



# The VOICE

Your independent news source

Greater Shasta County, CA

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### Did you know...

- There were **11** single family home permits issued in the City of Redding in March 2017, for a total of 38 so far in 2017. That is **17 more** than were issued in the first 3 months of 2016. There were **4** permits issued for commercial buildings in March 2017, for a total of 4 so far in 2017. That is **3 more** than were issued for the first 3 months of 2016.
- North State history was made on April 7, 2017 when Shasta County's **first ever female** was sworn in as the Shasta County District Attorney. **Stephanie Bridgett** was appointed in March to finish the remainder of Stephen Carlton's term following his retirement.
- **Costco Wholesale** requested that a **Specific Plan** be adopted for their proposed construction of a 152,000 square-foot Costco Warehouse and an additional 67,000 square-foot retail center (called the River Crossing Marketplace) at the northwest quadrant of the South Bonnyview Road and I-5 interchange in Redding. This would provide certainty for the project as it will be constructed in phases. Thus, an Environmental Impact Report is being prepared for the project as the next step forward.

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## Developing Our Economy "Forum II" Recap ...and Next Action Steps

Shasta VOICES, together with the Shasta Builders Exchange and the Redding Chamber of Commerce, sponsored the first in a **series of forums** entitled "Developing Our Economy" on January 18th with panelists from the City of Redding.

We learned a great deal from the first forum with government panelists (see our January 2017 newsletter), and decided to follow it with a **community led forum, Forum II.**

Forum II, called "**Redding Development impact Fees, The Community's Perspective,**" which was co-sponsored by Shasta VOICES and the Shasta Builders Exchange, was held on March 29th, with a fully engaged audience. The Forum was one of the most successful events ever held on the subject of impact fees and their effect on the local economy, largely because of the level of participation by those in attendance, who desperately wanted someone to hear what they had to say. We heard loud and clear...and will carry the messages forward.

Mary Machado conducted a Power Point presentation that provided an educational opportunity to learn about the creation, implementation, **pros and cons** of Development Impact Fee Programs. She then focused on specific fees in the City of Redding, which is where the greatest amount of development in Shasta County occurs historically. Questions, comments and suggestions from those in attendance were taken throughout the entire presentation. Staff from the City of Redding's Development Services and Public Works departments were in the audience, and provided additional information when called upon. There were also **two City Council members** in the audience, Adam McElvain and Julie Winter, paying close attention and taking copious notes.

There is really no "right" or "wrong" side of the impact fee issue, but rather an economic relationship between fees, development and the community. And, there is no shortage of suggestions and opinions from the community on how to improve our economic situation as it relates to the impact fee program. Here is a summary of those public comments and suggestions from Forum II:

- 1) **Review** the impact fee programs **every year** to account for changes in population and the local economy.
- 2) **Reduce the planning horizon** from the current 20 years to something not as distant. (i.e. 10 years).
- 3) **Adjust over-projected growth figures** that impact fee calculations are currently based on (downward), which may help reduce fees and entice investment locally.
- 4) **Adjust the level of service requirements** (downward), which may help reduce fees and entice investment locally.
- 5) **Lower facility standards** by eliminating capital projects, reducing their cost, or delaying their construction based on which projects are likely to move forward sooner.
- 6) **Create fee waiver policies** for certain types of projects, such as affordable housing.
- 7) **Change the way fees are applied** to add flexibility, which would help to make new and redeveloped projects work for both the City and the developer.
- 8) **Include the effect of our local aging population** as part of the equation for calculating impact fees.

