



The VOICE

Your independent news source

Greater Shasta County, CA

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Did you know...

- Turtle Bay's revenues for fiscal year 2006/2007 fell significantly short (\$534,607) of its budget projections. Spending reductions totaling \$739,751 from budgeted expenditures were necessary to meet the budgeted surplus.
- The City of Redding amended its Executive Management Pay-for-Performance Salary Plan on 8-21-07, increasing the salary range of the Electrical Engineer, Electric Utility Engineer, and Electric Project Coordinator by 8.95%, increasing the Electric Program Supervisor by 7.14%, and the Electric Manager by 1.01%.
- For the period of 7-15-07 through 8-15-07, the City of Redding issued permits for 13 single family homes, 2 multi-family dwellings, 3 commercial buildings, and 121 remodel/repair/additions.
- The average sales price of an existing home in Redding was \$230,200 in July, 2007.
- "Camper's World" is currently going through the County review process to build at the Southwest corner of Knighton Road and I-5.

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UNAFFORDABLE HOUSING IN REDDING

Oasis Road Traffic Impact Fees Program Adopted

At the Redding City Council meeting on August 21, 2007, the Council voted to adopt what is called the "Light Alternative" Traffic Impact Fee Program for the North Redding Traffic Benefit District (NRTBD), the Oasis Road area, after hearing from property owners and developers in the area. This version provides the same basic improvements as the "Full" version, but shifts typical frontage improvements (curb, gutter, sidewalk, and a travel lane) to the adjacent property at the time it is developed. Costs for this alternative are about \$55.3 million, of which \$16.9 million would be the obligation of the Citywide TIF (traffic impact fee) program. The full program costs would have been over \$71 million. Here are the fees adopted:

<u>Residential</u>	<u>Citywide Fees (outside NRTBD)</u>	
Single Family	\$ 4,156	\$ 404
Multi-Family	\$ 2,826	\$ 275
<u>Nonresidential (per 1000 square feet)</u>		
High Generation Retail (big box)	\$ 18,793	\$ 1,818
General Retail (fast food)	\$ 9,352	\$ 909
Low Generation Retail (mom/pop store)	\$ 4,675	\$ 455
Rest of City (office etc.)	\$ 7,273	\$ 707

If these look **steep** to you, **they are**. Consider the cumulative impact of these fees, added to the already existing citywide traffic impact fees. The **traffic fees alone**, if you want to build a home in the North Redding area, will total **\$8,909**. If the "Fix 5" proposed fees are implemented (and we are diligently trying for that not to happen), the total traffic impact fees alone will be **\$10,606**. If the Shasta County proposed fees are implemented (dollar amount not yet determined as of this writing), the figure will be even higher. If we add all the "other fees" which must be paid in order to obtain a permit to build, say a 2400 square foot house, you would need to write a check to the City of Redding for **\$37,891, plus** whatever the Shasta County fees will total when implemented, and that's just for a permit.

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Shasta VOICES Ever-Present at Public Meetings

There seems to be a meeting for every money spending decision being made by the area City and County governments, albeit for good reason. The "money" comes from local taxpayers, and they have a right to know how their elected officials are spending it.

It can be challenging, however, to find out about these meetings, much less attend them to express your point of view. Not many hard-working citizens have the extra time in their day to search, find, study, and attend meetings, which are scheduled during the workday as well as in the evenings.

So, Shasta VOICES has a presence at as many of these meetings as possible. We pass along important information obtained to the general public. We speak up when appropriate, ask pointed questions, and follow-up when the answers aren't readily available. We want our government staff to be accountable for the decisions they make. And, we want our elected officials to pay attention to how the public feels about these decisions.

You are reading that important information with each issue of "**The VOICE**". Thank you for your readership and support!

Unaffordable Housing In Redding

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If you want to build a high generation retail building (i.e. big box), the **traffic fees alone**, for a 20,000 square foot facility, will total **\$772,180**. If the “Fix 5” proposed fees are implemented, the amount increases to **\$857,420**. A truly “high generation retail” building the size of a “Kohl’s”, at close to 100,000 square feet, would pay a staggering **\$4,287,100 in traffic fees alone**. If the Shasta County proposed fees are implemented, the figure will be even higher.

