



The VOICE

Your independent news source

Greater Shasta County, CA

Volume XI, Issue II

www.shastavoices.com

June 2017

Did you know...

- There were 4 single family home permits issued in the City of Redding in May 2017, for a total of 53 so far in 2017. That is **21 more** than were issued in the first 5 months of 2016. There was **one** permit issued for a commercial building in May 2017, for a total of 6 far in 2017. That is **one less** than were issued for the first five months of 2016.
- Redding's new City Manager, who will replace the now retired Kurt Starman, is former Redding Assistant City Manager **Barry Tippin**. He was chosen for the position by Redding City Council after considering a total of 34 applicants. His base salary will begin at \$210,000 per year. He began as City Manager effective June 6th.
- June 13th was the last day of employment for Redding's Chief of Police, Robert Paoletti. City officials did not specify exactly why, saying only that he "agreed to separate" from the City. On going public safety concerns have the City Officials searching for someone with expertise to find new ways to tackle problems and work with the community. An interim Police Chief may be hired until the search is completed.

Inside this issue:

July 1st Inflationary Increase Eliminated for Redding Impact Fees	1
Increase in Gas Taxes Will Provide Additional \$10 million to Shasta County	2
Shasta County 2017-18 Budget Overview	2
Redding Biennial Budget Balanced and Approved	3
Updated News and Notes	4
Join Shasta VOICES	4

July 1st Inflationary Increase Eliminated for Redding's Development Impact Fees

Historically, the cities of Redding, Anderson, Shasta Lake and the County of Shasta have applied annual inflationary increases to their development impact fees.

But, earlier this year, the City of Shasta Lake Councilors approved the continuation of a **50% reduction** in their impact fees in order to stay competitive with the other cities in Shasta County. In 2016, the City of Anderson adopted a policy authorizing the **reduction and/or elimination** of select citywide impact fees for new commercial and industrial development projects within the City of Anderson. Shasta County has already provided notification of the July 1st **increase** to their impact fees (2.9%).

Unlike the others, however, Redding is in the process of **updating** their Development Impact Fee Program.

The 2017-2018 City of Redding update of these fees will likely **modify** the fees in some way, and that update is scheduled to be completed in the next 4-6 months. At staff's suggestion, Redding Councilors determined that in light of the pending update, it is prudent to **eliminate** the upcoming inflationary increase (around 3.6%) that would have gone into effect on July 1st, 2017.

Redding last went through a comprehensive update of its development impact fees in 2013. Preparation is now underway for an update of the following fees:

- Water (Public Works Department)
- Wastewater (Public Works Department)
- Citywide Traffic (Public Works Department)
- Fire (Fire Department)
- Park Development (Community Services Department)

In addition to consultant support, City staff has developed an Advisory Group (AG), that consists of willing community members who served on the recent rate update advisory committee and some new members:

- Fred Bergstrom (Builder/Developer)
- Gary Blanc (Developer)
- Janice Cunningham (Realtor, Property Management)
- Michele Goedert (Realtor)
- Keith Hunting (CPA)
- Mary Machado (Shasta VOICES)
- Jake Mangas (Redding Chamber of Commerce)
- Rob Middleton (Realtor)

The AG will serve the update of water, wastewater, citywide traffic, and fire impact fees. The park fees update will utilize the Community Services Advisory Commission as the parks impact fee advisory group, which will, in part, better coincide with the update of the Parks, Trails and Open Space Master Plan that is already underway. Recommendations pertaining to all the fees will come forward concurrently to City Council, perhaps by late fall 2017.

Increase in Gas Taxes Will Provide \$10 Million To Shasta County

The California Legislature has voted to increase gas taxes for all California drivers, beginning November 1, 2017, for the purpose of improving the State’s road and highways. The existing **base excise tax** is 18 cents per gallon. An **additional price-based excise tax** is currently set at 9.8 cents per gallon, for a **total current rate of 27.8 cents per gallon**.

