



# The VOICE

Your independent news source

Greater Shasta County, CA

Volume VI, Issue IV

www.shastavoices.com

September 2012

### Did you know...

- With five housing starts in August, 2012, the City of Redding has permitted 80 single-family homes in 2012. This is nearly twice as many housing starts recorded for all of 2011. The City's current traffic and sewer impact fee waiver programs are successfully driving the increased construction.
- After spending years trying to avoid it, E-commerce giant Amazon.com will begin collecting sales tax from California customers beginning September 15, 2012. This will allow Amazon to blanket the state with distribution centers to better speed orders to consumers. Before the centers could open, California law required Internet merchants including Amazon.com to collect sales tax if they have a warehouse or other major physical presence in the state.

### Inside this issue:

Is Outsourcing the Right Solution?	1
RPD at City Hall?	2
Meeting Held to Discuss Tax-Sharing Agreement	2
Lawmakers Pass ADA Lawsuit Abuse Measure	3
Pension Reform Plan Becomes Law	3
Updated News and Notes	4
Join Shasta VOICES	4

## Is Outsourcing the Right Solution?

At the Redding City Council meeting held on September 4, 2012, direction was given to staff to pursue outsourcing the City's utilities Call Center services.

As background information, the City has operated a Call Center for its utility customers for many years and has struggled at times to maintain levels of service that are commonly achieved by other similar types of call centers. There are likely many causes for this, but a main issue (according to Electric Utility Director Barry Tippin), is the inability to quickly and effectively grow and reduce staffing levels to reflect the call volumes, causing long wait times and abandoned calls (hang-ups). Although the work load is up and down, the City staffs to the "middle."

A company called Vertex Business Services implemented the City's current billing system, ECIS in 1999. Due to the age and limited functionality of the current system, an upgrade is required for an efficient and streamlined billing and collection process. Additionally, Vertex has given notice that future software technical support will cease due to the age of the current version in use.

So, the City must upgrade or replace their current utilities billing system and desires to improve its customer service levels. Vertex has provided the City with an offer to address both the aging system and the service levels.

The decision to upgrade, rather than replace, the current billing software system is fairly straightforward—it will save the City millions of dollars.

The decision to also outsource the call center services to Vertex is not so straightforward. If the City enters into a contract with Vertex for call center services, Vertex will provide a \$700,000 discount for the upgraded software, making it an even more attractive option. The current budget for the City's Call Center is \$1,070,000 per year. The cost from Vertex to perform this service is \$535,000 per year assuming a seven-year contract is negotiated. If this option is eventually contracted, impacted existing City employees would maintain their employment with the City at their current rate of pay performing other customer service duties or working in other areas of the City, filling existing vacant positions. The Vertex contract would potentially solve the problem of proper staffing and growing or reducing staffing levels as needed, and provide equal or better levels of service to customers for less cost. However, the Vertex call center services would be provided by employees located in Scotts Bluff, Nebraska.

Is outsourcing City jobs to Nebraska the best solution to improving the current level of services being provided to Redding's utility customers? At first glance, it seems to be a good option. But, it shouldn't be the only option on the table. Would it not be possible to implement variable staffing in the call center in-house and save perhaps even more money? After all, that's what was done in the Parks Maintenance Department this past fiscal year. An agreement was reached with the appropriate labor union to allow the hiring of fourteen (14) part-time and full-time temporary workers to perform the duties previously performed by two (2) regular full-time benefitted City employees. Perhaps the SEIU could put their thinking caps on and find a way to keep jobs in Redding, while saving money for the City at the same time. Or, alternately, could a local private staffing service accomplish the same thing as an outsourcing firm in Nebraska? Shasta VOICES suggests further study.

## *Redding PD at City Hall?*

Redding City Manager Kurt Starman outlined his proposal to explore the possibility of moving the Redding Police Department (RPD) to City Hall at the September 18th Council meeting.

It is no secret that the current Police Station facility needs to be replaced. The City needs a new police facility, one way or another. Though this has been a top priority of the City Council since 2008, the great recession and elimination of redevelopment agencies statewide has erased whatever plans were in place for financing such a facility.

