



The VOICE

Your independent news source

Greater Shasta County, CA

Volume VII, Issue XI

www.shastavoices.com

April 2014

Did you know...

- New single family building permits in Redding are up 164% year-to-date over last year. There have been 37 single family permits drawn so far this year through March, up from 14 for the same period last year.
- Information on local sales tax revenues was received for the fourth quarter 2013 in March. In the fourth quarter of 2013, sales tax increased by 9.72% compared to the same quarter the year before.. Redding's sales tax increased by 9.51% and the Shasta County allocation increased by 11.53%.
- California State minimum wage rates are set to increase to **\$9.00 per hour** beginning July 1, 2014. Effective January 1, 2016, the California minimum wage will increase to \$10.00 per hour.
- The Census ACS one year survey reports that the **median household income** for Redding metro area was **\$45,442** in 2012, the latest figures available.

Inside this issue:

REVIVE—Turtle Bay Land Sale Supporters Will Fight Back	1
REVIVE—continued	2
More About Prevailing Wage	2
Local School Development Fees Rising Again	3
Updated News and Notes	4
Join Shasta VOICES	4

REVIVE

Turtle Bay Land Sale Supporters Will Fight Back

Supporters of the Turtle Bay land sale from the City of Redding to the McConnell Foundation have created a group called REVIVE Redding. The acronym stands for *Redding Empowered to Vote for Increased Visitors and Employment*. REVIVE supports construction of a four-star Sheraton Hotel at Turtle Bay on the property purchased from the City.

Another group who calls themselves REVOLT (Residents Entitled to Vote on Land Transactions) recently gathered enough valid signatures on a petition to qualify for a referendum measure to be put on either a special election ballot, or the November 4, 2014 election ballot to overturn the City Council's decision to sell the land in question to the McConnell Foundation for \$600,000. They believe voters should decide whether or not the Turtle Bay land sale should be approved. They contend that the sale cheats taxpayers out of a higher value, while making no written guarantee that the City's lease with Turtle Bay Exploration Park will be enforced.

Perhaps it's time to revisit the *factual* history of Turtle Bay Exploration Park:

On January 7, 1992, the City of Redding entered into a ground lease with the Alliance of Redding Museums, now Turtle Bay Exploration Park, for the use of 60 acres north of Highway 44 and south of the Sacramento River. Prior to the existence of Turtle Bay, science and natural museums were a function of the City and operated as a City department. The cost of operating these museums was paid out of the City's General Fund, using over **\$700,000** per year, and many improvements were needed, with no available funding source.

The ground lease with Turtle Bay required as consideration for this lease and as rent, "construction, establishment, and operation of a Museum Park on the premises by Tenant. The Park shall consist of museums which shall be open to the public...and may including meeting rooms, food and banquet facilities, gift shops, educational and scientific research activities, and other facilities and activities which are normal and appropriate for museums." And, as part of this lease, "Unless tenant has spent or contractually committed to spend at least \$5,000,000 in the planning, design, administration and construction before 10 years after the execution of this lease, Landlord shall have the right to....terminate this lease." It was a win-win situation, and solved the lack of funding issue for the City.

Turtle Bay Exploration Park has since constructed various facilities and improvements in keeping with the lease, including the Paul Bunyan Forest Camp, a visitors center, and a museum. The City funded Turtle Bay in an amount of \$690,000 from 1994 to 1999, reducing that to \$400,000 (1999 through 2006). The recession prompted further reduction in the annual funding agreement and in 2010, all funding to Turtle Bay was eliminated.

Since 2010, Turtle Bay has been actively working to construct a hotel and restaurant on its campus with the goal of achieving a steady source of income to support the museum and reduce financial assistance provided by McConnell Foundation. The City Council gave its support to Turtle Bay to proceed with the development process. During this process, an issue arose as to whether the construction of the hotel is subject to prevailing wages. In December 2011, the state Department of Industrial Relations (DIR) issued an opinion that the project was not subject to prevailing wage requirements. Based on this decision, the hotel construction project was "bid" without prevailing wage rates.

Continued on page 2

REVIVE**Turtle Bay Land Sale Supporters Will Fight Back**
(continued from page 1)

That decision was appealed and in January 2013, the DIR director reversed her decision. Writ proceedings are pending in the Superior Court challenging the DIR director's decision on appeal.

The hotel construction project was re-bid with prevailing wage rates. That bid was \$3.2 million higher, and was significant enough to prevent the project from moving forward.

At its May 7, 2013 meeting, the City Council first considered a request from McConnell Foundation to purchase from the City all or part of the property under the Turtle Bay leasehold, including the 4.99 acre "hospitality parcel" on which the hotel/restaurant would be built. McConnell and Turtle Bay believe that ownership of the property would eliminate any potential prevailing wage requirements for the proposed hotel project. At its March 4, 2014 regular Council meeting, the City Council voted 3-2 to **approve** and execute a purchase agreement for the purchase of 14.17 acres of land with the McConnell Foundation for \$600,000.

