



# The VOICE

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Greater Shasta County, CA

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**Did you know...**

- The Shasta Builder's Exchange is hosting "**Business Week**" from October 17 to October 21, 2011. There are 20 different seminar events being offered, many that are free to attendees. Some even include breakfast or lunch. Topics include protecting your rights in the ever-changing employment laws, government subcontracting, understanding worker's compensation, fraud prevention, prevailing wage, learning how to advance your skills with MS Word, Quick-Books, Excel and Power Point, and project management (among many others). The events will be held at the SBE Training Center at 2985 Innsbruck Drive. For more information, call (530) 222-1917.
- Shasta County Supervisors signed a 25-year contract paying Haven Humane Society a one time sum of \$2.8 million as well as yearly installments of \$99,320 to take over shelter, license and adoption services. Haven plans to build a new shelter at its current location.

**Inside this issue:**

Petition Goes Far Beyond Shopping Center at Knighton Road	1
Big Increase in CalPERS Pension Costs	2
Local Tax-Sharing Discussions to Begin Again	3
Updated News and Notes	4
Join Shasta VOICES	4

## Petition Goes Far Beyond Shopping Center at Knighton Road

The proposed retail and entertainment center, referred to as the Knighton and Churn Creek Commons Retail Center, was unanimously approved by the Shasta County Supervisors to be located at the northeast corner of the I-5 and Knighton Road intersection on August 1, 2011.

Since that time, homeowners from the Churn Creek Bottom area who are opposed to this project circulated a petition to have an "initiative and referendum" put on the next scheduled general election ballot in 2012. They turned in those petitions with a reported 11,000 signatures on August 30, 2011 to the County Elections Department to be validated. The Elections Department has 30 days to determine if there are enough valid signatures to qualify the "initiative and referendum" for the June 2012 ballot. That number is somewhere near 6,300-6500 valid signatures.

It's hard to say how many people who signed the petitions actually read the "initiative and referendum." Most people may not realize that any land owned in the depicted area on the map "**...may not be reviewed for a land use change under this policy until December 31, 2036.**"

The unintended consequences of many initiatives in California are well documented. This local initiative provides the perfect example of how this happens. Being opposed to the shopping center project at Knighton Road is one thing, but the proposed "initiative and referendum" goes far beyond the Knighton Road project. A review of the verbiage and map of the so-called "Churn Creek Bottom" designated area shows that the "Churn Creek Bottom Agricultural Lands General Plan Amendment Initiative" **covers an area from the Bonneyview exit south, on both sides of Interstate 5 all the way down to the Riverside exit.** It stretches west all the way to the Sacramento River, and east not quite all the way, but close to Airport Road.

A copy of the entire "Churn Creek Bottom Agricultural Lands General Plan Amendment Initiative" complete with the maps can be obtained from the Shasta County Elections Department: [www.elections.co.shasta.ca.us](http://www.elections.co.shasta.ca.us). You can also find it on the home page of our website <http://shastavoices.com>.

It's not at all clear that such an initiative is legally enforceable, even if voters approve it. Like so many California initiatives, if local voters were to approve this one, it is likely to be challenged in a court of law. What is clear is that the Churn Creek Bottom homeowners, with help from environmental activists and "smart growth" proponents, are totally against seeing any development on Knighton Road, ever, no matter what it is.

One thing we know for sure is that the only constant in life is change. To try and vote in an initiative that doesn't allow for any change for any property over the next 25 years seems not only unreasonable, but contrary to the laws governing property rights and responsibilities.

Shasta VOICES will be continually monitoring and reporting on this important project.

## ***Big Increase in 2011/2012 CalPERS Retirement Costs***

The California Public Employee Retirement System (CalPERS), which provides the basic, standard retirement program for public employees in our area, establishes contribution rates each fiscal year using actuarial valuations from the previous years' data. For example, CalPERS used information as of June 30, 2009 to establish the fiscal year 2011/2012 employer contribution rates (premium costs) to the City of Redding. The standard retirement program for Public Safety employees is referred to as the "3% at 50" plan, and for miscellaneous non-safety employees the plan is referred to as the "2% at 55" plan.

Additionally, the Public Agency Retirement System (PARS), a private retirement program that contracts with the City of Redding to provide an additional **enhanced** benefit to all employees who are not categorized as Public Safety, similarly calculates the employer contribution rates (premium costs) each year. This means that instead of the standard 2% at 55 CalPERS retirement formula plan, miscellaneous non-public safety employees receive an increase in their plan to **2.7%** at 55. As an example, this means that instead of receiving **2%** x 30 years of service, which would equal 60% of a retiring employee's highest one year of earnings, the retiring employee would receive **2.7%** x 30 years of service, which would equal 81% of their highest one year of earnings. The enhanced benefit increases their retirement by roughly 21%.