On November 1st, the **base excise tax will increase to 30 cents per gallon**. On July 1, 2019, the additional **priced-based excise tax will reset to 17.3 cents per gallon**. The **47.3 percent combined excise tax** in effect July 1, 2019 will be adjusted for inflation beginning July 1, 2020. The average annual revenues from such increases will be \$2.4 billion. Another \$1.08 billion will be coming from **increases in the diesel taxes**, and an additional \$1.6 billion from an added **“transportation improvement fee”** to be paid when people renew their vehicle license fees each year (ranging from \$25 - \$175). And, beginning July 1, 2020, a new \$100 **“zero-emission road improvement fee”** will be charged to zero-emission vehicles, providing another \$20 million per year.

After utilizing most of the new taxes for state maintenance and rehab programs, local streets and roads programs for cities and counties will have about \$1.48 billion per year. What does all of this mean for the Shasta County area? It means that we will have an **additional \$10 million per year**, for a total of about \$20 million per year in the form of discretionary funds for our local Cal Trans District to do smaller projects and partner with our local agencies. It’s at least something coming back to local taxpayers—perhaps it will help close funding gaps for those local projects in waiting along state roads!

Shasta County Budget Overview for 2017-2018 Rising Pension and Benefit Costs Continue to Put Pressure on Budget

At the June 6, 2017 Shasta County Supervisors meeting, the 2017-2018 annual County budget was reviewed. The recommended budget totals **\$443,437,258**, an increase of \$5 million over the 2016-2017 adjusted budget. Of this amount, \$383,563,682 comes from “Governmental Funds” and \$64,873,576 from “Other Funds.”

About **80 percent** (around \$354 million) of the overall budget is for **non-general fund** operating departments. Most have various state and federal funds earmarked for specific purposes. The General Fund is primarily discretionary revenue, and accounts for about \$50 million from taxes. Licenses, permits, franchises, fines, penalties, charges for services and miscellaneous other charges account for an additional \$23 million to the General Fund.

The Public Assistance Department has the largest budget at **\$113 million**. The Public Health and Mental Health Services Departments have budgets that total over **\$71 million**. And the Public Safety Departments have a **\$68.6 million** budget.

Shasta County participates in the CalPERS employee pension plan for all employees. In addition, all employees **except** for Pubic Safety participate in the Social Security retirement program. The 2016-2017 CalPERS employer’s share of the cost (as a percentage of payroll dollars) for this program is **43.8% for public safety** employees, and **17.0% for all other** miscellaneous employees. These costs will increase drastically over the next 5 years as follows, continuing to pressure the budget:

- 2017-2018: Public Safety—46.4%, Miscellaneous—18.3% (plus 6.2% SS)
- 2018-2019: Public Safety—48.9%, Miscellaneous—19.5% (plus 6.2% SS)
- 2019-2020: Public Safety—51.5%, Miscellaneous—20.8% (plus 6.2% SS)
- 2020-2021: Public Safety—52.2%, Miscellaneous—21.1% (plus 6.2% SS)
- 2021-2022: Public Safety—53.0%, Miscellaneous—21.5% (plus 6.2% SS)

The County provides post-retirement medical and dental benefits to eligible employees who retire directly from the County. Eligible retirees pay a portion of the medical premium, and the remaining premium is shared by the County and active employees in accordance with bargaining agreements. The County pays for these benefits on a “pay-as-you-go” basis. This means that the costs are ignored while an employee is active and recognized only after the employee retires. The actuarial valuation of the unfunded liability as of June 30, 2016, is \$200 million. The County is working with its labor partners to eliminate County-funded health benefits after retirement for new employees, and instead offering an employee 457 plan contribution of 3 percent of gross salary.

Public services are certain to experience a negative impact over the next five years, in no small part due to increased pension and health care costs. With revenues described as “flat,” the chosen option has been to cut positions reducing public safety and public services in general.

General Fund	\$ 73,621,896
Accumulated Capital Outlay	276,250
Land Buildings & Improvements	3,942,500
Resource Management	6,629,951
Mental Health	34,059,485
Mental Health Services Act	16,123,446
Opportunity Center	5,041,760
Public Assistance	113,303,038
Roads	23,900,277
Child Support	8,320,963
Public Safety	68,657,712
Public Health	21,675,175
Internal Service Funds	27,358,727
Enterprise Funds	19,491,193
Air Pollution Control	2,186,763
CSA #1 County Fire	8,172,362
Shasta Co. Water Agency	183,656
IHSS Public Authority	508,466
All Others	535,788

Redding Biennial Budget Balanced and Approved 10 Year Budget Plan \$28 Million in the Hole

On June 21, 2017, the Redding City Council approved the proposed biennial budget for fiscal years 2017-18 and 2018-19. They also received a sobering report on the 10 year plan, showing a deficit of **\$28 million by 2027** if changes aren't made now. They directed staff, at the suggestion of newly appointed City Manager Barry Tippin, to find solutions to “plug holes in the 10 year plan” by July 1, 2018 (more on that in the next few months).

