



The VOICE

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Greater Shasta County, CA

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Did you know...

- The number of active homes for sale in all areas of Shasta County sits at 1635, up from 1526 a year ago. There are 443 homes in escrow compared to 500 last August at this time. Of those pending sales, 140 are bank-owned and 119 are short sales. That works out to 58% of the pending sales being distressed properties, compared to 40% last year.
- At a time when workers' pay and benefits have stagnated, federal employees' average compensation has grown to more than double what private sector workers earn, according to USA Today. Federal civil servants earned average pay and benefits of \$123,049 in 2009 while private workers made \$61,051 in total compensation. Federal workers received average benefits worth \$41,791 in 2009 (mostly gov't. contribution to pensions).

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Salary Scandal in Bell Affects Us, Too

The City of Bell, California, with a population of about 37,000, has achieved a “poster child status” in the government spending and public sector benefit debate, and not in a good way.

The Bell City Manager, who has now resigned, was paid a salary of nearly \$800,000 per year. His contract called for annual increases of 12%. Had he stayed, his income would have increased by over \$94,000 this year alone. Other highly paid administrators in the City of Bell included the Police Chief (who has also resigned) at \$457,000 per year, Assistant City Manager (who has also resigned) at \$376,288 per year, and City Council members at \$100,000 per year (who have now slashed their pay to \$8,000 per year). Those Councilors who are eligible to run for re-election have chosen not to run again.

How does this affect us, you may ask? Well, each of the above public employees were part of the CalPERS retirement system. That means that they will draw pension checks each month for the rest of their lives based on their highest year of salary. That \$800,000 salary for the City Manager will result in a pension of at least \$600,000 per year, according to retirement calculations made by pension experts. If he lives a normal life span, he could receive **\$26 million** in pension income, which speaks volumes to the problems associated with current public pension programs, and future unfunded liabilities. And, where does this money come from? Let's explore that question.

CalPERS contracts with public agencies, including the City of Redding and Shasta County, to provide retirement benefits to their employees. These agencies pay CalPERS a percentage of each employee's salary to fund these plans. Each year, CalPERS tells the agencies what their percentage will be, based on actual experience. In Redding, for instance, the percentage charged to fund public safety retirement plans is nearing an alarming figure of 44% of salary. The “risk pool” that Redding belongs to goes far beyond Redding. The cost of excessive pensions must be borne by all government agencies paying into the system. And who ultimately foots the bill for these “costs?” That would be the taxpayers, of course.

Even CalPERS has sounded the alarm at the excessive salaries and pension benefits in Bell. They have to pay these pensions, and know that they will need to go back to their government agency clients (including Redding and Shasta County) and ask for even more money if they are to be able to provide such benefits for Bell and others down the road. They are withholding the Bell pensions while investigating the outsized salaries.

And, all of a sudden, state legislation is quickly being created to restrict how compensation and pensions are provided, and limiting cities' ability to award excessive pensions.

It would, therefore, behoove us all to pay attention to what is occurring in our own local governments on a regular basis. No matter what the emotional arguments might be to continue paying high salary and benefits to our local public employees, it simply comes down to a matter of dollars and cents....or should we say “sense.” It is just not possible to continue spending money that isn't there. And, it's unfair to make promises to public employees that we know we cannot keep.

The debate about the future of government spending and public sector benefits is sure to continue at every level—federal, state and local. We owe it to ourselves, our children and grandchildren **not** to be left out of the debating process.

2020 and 2034 Greenhouse Gas Reduction Targets Crafted for Shasta County (and other transportation news)

On July 27th, the Shasta County Regional Transportation Planning Agency (SCRTPA) approved a staff recommendation to submit a regional greenhouse gas “reduction” target range of **0 to +8 percent** for 2020 and 2035 to the California Air Resources Board (CARB).

SB 375 required CARB to set per-capita, passenger-vehicle greenhouse gas emission reduction targets for 2020 and 2035 in all of California, including the Shasta region. As you may recall from last month’s story in our newsletter, CARB requested that our SCRTPA recommend an interim target based on the difference between our current travel model projections and adjusted forecasts resulting from the economic recession. Our adjustment will result in minimal reductions, and overall shows an 8 percent *increase* per capita by 2035.

It remains to be seen if CARB will allow an increase of +8 percent as a “reduction” target. That is why the range of 0 to +8 has been recommended as reasonable.

