



The VOICE

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Did you know...

- Effective January 19, 2015, there will no longer be next-day delivery for local mail. The Us Postal Service changed its national delivery standards to cut costs. The changes only affect first class mail. Now, in Redding, if you mail a letter or are paying a local bill by mail (i.e. utility bill), it will take about 3 days to reach its destination.
- IRS standard mileage rate for business usage allowances for 2015 has been increased to 57.5 cents per mile.
- The Healthy Workplace Healthy Family Act of 2014 requires paid sick leave for ALL employees who have worked in California for 30 or more days within a year. Beginning January 1, 2015, employers must accrue sick time at the rate of at least 1 hour for every 30 hours worked, paid at the employee's regular wage rate.

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Outline of Blueprint for Public Safety Approved

At the January 20th Redding City Council meeting, City Manager Kurt Starman responded to Council's December 2nd, 2014 request by developing a public safety strategic plan, and providing an outline, referred to as a "Blueprint" and cost estimate for their consideration. The Council voted **unanimously to approve** the outline for the Blueprint for Public Safety and directed staff to issue an RFP for consulting services, **appropriating up to \$90,000 for the planning process.**

The outline describes: 1) the **purpose** of the Blueprint for Public Safety; 2) the proposed **scope** of the Blueprint; 3) six different **scenarios** that will be analyzed for planning purposes; 4) the **process** and organizational structure that will be utilized to develop the Blueprint; 5) the amount of **time** that may be required to develop and adopt the Blueprint; 6) the potential **cost** to retain a consultant to assist with the planning process.

The "Scope" of the Blueprint was perhaps more comprehensive than the general public was expecting. Not only does it contain strategic plans for the Redding Police Department and the County of Shasta Sheriff's Office and Shasta County Jail and related justice system departments, but it also includes the Redding Fire Department and the Shasta County Fire Department's 2014 Master Plan.

The purpose of the "Blueprint for Public Safety" has clearly grown from the original concept of creating a strategic plan to reduce crime and keep offenders off the streets. Yes, Public Safety indeed includes both police and fire services, and it makes sense that a comprehensive strategic plan should also include both services.

However, when 56% of voters in Redding said they would be willing to pay an additional "one-quarter cent transactions and use tax to sunset in six years, for the special purpose of reducing crime and public nuisances associated with effects of AB 109 and other criminal activity by hiring additional police officers and other personnel within the Redding Police Department; funding offender work programs; and funding incarceration outside of the County, all to address problems associated with release of criminals due to lack of local jail space," their intention was **not** to give the City a general sales tax to be used for any and all purposes. Their vote was very specific.

According to the Blueprint document, "An important aspect of the Blueprint for Public Safety will be a realistic implementation plan with cost estimates and a ten-year planning horizon. This will include six scenarios. The first scenario assumes a **status quo**. The second scenario based on a **hypothetical unconstrained budget** that includes sufficient resources to implement all of the strategies that are identified during the planning process. The other four scenarios will be based on the hypothetical assumption that **additional revenue** will become available to enhance public safety due to the passage of a 0.25 percent transactions and use tax, a 0.05 percent transactions and use tax, a 0.75 percent transactions and use tax, or a 1 percent transactions and use tax."

The City anticipates that it will take up to 8 months to hire the consultant and complete the planning process. There has been "talk" of the Chamber of Commerce trying to put a sales tax increase initiative on the ballot in 2015. Perhaps it would be prudent to wait and see what the final "Blueprint for Public Safety" process determines is the best course of action, and allow government officials from all local jurisdictions to have public discussion about what, if any, increased sales tax measures should be placed before voters.

REU Cost of Service and Rate Design Project Underway

A Redding Electric Utility (REU) Advisory Group has been formed to participate in a review of the electric utility cost of service and rate structure study.

As noted in the recently approved REU Strategic Plan, “REU is facing unprecedented challenges to its core mission of delivering safe, reliable and affordable electricity to the community as the City of Redding continue to struggle with a protracted economic downturn and shifting of economic activity that has resulted in essential no growth in power sales in the last 15 years. REU has focused on improving its operational efficiency and reducing costs in the face of declining revenues, but it must also contend with upward operating cost pressures due to increasing regulatory and legislative complexity, increasing labor, retirement, healthcare and power supply costs.”

The purpose of this rate review process is to develop rate structures and rates that equitably recover costs to provide electric services to all customer classes, and provide long-term financial stability for the utility. Rate design objectives for each customer class include cost-based rates that are understandable to customers, while maintaining revenue stability to support the ongoing operations of the utility.