And now, we have two groups that have formed with opposing views on the Turtle Bay land sale: the Northeastern California Building and Construction Trades Council, the union-led group behind REVOLT who oppose the land sale, and the REVIVE group, representing Turtle Bay Exploration Park supporters who are fighting back.

We can only hope that both groups will embrace the facts about this sale so that voters will be able to make an informed decision when they go to the polls. Those facts should include (from the contract) that the sale is "subject to all applicable terms and conditions of the Ground Lease. At the Closing, Seller shall assign to Buyer and Buyer shall assume from Seller, all of the Landlord's rights and obligations under the Ground Lease insofar as they relate to the Property." The McConnell Foundation is granted no more rights than the City would have to arbitrarily terminate or ignore the lease provisions, which we have outlined on page 1 of this newsletter, and repeat here: "Unless tenant has spent or contractually committed to spend at least \$5,000,000 in the planning, design, administration and construction before 10 years after the execution of this lease, Landlord shall have the right to....terminate this lease." That provision has been met.

More About Prevailing Wage
Continued From Our March 2014 Issue

In government contracting, a prevailing wage is defined as the hourly wage, usual benefits and overtime paid to the majority of workers (in a variety of mostly construction trades) within a particular area. The fact is that most so-called "prevailing" wage rates are substantially higher than the wages that actually prevail in the area. This can cause public works construction to cost more than it ought to.

For comparison purposes, we researched local records for at least one fairly recently completed non-prevailing wage project in Redding, the Redding School of the Arts. The average wage for all construction trades on this particular project was \$30.92 per hour. This amount includes the personnel overhead costs, such as health and welfare benefits, pension benefits, vacation and holidays, and any other benefits provided by the employers, as does the government contracting prevailing wage rate.

The average prevailing wage for the five construction trades we listed in our March 2014 newsletter (electrician system installer, electrician inside wireman, painter, plumber, and carpenter) is \$53.82 per hour, substantially more per hour than the actual "prevailing wage" for similar construction trades in our area.

Many hidden charges are **added** to the "basic" prevailing wage hourly rates for government contracting, beyond the "usual benefits", thus over-inflating the hourly costs even more. Here is a partial list of such additional charges, as in-

cluded in the fine print on the Department of Industrial Relations (DIR) prevailing wage determinations: fees for the National Employees Benefit Board, administrative maintenance fund, contract administration fund, dues and supplemental dues, wage equality dues, organizing dues, industry fund, work preservation fund, labor management cooperation initiative, industry stabilization, health and safety fund, national apprenticeship fund...and more depending on the industry.

Whether a subcontractor is union or not, they can bid on prevailing or non-prevailing wage jobs. Union contractors can also bid on private jobs, but often find themselves non-competitive. Construction trades employees who just want to go to work can choose to work on both non-prevailing and prevailing wage jobs—the myth that prevailing wage employees are somehow better or more-skilled than non-prevailing wage employees cannot be supported.

Government contracting prevailing wages are also increased every year in June. That is not the case for the majority of wages that actually prevail within our area.

Regardless of how much the hourly wage may be, it's meaningless if there are no jobs available for those who want to go to work. Although initially well-intentioned, because of the increased costs of prevailing wage projects, less construction is done than is needed and fewer jobs are available.

Local School Development Fees Rising Again

Starting April 2, 2014 and for most of the month of April, all of the school districts in Shasta County are noticing and holding public hearings to “implement development fees established by the District against residential construction and reconstruction at **\$3.36 per square foot** and against new commercial or industrial construction at **\$0.54 a square foot**, which will take effect starting **July 1, 2014**. The proposed fees are authorized by Education Code Section 17620 and Government Code Section 65995.”

Pursuant to Government Code section 65995, the fee may be increased in **every even year**. The current residential construction fee is \$3.20 per square foot, and for commercial or industrial construction it is \$0.51 per square foot. The proposed increase is a **5 percent** increase. There was no inflationary increase in 2010, but the fees were last increased by about **8.5 percent** starting July 1, 2012. So, in the last 4 years, school development fees will have increased by **13.5 percent**.

So, just what do the California Government Codes allowing these fees say? These are the statutes that authorize the collection of developer fees:

1. Education Code Section 17620 authorizes the collection of developer fees.
2. Government Code Section 65995 establishes the types of fees and rates.
3. Government Code Section 66000 sets the process for justifying the fees and appealing or challenging fees.

What the codes say is that the financing of school facilities and the mitigation of the impacts of land use approvals on the need for school facilities are matters of **statewide** concern. For this reason, the Legislature “occupies” the subject matter of requirements related to the need for school facilities, whether financial or non-financial.

This makes it very difficult for builder-developers or the general public to question their local school districts during the public hearings when the amount of the fees are being raised. The standard explanation to the public is that the State sets the fees, and the local districts just implement them. The School District Boards, however, are free to decide to implement a lower fee—the State simply states the maximum fee the districts can charge.