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## *Developing Our Economy Forum II Recap (continued from Page 1)*

- 9) Create ***different fee programs for different types of construction***. For example, local multi-unit construction and new homes below \$300,000 are non-existent in the current economic environment, according to developers and realtors. There are not many cost adjustments that can be made other than the impact fees to allow these affordable options to be built.
- 10) ***Study the school impact fees*** (imposed by local School Districts as allowed by the State) to see why they continue increasing as our local student population continues to decrease.
- 11) Consider ***other funding sources*** for infrastructure, such as special district assessment fees and grants.
- 12) ***Reduce the fair share percentage*** of infrastructure costs charged to new development from 100% to some reduced percentage, with the remaining percentage to be paid from other funding sources.
- 13) Consider a ***fee deferral policy longer than the current 3 years*** for certain types of projects, such as low-income and redevelopment projects.
- 14) ***Evaluate*** development projects on a ***case-by-case basis***, establishing a ***cost-benefit relationship*** to the community.
- 15) Use ***development agreements*** to pay fees or construct infrastructure, providing important ***certainty*** for developers and investors in order to move projects forward.
- 16) Continually ***update the capital improvement plan project lists*** to include those areas most likely to develop first.

Of course, there are some ***very real benefits*** to impact fee programs that were also discussed at the Forum. Perhaps the major benefit of such programs is for large infrastructure improvement requirements, and perhaps not so large improvements, which must satisfy the California Environmental Quality Act (CEQA) provisions. When such infrastructure projects are included in the list of capital improvements used to calculate the impact fees, then ***the existence of the impact fee program does satisfy CEQA requirements*** to mitigate those impacts of new development, allowing projects to move forward. Otherwise, the mitigation would have to include the investor and/or developer making those infrastructure improvements on their own in order to move their project forward without regard to their “fair share percentage,” and hoping to be reimbursed somewhere down the road by other investors who follow behind them. Therefore, consideration must be given to the economic benefit of impact fee programs, not only for investors and/or developers, but also for our entire community.

It is important to note that any policy changes to the impact fee program ***can only be authorized by a majority vote of City Council***. Let’s do our best to implore our Councilors to learn right along with us and make an informed vote when they are called upon to do so. This also applies to the County Supervisors, if the opportunity presents itself.

As you can see, there is no shortage of ideas on how to develop our local economy as it relates to the fee issue. This year the City of Redding will be updating the existing Development Impact Fee Program, perhaps beginning this process as early as June. All of these suggestions will be brought to the table for consideration, along with many others.

The next step will include participation (hopefully by Mary Machado as part of the group) in the City of Redding’s impact fee program update. There will be an Advisory Group of local citizens selected by City staff to “sit at the table” to study, learn, and ***bring community input to the process***. Public Works Director Brian Crane will spearhead this effort, as he has done for several years. He attended Forum II and took notes on every comment. There will be ***ample opportunity for public comment*** as the update process moves along, with an anticipated completion date in late Fall, 2017.

And, Shasta VOICES together with our co-sponsor, the Shasta Builders Exchange, will host ***Forum III*** this summer, which will provide yet another update and opportunity for community input on how to successfully develop our local economy. ***Stay tuned for updates and additional information!***

## *Attempt to Change Variance Process Fails*

On March 17th, Redding City Council members Sullivan and Winter had asked for the City Attorney Barry DeWalt to prepare a report with options giving Council an “increased role” in the approval or denial of variance applications, largely because they did not ***personally*** agree with a recent variance approval by the Planning Commission. He provided that report at the April 18th Council meeting, highlighting and cautioning about potential violations of due process and fairness issues for those seeking variances, as well as pre-decisional “bias” issues, and lack of outside analysis if Council were to give themselves the sole authority over variance decisions in the future, and take that authority away from the Planning Commission.

By a Council vote of ***3-2*** on April 18th, with Winter and Schreder dissenting and Sullivan changing her initial thoughts on the subject, ***the variance process will continue unchanged*** as follows: The City of Redding Municipal Code (RMC) currently provides for the consideration of application for a variance, which is defined as an adjustment to the development standards found in the RMC when, because of special circumstances applicable to the property (i.e. location, shape, size, surroundings or topography), the strict application of the RMC denies the property owner privileges enjoyed by property owners in the vicinity and under identical zoning districts.

The Planning Commission has the authority to grant a variance from all physical development requirements except those establishing land uses, residential density or office, commercial and industrial density. In order to grant a variance, they are required to make appropriate findings (as set forth in the RMC). There is an appeals process in place for “persons unsatisfied” with the decision.