With the current rate structure, there are several components of a residential electric bill including a monthly fixed charge for access to electricity, an energy usage charge per kilowatt hour, Federal and State regulatory surcharges, and a solar initiative surcharge. For commercial customers, there are also peak demand and tiered usage charges.

This Customer Advisory Group consists of 13 members, serving without compensation, who are appointed by the Electric Utility Director. These members will represent all customer classes served by the Electric Utility, including residential, commercial, industrial, construction, low income, and senior citizens. The expected completion of this project is summer of 2015.

The Group will receive education on a “Cost of Service Study” and learn what it is or isn’t. They will learn to understand cross class subsidies and make recommendations for future rate design. They will gain an understanding of the current rate design, its strengths and weaknesses, and current issues, and receive reports on current options in rate design for all customer classes. They will eventually make recommendations to the Electric Utility Director regarding the development of new rate designs, as well as the implementation and phasing in or recommended rate design changes. The Group members will serve as liaisons between the Electric Utility Director and the various stakeholder groups.

The Group will hold regular meetings at a time, date and place to be determined by the Electric Utility Director in consultation with Group members. Meetings of the Group are not subject to the Brown Act, and no minutes or recording will be done.

REU Strategic Plan Approved... and Electric Utility Commission Eliminated

At its meeting on January 20th, the Redding City Council unanimously approved the Redding Electric Utility (REU) 2020 Strategic Plan.

The electric industry is under rapid change and utilities must have clear focus to remain viable. This Strategic Plan provides clear direction to the utility.

New vision and mission statements were crafted and five strategic issues were identified that REU feels it must focus on to maintain itself over the next five years:

Issue 1: The financial and business model must be enhanced to build a sustainable utility organization.

Issue 2: REU must have an effective and healthy organization.

Issue 3: Technology must be improved.

Issue 4: Communications must be improved.

Issue 5: REU must attract, develop and retain a qualified workforce.

The entire plan can be viewed on the City’s website (all 345 pages of it): <http://ci.redding.ca.us>. Choose the Electric Department from the “Departments” tab and you will see the 2020 Strategic Plan and can click to access it.

Additionally, at the same meeting the City Council received a report providing summary information on the Electric Utility Commission’s activity, as they had requested at a meeting in December. After reviewing the information, the City Council voted 4-1 (Cadd dissenting) to **eliminate** the Electric Utility Commission. An ordinance saying so was approved, and would become effective 30 days after its second reading at the February 3, 2014 Council meeting.

The majority of Council questioned the value that was provided by the Commission, and were concerned by the lack of attendance at the monthly meetings and the amount of staff time and expense needed to support the Commission.

What Is An EIFD?

Over 900 new laws were signed by our Governor and became effective in California at the start of 2015. One of them, **SB 628**, authorizes the creation of a new government entity called an **Enhanced Infrastructure Financing District (EIFD)**. One or more of these districts may be created within a city or county and used to finance the construction or rehabilitation of a wide variety of public infrastructure and private facilities.

An EIFD may fund these facilities and development with the **property tax increment** of those taxing agencies (cities, counties, special districts, but **not** schools) that consent. Tax increment funding is “a method to use future gains in taxes to subsidize current improvements, which are projected to create the conditions for gains above the routine yearly increases which often occur without the improvements.”

Sound familiar? It should—the intent of this legislation is “to provide an alternative means for local communities to finance public infrastructure and improvements, in the wake the dissolution of redevelopment agencies.”

So, exactly what is an EIFD? It is not a city, not a county, not a special district, and not a joint powers authority. It is a government entity established for the **sole purpose of financing public facilities or other authorized projects** with a legislative body comprised of two public members and 3 representatives of a participating city, county or special district. Creating an EIFD requires only a resolution from the initiating city or county (or jointly). Because an EIFD is not redevelopment, it has been viewed as more politically acceptable because it **eliminates** the stigma of blight findings and potential eminent domain controversies. An EIFD is a tangible tool to promote infrastructure enhancement and economic development.

An EIFD may issue bonds payable from the tax increment funds collected. However, **55% of the voters** or land-owners (if less than 12 voters within the district boundary) within the district **need to vote their approval**.