In approving this recommendation, the SCRTPA Board indicated they were pleased with the creativity of staff in coming to this target range. Our region should know by September 30, 2010 if this range will be accepted by CARB.

Other “bigger” metropolitan regions in California must prepare plans to reduce greenhouse gas emissions sooner than Shasta County. We can learn from those experiences and develop more meaningful targets by the time we must in Shasta County, which is in the year 2014.

In other transportation news, the SCRTPA has signed on to become part of the “North State Super Region Collaboration,” an alliance of north state regional transportation planning agencies. The sixteen counties in the northern part of California share similar issues such as transportation needs, population growth, and hard-hit economies. New funding for transportation is focused on portions of the state with the most population and economic vitality. Therefore, rural counties struggle to fund necessary transportation improvements in economically depressed and often geographically challenging areas.

Through the creation of this alliance, they can coordinate information and resources while having a stronger voice in Sacramento and Washington D.C. The North State Super Region represents all areas north of Sacramento and Bay Area metropolitan regions. It contains 26% of California’s land area and 37% of California’s state and federal roads.

Oasis Road Interchange Reconstruction Has Begun Funding Recommendations for future phases now under discussion

Construction has officially started to expand the Oasis Road Interchange. Bulldozers hit the dirt on August 9th. Funds to pay for the first phase of the project were received from the Federal American Recovery and Reinvestment Act (ARRA stimulus funds), and citywide Traffic Impact Fees.

The City hired J.F. Shea, Inc., a local contractor, to build a new loop on ramp for westbound Oasis Road to southbound I-5. Traffic lights will be installed on both sides of the interchange overpass, and the southbound ramp will be realigned.

The City has determined that implementing improvements to the interchange in phases will allow some development to move forward. They are now exploring different strategies to fully fund the interchange, including requesting Federal assistance, applying for grants, examining the use of community facilities district mechanisms and accessing redevelopment area funds.

Planning Company Associates, Inc. (PCA) has been retained by the City to review the Interchange’s planning process to date and recommend options to help the City get the project financed and built. Their first report and recommendations were discussed at the August 2nd City Council Meeting.

PCA has recommended that the City:

- Re-visit the Interchange Design and Scope.
- Re-visit the “Development Design/Infrastructure Need” connection.
- Funding/Financing Options.

The first two options are showing “cost savings and sustained returns on investment.” Some of the unique alternative designs include what is called a “diverging diamond interchange” and a “displaced left turn interchange.” It remains to be seen if either of these will be implemented, given the fact that the City has already successfully received Caltrans and FHWA approval for the full interchange project.

City staff has been creative and aggressive in seeking funding options for the Interchange. PCA recommends the following unique funding opportunities:

- Build America Bonds
- TIGER II (Federal ARRA Grant, round 2)
- Tax Increment and Value Capture Mechanisms

City of Redding Employee Group Health and Welfare Benefit Programs (2nd in our series of benefit explanations)

This is our second article presenting the facts and explaining the provision of benefits to City of Redding employees. Our first article in last month's "The VOICE" newsletter covered pension benefits. We will cover the group health and welfare benefit programs in this article.

All regular employees with the City of Redding are eligible to participate in a group health and welfare insurance benefit program effective the *first day* of employment. The City and its bargaining units recognize that it is the on-going plan of the City that all bargaining units will have the same group insurance benefits. The City's contribution towards these benefits is 90% and the employee pays 10% of the rate through a bi-weekly payroll deduction (on a pre-tax basis). The current monthly premium cost for the benefits listed below (but not retirement, Medicare, Social Security) is **\$1,355.00** per employee per month.

Life Insurance: Twice annual salary for employee, \$3,000 for employee's dependents. The City pays the full cost of the premiums.

Health Benefits: Highlights include a \$200 deductible per person; \$600 deductible per family per year; 80% payable for services performed by a Preferred Provider, 70% for services performed by a non-Preferred provider for the first \$5,000 of eligible charges; hospital charges 100% payable; 100% thereafter up to two million dollars lifetime limit. Coverage will include cancer screening with no separate dollar limit, annual physical examinations, "well-baby" care, a 30-visit annual limit on chiropractic, and accidents paid at the normal co-payment rate.

Prescription Benefit: Employee co-payments for public safety and IBEW member employees are \$7.50 for generic brands, \$30.00 for brand names, and \$15.00 if there is no generic brand available. Employee co-payments for miscellaneous employees are \$9.50 for generic brands, \$35.00 for brand names, and \$20.00 if there is no generic brand available.