## *City Finance Manager Unveils Budget Deficit Spending to Outgrow Revenues by 2020*

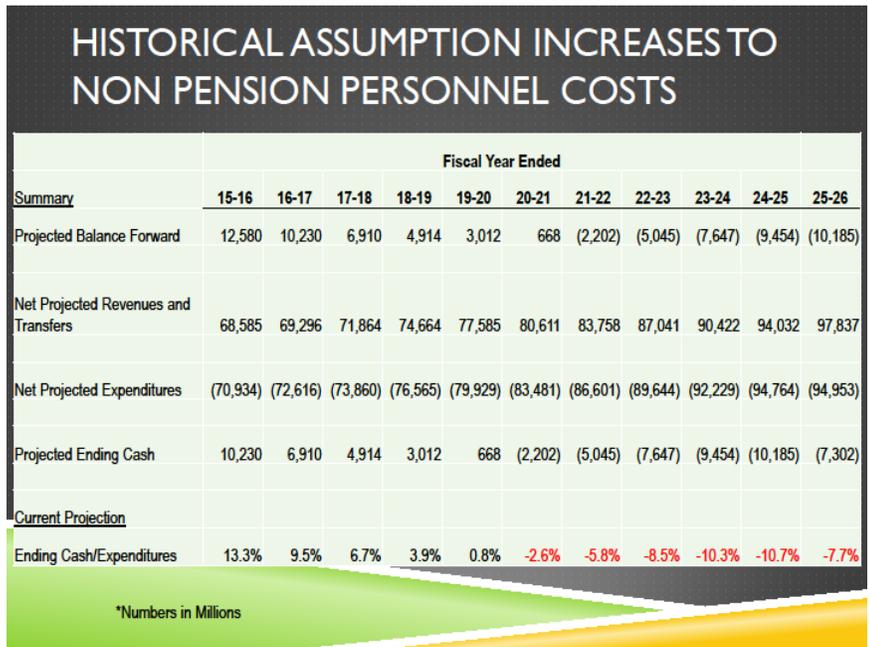
At the Redding City Council meeting on March 21, 2017, Finance Director Dennice Maxwell conducted a presentation on the impact of California Public Employees Retirement System (CalPERS) rate increases on the City’s general fund over the next ten years. It was not a pretty picture, but necessary and timely. The City is in the process of creating a budget for the next two years, and it needs to be in place before fiscal year 2017-2018 begins on July 1, 2017.

In August, 2016, CalPERS made changes that will begin in fiscal year 2017-2018. They will now require that the City pay **monthly** for its **unfunded** pension liability, rather than as a percentage of payroll as in the past. This monthly bill will be **in addition** to the percentage of payroll that must be paid for the cost of the pension. CalPERS also reduced the discount rate it had been assuming from a 7.5% rate of return, to 7.35% in 2018-2019, to 7.25% in 2019-2020, and to 7.0% in 2020-2021. This creates a significant increase in **both** the cost of the normal pension rate and the unfunded liability.

Using historical assumption increases of 3% per year to the non-pension personnel costs (i.e. wage increases, health care cost increases, worker’s compensation increases), the chart to the right → illustrates that **by 2020, the City’s cash reserves go into the red.**

**Additional revenues need to be created** in order to balance the budget and maintain a 5% cash reserve over the next ten years. Here are those target figures:

<u>Fiscal Year</u>	<u>Additional Revenues Needed</u>
2017-2018	\$ 0
2018-2019	\$ 800,000
2019-2020	\$ 2,450,000
2020-2021	\$ 2,950,000
2021-2022	\$ 2,850,000
2022-2023	\$ 2,500,000
2023-2024	\$ 1,500,000
2024-2025	\$ 350,000
2025-2026	\$ (3,350,000)



Ms. Maxwell presented some “moving forward ideas” to be considered by Council during the current budget development. That chart is shown **below**, and includes many of those ideas that **our community has been suggesting for years (finally)**. Note the “organic economic growth” and “potential new revenues suggestions”— exactly what Shasta VOICES, together with the Shasta Builders Exchange is exploring with “Developing Our Economy” forums this year.