Facilities financed by an EIFD may include, but are not limited to:

Public Infrastructure and Facilities: Highways, interchanges, ramps and bridges, arterial streets, parking and transit facilities; sewage treatment, water reclamation plants and interceptor pipes; facilities for the transfer and disposal of solid waste; facilities to collect and treat water for urban uses; flood control levees and dams, retention basins, and drainage canals; parks, recreational facilities, open space and libraries; environmental mitigation; projects on a closed military base.

Private Facilities: Acquisition, construction and repair of industrial structures for private use; transit priority projects; projects which implement a sustainable communities strategy; mixed-income housing developments (only those units dedicated to low and moderate income housing); reimbursement of a developer located within the boundaries of a district for permit and other expenses incurred when constructing affordable housing; facilities constructed to house providers of consumer goods and services; child care facilities.

Some possible uses of an EIFD for creative cities and counties to explore include:

- Loaning funds to the district and reimbursing itself from future tax increment, allowing for faster project implementation.
- Promoting infill development projects that benefit more than one agency, such as sewer and water lines.
- Funding infrastructure reimbursement agreements with project developers for the city or county's fair share requirements for new and infill development projects (backbone infrastructure).
- Assisting in housing development projects that have inclusionary housing requirements.
- Supplementing funding sources with traditional assessment district project financing.
- Providing matching funds to assist in implementing sustainable communities strategy projects.

Once an EIFD has been formed, the preparation of an infrastructure financing plan is required detailing the proposed improvements and related funding to be utilized. Approval of this plan requires a **public hearing** by the legislative body to receive comments from property owners and other members of the public.

There are many infrastructure and other improvement projects needed in the Shasta County area that would be eligible for EIFD funding. Perhaps our city and county officials will give this method of financing serious consideration, bringing forward much needed improvements, construction, jobs and an economic shot in the arm in 2015 and beyond.

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.

Palo Cedro Rite Aid— A Rite Aid store proposed in the Palo Cedro area at the corner of Highway 44 and Deschutes Road (in the existing Holiday Market shopping center) requires a use permit and is subject to review and approval of the Shasta County Planning Commission. The current application to the County shows that some existing buildings may be removed, though the application is not yet complete and changes may be made. There has been great public interest in this project, and there will be an opportunity for the public to participate in the public hearing process, which will be formally “noticed” in advance, probably in late February or March of this year. Shasta VOICES will send email alerts when the public hearing has been officially noticed.

Palm Communities Low-income Housing Project— A 76 unit multi-family low income housing project approved by Redding City Council on April 16, 2013, in an effort to obtain federal tax credits, has reduced the number of proposed units from 76 to 55 this month in hopes that the change will make its funding application more competitive. The \$16 million dollar project will lease property (ground lease) located at 2480 Ellis Street (formerly referred to as 10 Acre Woods), which is owned by the City of Redding as Successor Housing Agency, for \$1 per year for a period of 60 years. The agreement is with PC Redding Apartments LP, an Irvine based developer of affordable housing. The development, called *The Woodlands* PC (Palm Communities) Redding Apartments, will be a gated community and will consist of one, two and three bedroom units that are garden-style walk-up units, with about 8 units in each building. Amenities will include a pool, turf play area, community room, and on-site management. PC Redding Apartments LP, in partnership with North Valley Catholic Social Services, will provide a host of living skill/training opportunities for tenants of 15 units reserved for special-needs households. This will be the third time Palm Communities has applied for the federal funding. They will know in June 2015 if they have been successful. If awarded the funding, construction could start in November 2015. The City of Redding has committed \$1.25 million in federal HOME Investment Partnership Program funding, and Shasta County has committed \$2.6 million to the project.

City of Redding Loses Appellate Court REU “PILOT” Lawsuit—The California 3rd District Court of Appeals conducted an appellate hearing on October 6th to determine whether transfers from Redding Electric Utility (REU) to the general fund in place of property taxes are allowed by law. Local attorney Walt McNeill challenged REU’s payment in lieu of taxes (PILOT) program, **successfully arguing** that this charge to customers is a **tax** under Proposition 26, the 2010 initiative that limits new taxes and fees. The court rejected the City’s defense that it is a grandfathered program that’s not imposed on ratepayers. The court’s opinion leaves little room for argument by the City. The PILOT charges amount to about 6 percent of electric utility charges, or about \$6 million annually. The court concluded that the **“PILOT constitutes a tax** under Proposition 26 for which Redding must secure **two-thirds voter approval** unless it proves the amount collected is necessary to cover the reasonable costs to the city to provide electric service.” The City is in the process of evaluating its options.

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