Now there is hope once again with a new concept for the Redding Police facility:

- The City would move the Redding Electric Utility (REU) and related functions from City Hall to a new facility, freeing up about 18,700 square feet. REU, who currently pays the General Fund \$285,000 per year for this space, could utilize these funds to lease space elsewhere. RPD would occupy the space that REU currently occupies at City Hall. This space would be adequate to accommodate most RPD functions, except for the Patrol and Evidence departments.
- The City would construct two new buildings immediately to the west of City Hall to accommodate Patrol and evidence. The building for Patrol would be built to comply with the Essential Services Act, and would be 8,500 square feet. The second building for Evidence would be warehouse space of around 10,000 square feet. The city would pave and improve the area northwest of City Hall. This is the gravel area that is currently used for overflow parking and the Farmers Market on Saturdays.
- The estimated cost to construct the two new buildings is \$7 million. The City would use remaining bond proceeds from the Stillwater Business Park to help finance these buildings. The remaining bond proceeds total about \$2 million, and are apparently available because the bids for construction came in much less than anticipated. That would leave \$5 million to be financed, creating a debt service of about \$325,000 per year. This would be offset in part by eliminating the office space that RPD currently leases for investigations, about \$52,000 per year. The City would sell the existing RPD property or enter into a public-private partnership to redevelop the site. Any proceeds from a sale of the property could eventually be used to partially offset the cost to construct the new buildings.

In total, this plan would create an annual cost of \$558,000 to the General Fund. Council and City Staff would need to identify exactly where in the budget this money would come from each year. If such a plan eventually moves forward, it would be 18 months or more before the actual “move” would take place.

The City Council voted 3-1 (Jones dissenting, Bosetti absent) to explore this possibility and spend \$45,000 with local architectural firm Nichols, Melburg & Rosetto (NMR) to refine the concept and develop a better cost estimate for the improvements and new construction that would be needed.

Councilman Patrick Jones expressed concern about moving REU out of City Hall, saying we would be repeating mistakes of the past by eliminating oversight of REU. He also expressed concern about spending \$45,000 once again towards a study that in the past hasn't panned out, and taking on new debt service.

## *Meeting Held to Discuss Tax-Sharing Agreement*

A “Cooperative Planning and Tax-Sharing” meeting and discussion was held on September 19th at Redding City Hall for representatives from all jurisdictions in Shasta County. This was not an open public meeting.

Participants included Larry Lees, David Kehoe, and Len Moty from Shasta County; Kurt Starman, Patrick Jones, and Dick Dickerson from the City of Redding; Carole Martin, John Duckett, and Larry Farr from Shasta Lake; Melissa Hunt and Jeff Kiser from the City of Anderson.

This was the second meeting in 2012 for the purpose of discussing cooperative planning and tax sharing between the four jurisdictions. The group had a chance to discuss in some detail Redding City Council Member Patrick Jones' proposal for some sort of tax sharing agreement that would be limited to the Oasis Road Specific Plan

area. His suggestion is that this could become a regional area eligible for larger pots of regional monies that become available if a majority of the jurisdictions participated. No money would need to come out of the general funds of any jurisdiction, with the possibility of receiving revenue for participating as part of the regional plan. The City of Redding would be responsible for future upkeep, maintenance and long-term liability for any improvements constructed. Therefore, they would receive 50% of the future sales tax revenues received, and each city/county that also participates would split the other 50% based on population.

Most of the meeting participants agreed that the idea had merit. The group will meet again later this year to discuss other ideas and concepts.

## *California Lawmakers Pass ADA Lawsuit Abuse Measure*

Senate Bill 1186 is aimed at helping California businesses comply with Americans with Disabilities Act requirements, without facing the ever-growing threat of frivolous lawsuits. Lawmakers in both houses passed this bill on September 1, 2012. It was signed into law by Governor Jerry Brown on September 19, 2012.

The new law, authored by Senate Pro Tem Darrell Steinberg and Senator Bob Dutton hopes to curb predatory ADA lawsuits, in particular against small businesses in the state. Nearly 40 percent of all lawsuits in the nation are filed in California.

Specifically, the measure bans “demand for money” letters. In these letters, lawyers often order businesses to pay a set amount, plus their exorbitant legal fees, in exchange for dropping the case. In addition, this new law requires attorneys to send a notice letter, listing any alleged construction-related violations at least 30 days before filing a lawsuit.

It also prevents “stacking” of multiple claims to increase monetary damages, requiring a plaintiff to explain the need for multiple visits to the same business with a known uncorrected barrier to access.

The new law also significantly reduces damages against business owners who correct alleged violations within 30 to 60 days of receiving a complaint. And, it requires landlords to disclose whether their buildings or properties are state certified and in compliance with ADA laws.

The new law became effective immediately following the Governor’s signature. It is supposed to resolve conflicts between state and federal standards, which could be one reason for the sheer number of lawsuits filed. This law will provide some relief from abusive disabled access lawsuits.

There are also provisions in the law designed to avoid confusion and unnecessary litigation with the upcoming publication and adoption of the 2013 California Building Standards Code. Once the code is published, it doesn’t become effective for 180 days. It provides for more certified access specialists in local building departments to ensure new construction and improvement projects are not approved unless they comply with disability access requirements. A property owner may choose to comply with the 2013 code provisions regarding construction-related accessibility standards in any Unruh Civil Rights Act damages claim.