Commonly asked questions are when and how these fees are collected. The fees are actually collected at the time a building permit is obtained from the city or county. As part of that process, each district that imposes developer fees prepares a document called a “Certificate of Compliance.” This reflects the number of square feet and type of construction upon which fees are paid. The city or county building department is responsible for providing square footage calculations. The City of Redding and Shasta County collect these fees from the builders on the district’s behalf. A separate fund is established which is used to track the developer fees. There is an annual requirement to review the income and use of the developer fees. The fees collected must be used within five years or they are required to be returned to the builder or property owner.

A school district can use the revenue collected from these fees on residential and commercial/industrial construction for the purposes listed below:

1. Purchase or lease of interim school facilities to house students generated by new construction pending the construction of permanent facilities.
2. Purchase or lease of land for school facilities for such students.
3. School facilities for such students including: construction, modernization, reconstruction, architectural and engineering costs, permits and plan checking, testing and inspection, furniture for use in the new facilities.
4. Legal and other administrative costs related to the provision of such new facilities.
5. Administration of the collection of, and justification for, such fees, and
6. Any other purpose arising from the process of providing facilities for students generated by new development.

There is plenty of factual information available on the lack of new construction and development in the Shasta County area over the past few years. There hasn’t been a documented need to provide facilities for students generated by new development. And yet, the fees just continue to increase, simply because the legislature allows it.

It would be interesting to see if the collected fees are used within the allotted five years (a potential research project). If not, they are supposed to be returned to those who paid the fees—that ultimately becomes the current homeowner.

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.

- ***Tiger Field***—A joint use agreement was approved between the City of Redding and Simpson University for the use of Tiger Field as the home field for the Simpson University baseball team at the April 15th Council meeting. The agreement provides Simpson use of Tiger Field for two seasons, fall and spring of each year, for five years, with a possible five year option to extend by mutual consent. The collegiate season falls outside heavy community use times and scheduling is not expected to interfere with other recreational users. In return for this use agreement, Simpson will provide the City with 500 stadium seats and accessory hardware for use at Tiger Field. A group of volunteers led by a general contractor will assemble the seating. Tiger Field is the City's only field that meets regulations for collegiate baseball. This agreement provides the University certainty in its scheduling and some facility improvements at Tiger Field which will benefit all users.
- ***Economic Development Incentives***—The City of Redding has amended its internal "Policy 804" which established the Industrial Development Incentive Program in 1994, and updated in 2010. In an effort to better compete with other cities, the new amended incentives were improved by City Council on April 15, 2014. The economic landscape has changed significantly in the past five years, and the hope is that updating Policy 804 to reflect these changes will help the City to be in the best possible position to attract and retain high-quality jobs in the future. These changes include the following:
 1. It does not limit incentives to industrial manufacturers, but recognizes other potential job-creating companies such as software development and fulfillment centers (e.g. Amazon).
 2. It provides for flexibility in the amount of job credits that might be issued, increasing the maximum amount from \$1,500 per job to \$5,000 depending on the average wage and number of jobs created.
 3. Changes the blanket waiver of Traffic Impact Fees, and now will consider on a case-by-case basis if alternate funding is available.
 4. The "free lot" at Stillwater Business Park section (which expired at the end of 2010) is updated to reflect consideration on a case-by-case basis, taking into account the number of high-quality jobs and other criteria.
 5. The policy now provides for consideration and negotiation of additional incentives to companies that generate significant new taxable and/or property tax revenue, with approval by City Council.
- ***Bid Protest Filed for new Redding Police Facility***—A special City Council meeting was held on April 21st to discuss a bid protest filed by Larry Mack Construction for the basic construction of the Redding Police Facility and City Hall tenant improvement project. The apparent low bid was received from and the project awarded to Randy Hill Construction of Chico, California in the amount of \$5,724,686 on April 2nd. The protest noted (correctly) that a mathematical mistake was made in the *totals* column of the winning bid. The City's bid instructions state "In the case of discrepancy between unit prices and totals, unit prices will prevail." The sum of the unit prices multiplied by the line item quantities for the best bid were used by the City on all bids, and they awarded the bid to Randy Hill Construction as the low bidder. It was noted that Larry Mack Construction also made a mathematical error. The Council voted 4-1 (Jones dissenting) to confirm the award of the bid to Randy Hill Construction as the lowest responsible bidder. A total of \$7,649,000 was approved for the entirety of this project which includes a water main replacement, energy-saving Ice-Bear storage units, and a softball restroom.

Join Shasta VOICES today.

We depend on membership and other contributions.

If you are viewing this issue of "***THE VOICE***" on our website, click on the ***membership tab*** for information and to download a membership application or contributor form. Or, you can obtain more information by going to our website, **www.shastavoices.com**, or calling **(530) 222-5251**.

Mary B. Machado, Executive Director