Here are the current employer and employee contribution rates for fiscal year 2011/2012 (not including EPMC):

<b><u>Public Safety</u></b> - CalPERS Employer Contribution Rate	35.316 % of base salary (3% at 50 plan)
CalPERS Employee Contribution Rate	9.0 % of base salary (3% at 50 plan)
<b>Total Contribution Rate</b>	<b>44.316% of base salary (3% at 50 plan)</b>

### **Miscellaneous Employees**

CalPERS Employer Contribution Rate	15.795% of base salary (2% at 55 plan)
CalPERS Employee Contribution Rate	7.0 % of base salary (2% at 55 plan)
<b>Total Contribution Rate</b>	<b>22.795% of base salary (2% at 55 plan)</b>

<b><u>IBEW ELECTRIC Enhanced Benefit PARS Rate</u></b>	+10.19% of base salary (2.7% at 55 plan)
<b><u>IBEW MAINTENANCE Enhanced Benefit PARS Rate</u></b>	+14.64% of base salary (2.7% at 55 plan)
<b><u>RPOA Miscellaneous Enhanced Benefit PARS Rate</u></b>	+15.52% of base salary (2.7% at 55 plan)
<b><u>SEIU Enhanced Benefit PARS Rate</u></b>	+12.29% of base salary (2.7% at 55 plan)
<b><u>Unrepresented Employees Enhanced Benefit PARS Rate</u></b>	+16.30% of base salary (2.7% at 55 plan)

As you can see, the PARS rates vary greatly by bargaining unit, and this the explanation given for the disparity:

1. Demographics of the group—proportion of active employees to retirees (i.e. 105 active to 43 retirees).
2. Payroll for the group—the payroll has shrunk as people leave/retire and positions are not replaced.
3. Unfunded liability—a larger number of employees has retired than anticipated, and the liability is spread over a smaller number of active employees.

Current City Management employees are categorized as unrepresented employees. So, what all these numbers mean for them is that they will receive a percentage of their highest one year's salary based on 2.7% x years of employment. Here is an example if an employee is retiring with 30 full years of service with their highest salary at \$100,000: 2.7% x 30 years = 81% of \$100,000 = \$81,000 per year in retirement.

Current Public Safety employees will receive a percentage of their highest one year's salary based on 3.0% x years of employment. Here is an example if an employee in this group is retiring with 30 full years of service with their highest salary at \$100,000: 3.0% x 30 years = 90% of \$100,000 = \$90,000 per year in retirement

Of course, just to complicate these plans further, the City has been paying both the employer and employee contribution rates for the past several years. This is referred to as the "EPMC" benefit. Employees were able to count their "employee share" paid by the City as additional salary each year, further raising the amount of their final retirement amount. Existing employees are now re-negotiating that particular part of their benefit program. As each bargaining unit of employees agrees to pay their share of the contribution rate (9% percent for Public Safety, and 7% for miscellaneous), they will no longer be able to count the employee portion of their pensions as salary for retirement purposes.

Because the City has reached agreements with most of their bargaining units, any new hires will not enjoy the same retirement benefit structure as existing employees. New hires will see pensions based on the highest three years of salary instead of the current one year, and many will see a 2% at 55, or a 2% at 60 program. These changes will eventually bring down the costs of the plan significantly, as well as greatly reduce the unfunded liability.

## ***Local Sales Tax-Sharing Discussions to Begin Again***

The Shasta County Board of Supervisors sent a letter to its three incorporated cities on August 16, 2011, extending an invitation to assess the cities' level of interest and willingness to participate in a comprehensive discussion as to the value and public benefit of "consummating a cooperative Tax Sharing Agreement" by and between Shasta County and the cities of Redding, Anderson, and Shasta Lake. The Supervisors later clarified that the letter referred to sales tax only.

Such discussions are certainly not new. Redding and Shasta County negotiated a "Cooperative Planning and Tax Sharing Agreement" in 2005, and again in 2007 and 2008. Both parties declined to proceed then.

What's different now is that all three cities will be included in these discussions. What's also different is that the Shasta County Supervisors recently approved the 92-acre Churn Creek Commons Retail Center at the northeast corner of Knighton Road and I-5.

So it appears that the discussions will begin again with all three cities and the County. It won't be easy for all of them to come to a single agreement. There are very limited (if any) existing agreements out there, in California or anywhere else in the nation, to be used as a model.