## *Pension Reform Plan Becomes Law*

Governor Jerry Brown introduced a 12-point pension reform proposal 10 months ago and announced an agreement with Democratic legislative leaders on August 31, 2012. It was signed into law on September 12, 2012, and will take effect January 1, 2013 and affect the state and most local governments. Although the reform deal does not include all of the governor’s suggested reforms, it still makes fundamental changes that rein in costs and help make our public employee retirement system more sustainable for the long term. Here are the reform measures that have been approved and signed into law:

1. Requires new employees to contribute at least 50 percent of their “normal” retirement costs (with a cap at 12% for public safety employees, and 8% for non-safety employees). The unfunded liability costs are not included in the “normal” costs.
2. Raises the retirement age for civil service workers to qualify for full benefits at age 67 (same as Social Security). For public safety workers, the age goes from 50 to 57 and the maximum benefit formula is reduced to 2.7% at age 57.
3. Caps annual pension payments for new employees at \$110,000 for most workers, and \$132,120 for employees not covered by Social Security.
4. Prevents spiking for future employees by calculating pension benefits based on the highest average annual compensation for three years, rather than the current one-year system.
5. Further prevents spiking by calculating pension benefits based on regular, recurring pay and not including special bonuses, unused vacation time or overtime.
6. Limits post-retirement employment for all employees.
7. Prohibits retroactive pension increases for all employees.
8. Prohibits pension holidays for all employees and employers.
9. Bars all employees from buying service credits, which boost retirement service credit for time not actually worked.
10. Forfeits pensions when any public official or employee is convicted of a felony in seeking office or at work.

The changes that will save the most money apply primarily to new workers, rather than the existing ones. The savings are just a fraction of the state’s overall unfunded public pension liability.

## 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.

- ***I-5/Deschutes Road Roundabout Project***—In our last two issues of “*The VOICE*,” we provided an update of the I-5/Deschutes Road Roundabout Project, which is now under construction. We had asked for clarification on how impact fees collected would be utilized, since other funding materialized to pay for this project. Here is the answer: “The proposed improvements will be constructed in two phases. The first phase (Interim Phase) is proposed for construction in 2012 and includes construction of the new off-ramp from northbound I-5 to Deschutes Road, widening a portion of the northbound I-5 on-ramp, and constructing the roundabout intersection at the I-5 northbound ramps intersection with both Deschutes Road and Locust Road. The balance of the improvements will be constructed during the second phase which is expected to be constructed by 2025. The second phase work is expected to accommodate traffic growth until 2035. A revised Project Report will be necessary for Phase 2 when that phase is pursued.” So, because the City of Anderson received \$6 million from the State to construct Phase I improvements, any impact fees charged for Phase I should be retired. And, Shasta County will be sending the fees they collected for Phase I to the City of Anderson to be used towards current construction. It does appear that any impact fees currently being charged for Phase 2, however, may still be required.
- ***Civic Auditorium***—One year after Bethel Church agreed to lease the Civic Auditorium from the City of Redding, they are happy to report that they have revamped the website, upgraded the ticket software program, updated the look of the lobby, added new digital sound boards, replaced the floor-level seating, updated the building’s phone system and internet capacity, and put up two large screens to improve sight lines for concertgoers. In addition, they booked 129 non-Bethel events over the past year, more than double what had been guaranteed. This October they will begin making lease payments to the City. The lease arrangement allows the City to keep \$1 million dollars each year in the general fund in addition to receiving \$1.1 million in lease payments over the next 5 years.
- ***Redding Convention and Visitors Bureau***— The mission of the Redding Convention and Visitors Bureau, which was outsourced two years ago, is economic development through tourism. It is funded by a portion of the Transient Occupancy Tax (TOT) through a contract with the City of Redding at a flat rate of \$795,723 for fiscal year 2011/2012, which reflects a 25% increase from the prior year based on how the marketing efforts have increased the TOT revenue for the City. So far, this has proven itself to be successful. Prior to outsourcing these functions, the office was a City department with a budget of \$925,000 per year.
- ***Turtle Bay Hotel***— Architectural plans for the Turtle Bay Hotel (to be a Sheraton brand) have now been completed and approved. The project is finally out to bid by the contractor, who hopes to have prices by early October. If all goes well, and with a fairly dry winter, construction could start in late October 2012 and finish in twelve to fourteen months.
- ***City of Redding Development Impact Fee Study and Utility Rate Program Update***—Consultant NBS met with our local advisory committee for the first time on September 12th. There are four more meetings scheduled before December. The target date to present an update with preliminary findings to City Council and the general public is at a City Council meeting in December, 2012.

***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](http://www.shastavoices.com)**, or calling **(530) 222-5251**.

Mary B. Machado, Executive Director