The costs associated with employee salaries, health care and pension benefits, in particular, will continue to increase for several more years, as is the case for most cities and counties in California. Those costs are eating up City funds that would otherwise be applied towards serving the community’s needs, such as adequate public safety, properly maintained streets, roads, parks, and public service in general.

The proposed budget for fiscal year **2017-18 totals \$299.7 million**, a decrease of 27.6 percent from the 2016-17 budget. The proposed budget for fiscal year **2018-19 totals \$295.3 million**, a decrease of 1.5 percent from the proposed 2017-18 budget.

Fund	FY 2017-18	FY 2018-19
General Fund	\$ 74,895,190	\$ 78,126,310
Special Revenue Funds	7,078,560	5,732,750
Enterprise Funds	230,851,290	224,188,370
Internal Service Funds	71,041,020	75,422,040
Less Charges Between Funds	(84,188,110)	(88,168,510)
TOTAL	\$ 299,677,950	\$ 295,300,950

This table shows how the City’s budget is allocated between the **General Fund**, **Enterprise Funds** (all utilities), **Special Revenue Funds** (which are transferred to Enterprise Funds, rolling stock, equipment replacement, parking fund, and library fund), and **Internal Service Funds** (which are assessed from other City Divisions to cover the cost of providing services to those divisions including reproduction, information systems, health and dental coverage, workers compensation, general liability, payroll taxes and associated costs, and central records management).

The **General Fund** is the source of funding for public safety (both police and fire services), community services, public works, development services, debt service, and general government. Where does the General Fund revenue come from? The main source of revenue comes from sales tax. The next largest source of revenue is from property tax, followed by internal service departments.

Where does the General Fund revenue go? **Two-thirds of the revenues go to support Police (38%) and Fire (26%)**. The next largest major expenditure is Public Works (streets) at around 10%, followed by Community Services (7%), General Government (7%), and Development Services (5.5%). The remainder goes to pay debt service and “other” expenses (not broken down).

Of particular concern is the continually rising cost of salaries, pensions, and health insurance for both active and retired employees. There are only two ways to achieve a balanced budget—increasing revenues and cutting expenditures. Unfortunately, revenues will not be increasing enough to cover the alarming increases in these costs:

Public Safety: CalPERS Employer Cost (as a percentage of payroll) 2016-17—**49.47%**; 2017-18—**51.36%**; 2018-19—**56.56%** In addition, the CalPERS unfunded liability payment for the Safety Plan 2017-18 is \$5,763,309 and for 2018-19 is \$6,730,478.

Miscellaneous: CalPERS Employer Cost (as a percentage of payroll) 2016-17—**23.63%**; 2017-18—**25.35%**; 2018-19—**28.7%** In addition, the CalPERS unfunded liability payment for the Misc. Plan 2017-18 is \$7,298,059 and for 2018-19 is \$8,804,035.

Miscellaneous: PARS (supplementary pension plan, **additional percentage** of payroll) 2016-17—range **13.46% to 19.36%**; 2017-18 and 2018-19—**20.59% to 30.07%** which varies based on different bargaining groups.

Three Firefighter Positions Saved

There is a bit of **good news**, however. It appears that, based on recent discussions with CalPERS, there may be potential new revenues created due to savings in the already calculated future payments to CalPERS. This is because of the number of City Public Employee’s Pension Reform Act (PEPRA) employees, or those hired on or after January 1, 2013. The pension liability for the PEPRA employees is significantly less than that of those hired prior to 2013, resulting in an estimated **savings of \$600,000** for the first two years of the budget. Therefore, Council unanimously voted to **retain 3 firefighters** who were scheduled to be eliminated as of June 30th, at least for the next two years, using the \$600,000 which is considered “one-time” money.