### MOVING FORWARD / IDEAS

- ▶ Current budget development
- ▶ Working with labor partners
- ▶ Public/Private partnerships
- ▶ Organic economic growth
- ▶ Debt restructuring/refinancing
- ▶ Surplus asset analysis
- ▶ Potential new revenues

Both Ms. Maxwell and City Manager Kurt Starman implored Council members to be mindful of current and upcoming negotiations with the City’s labor partners (unions), as **some of these and other ideas are in the Council’s control**. Those would include such things as reducing or eliminating cost of living increases, increasing employee contribution rates to both CalPERS and PARS pension plans as well as health care plans, reducing “step” salary increases, and considering privatizing some public services, as well as public-private partnering, among many other ideas.

Ms. Maxwell also implored the Council to **act now** to find ways to increase revenues and decrease expenditures. We couldn't agree more!

## *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.

**City Sells Former Redding Police Station Property**—On April 4, 2017, Redding City Council approved the sale of City owned property located at 1371 and 1313 California Street to Equity Streams for the purchase price of \$650,000, the appraised value. Equity Streams is planning to redevelop the property into a mixed use commercial project, with the former Police Station building becoming an office incubator for start-ups and the adjacent parking lot into a brewery or café.



The property will be sold “as-is,” and escrow is scheduled to close in 90 days, with the ability of the purchaser to extend it by 90 days if necessary. The sale of the property would provide \$650,000 less closing costs to the City’s general fund. City Council had supported in 2015 dedicating up to \$375,000 of the sale proceeds for this property to the creation of a local sobering center. If, however, at the time of this sale, other groups or agencies have already implemented such a center, then the proceeds would be applied toward paying down the debt on the new Police Facility.

**Shasta Regional Transportation Agency Looking For Project Proposals**—The Shasta Regional Transportation Agency (SRTA) is surveying the region for projects and partners to compete for Affordable Housing and Sustainable Communities (AHSC) Grant Program funds. They are issuing an official Request for Proposals (RFP).

A third round (Cycle III) of grant funding is now available for public-private partnerships resulting in expanded housing, employment, and mobility options within city centers. Individual grant awards up to **\$20 million plus flexible financing packages** for affordable housing is up for grabs. One example of a local project that has already received funding from this program is a local K2 Development company’s redevelopment project, demolition of the former Dicker’s Department Store building in the Market Street Promenade, 1551 Market Street in downtown Redding. K2 and the City of Redding were project co-applicants for the \$20 million grant funding that was approved for this project in October of 2016.

The money comes from cap-and-trade funds and is geared toward projects that support greenhouse gas emissions reductions and other sustainable benefits. If you are unsure that a project idea fits the program, and/or need help developing a competitive project or drafting an application, there is help available through our local Shasta Regional Transportation Agency (SRTA), whose phone number is **(530) 262-6190**.

**Bethel Church Donates \$500,000 to City**—Redding City Council voted on April 18th to accept an offer from Bethel Church to donate \$500,000, as well as conduct a campaign to raise an additional \$740,000 from the local community and business owners, before June 30, 2017 to fund the **Neighborhood Police Unit (NPU)** program for fiscal year 2017-2018 and Fiscal Year 2018-2019. The City determined at its “Priority Workshop” in February that they did not have the resources to continue the NPU program. The cost to retain the program is about \$620,000 per year. Bethel Church, having become aware of the City’s financial challenges and believing in the importance of the NPU program, made their generous offer. The donated funds would total \$1,240,000 over two years if Bethel is successful with their fund-raising campaign, and be sufficient to retain the NPU program for the two years. If the funds are in place by the end of June 2017, the NPU program will be included in the Biennial Budget that the City Council adopts at that time.

***Join Shasta VOICES today.***

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

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Mary B. Machado, Executive Director