for the environmental impacts this development would create. The hotel, if approved, would be a Sheraton brand property operated by Azul Hospitality Group. Their representative said it would be a 4-star, full service resort property. Turtle Bay project representatives now have until the next Commission meeting to go back to the drawing board and bring an actual plan to the commissioners for proper consideration. If interested, the **next meeting is: Tuesday, September 28, 4:00 p.m.** at the Redding Council Chambers, 777 Auditorium Drive.
- On Wednesday, September 22, the Shasta County Regional Transportation Planning Agency held a public hearing for the purpose of obtaining approval to submit an application for grant funds in the amount of **\$509,000** for the **“Sustainable Communities Planning Grant and Incentives Program.”** This effort is being undertaken in response to AB32 and SB375, California’s bills to force a reduction in greenhouse gas emissions throughout the state. From the application document, “...**Shasta Forward** was a significant first step towards integrated and sustainable planning in the region and, without grant funding, many of the positive results from the blueprint public outreach and consensus-building effort could be diminished or lost.” So much for Shasta Forward being a voluntary program that would not replace existing planning processes in the Shasta County region. A grant of \$756,000 was obtained for that effort.
- Redding Electric Utility (REU) Managers are forming a 62-member labor union called the Redding Electric Management Association. Their explanation for doing this is that they cannot attract the skill level and quality of employees needed. The logical conclusion one can draw from that explanation is that they are seeking higher salary and benefits than they currently have. With 26 REU management employees drawing annual salaries surpassing \$100,000, this explanation doesn’t seem plausible. Research indicates that REU employees are at the high end (if not at the top) of the salary and benefits scale compared to other comparable cities.
- The City of Anderson, at impasse in contract negotiations with the Anderson Police Officers Association (APOA), held a special meeting on September 14 to discuss imposing the last, best, final contract offer which would have required these members to pay their employees share of retirement benefits costs (9% total after one year). But instead, the council members voted to extend their existing contract one more year. It should be noted that the total percentage the City pays for this **one** retirement benefit on behalf of APOA members is **52.160%**. That’s far higher than Redding (41.946%) and the now bankrupt city of Vallejo (41.564%), which happen to be at the extreme high end of these costs themselves. Compassion is one thing...solvency quite another.

***Join Shasta VOICES today.***

**We depend on membership and other contributions.**

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