Additionally, both the Police Department and Fire Department will apply for grants to retain staff. A grant application is already in process (deadline to apply is July 10, 2017) for a **COPS grant** to try and keep the Neighborhood Policing Unit (NPU) beyond the one year that it is funded now. It would provide 75% funding for 3 years, with the caveat that the City needs to keep the employees hired with the grant for year 4 at their own expense. And, the Fire Department will apply for a **SAFER grant** when the application process opens late this year, which is the grant that expired but had paid for 3 firefighters and 6 apprentice firefighters for the past few years. The 6 apprentice firefighters will be eliminated for lack of funds as of June 30, 2017.

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.

New Mixed-Use Project On Hartnell Avenue Approved—On June 20, 2017, the Redding City Council unanimously approved a request from Lowden Redding Partners LLC to develop an 80,500 square foot mixed use commercial complex on about 6.4 acres located along the north side of Hartnell Avenue, west of Bechelli Lane, at 2953 and 30111 Lowden Lane, 2956 Bechelli Lane and 415 Hartnell Avenue. Building “A” will be a 28,500 square-foot building with a 5,000 square-foot restaurant and the remaining floor area will be medical office space. Building “B” will be 52,000 square-feet with 30,500 square-feet as medical office space and a 22,000 square-foot fitness center. The two buildings will be connected by a pedestrian bridge. One building would sit next to the VA Clinic on Hartnell Avenue, and the other building would be behind it on a bluff toward Bechelli Lane. Redding Planning Commissioners had recommended this project for approval at their May 23rd meeting.



Churn Creek Road at Maraglia Street Improvements Grant Approved—On June 6, 2017, Redding City Council accepted a Federal Highway Safety Improvement Program grant for about \$1.6 million. The proposed project will complete sidewalk gaps, install ADA ramps, narrow travel lanes to provide standard bike lanes, and add street lighting along Churn Creek Road and Maraglia Street. An “enhanced crosswalk” will also be installed on Churn Creek Road with a refuge island and rectangular rapid flashing beacon. The project is intended to improve public safety along Churn Creek Road between Hartnell Avenue and Cypress Avenue and on Maraglia Street between Churn Creek Road and Hilltop Drive. Cal Trans determined that a full traffic signal was not warranted at this time. Design work will now begin.

Costco/River Crossing Marketplace Center Update—The Costco/River Crossing Marketplace project site is bounded by South Bonnyview Road to the south, Bechelli Lane to the west, vacant land to the north and I-5 to the east. When constructed, it will consist of 220,000 square feet of retail uses, including a 152,000 square foot Costco store with up to 15 fuel pumps, and five retail and/or restaurant pads totaling 70,000 square feet. A public scoping meeting was conducted by the City of Redding Planning Commission on June 13th, which provided an overview of the process and the project, and heard oral comments on the scope of the Environmental Impact Report (EIR). Comments were received relating mostly to traffic concerns, tree preservation, noise, and alternative sites. Additional comments in any form are due by June 30, 2017. Written comments can be sent to: kmanuel@ci.redding.ca.us or Kent Manuel, City of Redding, 777 Cypress Avenue, Redding, CA, 96001. Or, you can contact the City Planning Division by phone at (530) 225-4030. The draft EIR will be developed this summer, followed by a public comment period in the fall, and finalized for approval in 2018.

Sheraton Hotel at Turtle Bay—The long-awaited 130 room, four star Sheraton Hotel is well on its way to completion. The contractor, Gifford Construction, has until February of next year to finish but the hope is that it will be much sooner. The wall paper and carpeting are being installed now. The lights are being installed, with furniture and fixtures on their way. It will really start to take shape on the inside in late July and early August. There will be a garden in front of the hotel with a small fountain, two fire elements, room for weddings, etc. in late summer or early fall. The Mosaic Restaurant, adjacent to the hotel will be completed close to the time the hotel is completed. The general manager of the hotel is Lindsay Myers. She managed the Rancho Bernardo Inn and Resort in North San Diego and the Surf and Sand in Laguna Beach. She now lives in Redding and is on site. She will be holding a jobs faire for most of the 70 positions the hotel and restaurant will need to operate. She currently has two members of her sales team helping people and businesses that want to use the hotel next year for rooms, conferences, and meetings. Lindsay can be reached at (530) 242-3120.

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