Dental Benefits: No deductible and 100% of U.C.R. (90th percentile) for prevention; no deductible and 50% up to \$2,000 per lifetime per person for orthodontia; \$25 deductible and 80% of U.C.R. up to \$2,000 per person per year for all other eligible charges.

Vision Benefits: \$25 deductible; an eye examination no more than every twelve months, and lenses and frames no more often than each twenty-four months.

Long Term Disability: After 3 months, 60% of employee's salary is integrated with all other income benefits payable to age 65.

Retiree Health Insurance Benefits: The City will pay *50% of the group medical insurance premium* for each retiree and dependents, if any, presently enrolled and for each retiree in the future who goes directly from active status to retirement and continues the group medical insurance without a break in coverage. Dental and vision insurance coverage may be continued as a package under the 50% premium sharing basis provided the retiree also maintains the medical insurance. Payments by the City will be discontinued upon the death of the retiree or upon termination of the group medical insurance coverage. Following the death of the retiree, the surviving spouse, if any, may continue the insurance at the same cost sharing basis (50%). A two-tier system has been approved by SEIU member employees that requires *employees hired after May 6, 2008 who retire from the City to pay the full cost* of group health, dental and vision premiums. IBEW member employees have a modified retiree health care benefit for current and new IBEW employees that gives a 2% credit for each year of service, not to exceed 50%, with a 5 year vesting requirement.

Deferred Compensation Plan: Regular employees are eligible to participate in the City's Deferred Compensation Plan (which is referred to as a 457 plan) through voluntary payroll deductions.

Medicare: Employees hired after April 1, 1986 are required to contribute 1.45% of salary for this benefit, and the City matches this with a **1.45% of salary** employer contribution.

Retirement: Full-time regular employees (as explained in full in our July issue of "The VOICE"), are not covered under the Social Security System, but by the Public Employees Retirement System (PERS). The City pays **7%** of employees cost for miscellaneous employees and **9%** for Public Safety employees. Membership is mandatory. This Employer Paid Member Contribution (EPMC, see July newsletter for explanation) is reported to PERS as additional compensation for management, police, fire, and IBEW electric employees.

Social Security: Some part-time and seasonal employees participate in the Social Security System. The tax rate that is paid for this benefit is 6.2% of salary for employers, and 6.2% of salary for employees.

City of Redding “Other Benefits” (3rd in our series of benefit explanations)

The following “other benefits” apply to full-time regular employees who work for the City of Redding:

Holidays: An average of 13 and a half paid holidays are provided to full-time regular City employees per year. Fire Association covered employees receive a payment in lieu of holidays.

Vacation (with pay):

- Two weeks per year up to the fourth year of service.
- Three weeks per year up to nine years of service.
- Three and 1/2 weeks up to fourteen years of service.
- Four weeks up to nineteen years of service.
- Four and 1/2 weeks up to twenty-four years of service.
- Five weeks after twenty-four years of service.
- Fire Department shift employees fall under an accrual rate system for vacation benefits.

Sick Leave: Twelve working days of sick leave are accrued each year. Unused sick leave may be credited toward retirement. Fire Department shift employees fall under an accrual rate system for sick leave benefits.

Administrative Leave: Management positions are eligible to receive 40 hours of administrative leave per calendar year as authorized by the department director; additional leave of up to 40 hours may be granted by the City Manager.

Tuition Reimbursement: This benefit is available for interested employees for job-related course work. Prior approval is required.

Credit Union: Available for interested employees.

Each bargaining unit has what is referred to as an “MOU,” which is a contract between that unit and the City of Redding specifically addressing those particular employees. There are 9 bargaining units within the City. Each MOU spells out multiple other “benefits” that are unique to that unit. These include such items as longevity pay, service term pay, working out of class pay, educational incentive pay, enhanced retirement formula benefits, uniform allowances, call-back and on-call pay, car allowances, bonuses, raises, and meal reimbursements.

The **loaded cost** to provide only the **standard** benefits including retirement (see page 3) for public safety employees at the City of Redding adds up to approximately 70% of salary, and for miscellaneous employees about 60%. To put this in perspective, here is an example of an annual salary for each group, minus any “MOU” added benefits:

Public Safety salary: \$80,000 x 70% benefit cost = **\$136,000** Misc. salary: \$60,000 x 60% benefit cost = **\$96,000**

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