It may be helpful to understand exactly where the sales tax that is collected for point of sale transactions goes. Here is a detailed description of the Sales and Use Tax Rate in California as of July 1, 2011:

<b>Rate (Percentage)</b>	<b>Jurisdiction</b>	<b>Purpose</b>
4.75	State	State's General Fund (Total State GF is 6.25%)
0.25	State	State's General Fund
0.25	State	State's Fiscal Recovery Fund, to pay off Economic Recovery Bonds (2004)
0.50	State	Local Public Safety Fund to support local criminal justice activities (Prop 172). Local Jurisdictions receive a pro-rata share based on localities share of statewide sales tax.
0.50	State	Local Revenue Fund to support local health and social service programs (1991 realignment). Distributed to localities based on a pro-rata formula.
1.00	Local	0.25 County transportation 0.75 City or County operations. This is the only piece of the sales tax that comes directly back to the City or County for operations.
7.25	State/Local	TOTAL Statewide Base Sales and Use Tax Rate

For every dollar spent, the city or county only ***directly receives*** one cent, 1/4 of which is for county transportation, and 3/4 of which is for city or county operations. An additional one cent is split equally between realigned programs (health and human services), and public safety. Localities receive a pro-rata share of realignment and public safety sales taxes based on formulas. There is no guaranteed level of funding, but programs must be provided.

So, currently, Shasta County actually receives ***more*** from each dollar of sales tax than the cities. The County receives the additional dollars from the State to provide local health, social service, and transportation programs to those living within the incorporated areas, as well as those living in the unincorporated areas. But when the cost exceeds the revenue to provide these programs locally, the County questions whether or not they should make up the difference from the County general fund, or from the area who is benefitting from the services. The cities, on the other hand, also provide goods and services to many people who do not live in their jurisdictions who are similarly benefitting. They, too, must make up any shortfalls in funding from their general funds. Is there any combination of tax-sharing arrangements that will create win-win situations for all jurisdictions? We shall find out...stay tuned!

## *Updated News and Notes*

Shasta VOICES is continuing to monitor and follow many issues of interest to our supporters and the community. As part of our efforts to keep you updated and informed, here is a brief update of some of these issues.

Industrial Development Incentive Agreements were reached between the City of Redding and two companies who are expanding their businesses locally:

1. Weaver Industries is expanding their **TechniSoil North America LLC** company. TechniSoil is a new manufacturing company that produces a liquid soil “glue.” Creation of a new facility in Redding will allow it to process, package and distribute the product and ship it throughout the United States. This product is used in many walking/biking trail systems, residential applications, and for parking lots and other types of street surfaces. They will operate a new 6,000 square foot facility at 5680 Westside Road, and create and maintain a minimum of 10 full-time jobs for a minimum of 5 years to receive a \$1,500 credit per job created. These job credits can be applied as payments in lieu of sewer, water, storm drain impact fees, or City permit processing fees.
  2. **Northstate Truck Equipment, Inc.** began as a truck salvage yard in Redding in 1978 and later turned into a truck repair shop. In 1986 Steve Hoke joined the company and started manufacturing engines and gear train components. In 1996 the company added two new buildings to expand the engine and transmission rebuilding efforts. In 2007 Northstate entered into the emission business with a dba of Diesel Emission Service. In 2011, after considering relocating its facility, the company decided to remain in Redding and expand its manufacturing capabilities, adding an 8,000 square foot warehouse/manufacturing facility and adding a minimum of 10 full-time jobs. They will receive a \$1,000 credit per job created and have traffic impact fees waived. Job credits can be applied as payments in lieu of sewer, water, storm drain impact fees, or City permit processing fees.
- The **Shasta County Regional Transportation Planning Agency (RTPA)** has called two special meetings (September 19 and September 26) to discuss amending their by-laws clarifying the RTPA authority over RTPA staffing levels, the RTPA budget, and the appointment of the Executive Director. In June 2011, the RTPA Board discussed making the RTPA an independent agency because of potential conflicts that could develop with Shasta County because the County has shared and hosted RTPA staff and resources from the beginning. But the majority voted against it, saying there had not been any conflicts, so why change now. Well, now conflict has occurred. According to Pat Minturn, Director of Public Works for Shasta County, any RTPA staffer working for both the County Department of Public Works (DPW) and the RTPA creates a conflict because too much work needs to be done. He presented, and the Board of Supervisors approved, staffing changes to the RTPA that moved 2 employees into full time DPW jobs that had been assigned to the RTPA effective in August, 2011. Mr. Minturn made this change without consulting Dan Little, the Executive Director of the RTPA or any of the RTPA Board members. When asked about it, Mr. Minturn replied “I am Dan’s Supervisor.” He went on to explain Dan Little needed the equivalent of 5 full time employees, even though he had budgeted for 7 different employees for the year, and he “gave him that.” This incident has caused the RTPA Board, or at least the 4 members of the Board who represent the cities and RABA, to once again determine if they should become an independent agency. The County cannot be forced to host RTPA staff if it becomes independent, and the County has an appointment process that may prevent hiring an RTPA Board appointed manager. Something will need to change moving forward. Noticeably absent from the first of these meetings were the 3 Board members from Shasta County. They did, however, show up at the second meeting, but nothing changed. The can has been kicked down the road until the October 25th meeting for yet another discussion about a possible formal agreement (MOU) between the RTPA and Shasta County. By then, they may very well lose some pretty unhappy staffers from the RTPA. Stay tuned..

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

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