Adoption of a traffic fee impact program is a major step in the creation of a facilities financing approach for the North Redding area. It is this **financing plan** which will generate actual capital for the construction of infrastructure. Collection of traffic impact fees typically occurs at the time development occurs, and the permit is issued. Because of this, it is reasonable to expect that the fees collected will not be available as a source for funding the initial construction.

City staff expects to return to the Council at the September 18, 2007 City Council meeting to discuss the financing opportunities and challenges that will be faced in funding the construction of the improvements. Without financing, no infrastructure can be constructed. That’s government speak for “we need more taxpayer dollars”.

A second “tier” of improvements will be needed to accommodate full build out of the commercial and residential component of the Oasis Road Specific Plan, and other growth throughout the community. The estimated cost is \$130 million.

We can only assume that this habit of adding “fees”, and/or new taxes for the so-called “full build out” will do nothing but continue in the future. And the cost of buying a home, or anything else here? **Unaffordable**, by local standards.

Midterm Review of 2005-2009 Redding Redevelopment Plans

Public Hearings Held on August 20, 2007

“Lithia” Property Acquisition Questioned

In 2004, the Redding Redevelopment Agency adopted a Five-Year Implementation Plan for the Canby-Hilltop-Cypress Redevelopment Project Area, as well as the Market Street Redevelopment Project. These contain specific programs for the five-year period, including potential projects and estimated expenditures and an explanation of how these will eliminate “blight” within the Project areas, and meet the Agency’s housing obligations.

The Midterm Review process documents any actions taken in the past two and on-half years, including the Plan’s affordable housing goals.

On August 20, 2007, the public hearing was held to discuss these reviews. Noticeably **absent** from the written documents available online for perusal before the meeting was the potential acquisition of the Lithia Chevrolet and Toyota Dealerships. Since the budget, which was adopted May 4, 2004, included some **\$9 million** of taxpayer money for this acquisition, it seemed appropriate to have an update of progress made towards this project.

City Manager Kurt Starman was kind enough to listen to our concern and revise the “Review” to include the potential “Lithia” property acquisition for discussion, and offered this update:

An appraisal was conducted and a draft

Purchase and Sale and Commercial Lease Agreement, and a draft Exclusive Negotiating Agreement were prepared for the properties currently comprised of the Lithia Chevrolet and Toyota Dealerships. The draft documents are currently being reviewed by the respective parties.

“Acquisition and redevelopment of the subject properties will afford the Agency an opportunity to enhance the area both aesthetically and economically through its Development Partnerships Program, thereby promoting new development and supporting reuse of a viable piece of property.”

When asked when this agreement is expected to be signed, the answer was sometime in September. If and when the documents are signed, they will be available for public review, and “agendized” one week in advance of the required public hearing on the matter.

Also noticeably **absent** from the review was any mention of the “Economic Incentive Agreement” for the Airport Road Auto Mall. When asked when this document would be

available for public review, we were told it would be in September. We assume this is part of the “agreement” needed in order for Lithia to relocate, and for their existing property to be acquired. It, too, should be available at least one week in advance of the required public hearing, if the parties come to an agreement.

When asked if such an “incentive” program would be available to others in the redevelopment areas, the answer was yes. Anybody can bring their request before the Redding Redevelopment Agency for consideration.

When asked what would happen to the budgeted \$9 million if Lithia chooses not to relocate, the answer was that it would be reallocated at the Redevelopment Board’s prerogative.

The affordable housing component of the Plan requires only 20% of tax revenue to be set aside in a separate housing fund to be expended on housing activities.

The mid-term Review shows that the requirements are being met, with the exception that a higher percentage of housing funds must be expended on housing activities for very-low and low-income households.

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“We Just Can’t Buy Things We Don’t Have Money to Buy” Shasta County Final Budget Hearing Held August 14, 2007

“Shasta County’s fiscal year 2007-2008 budget allows for moderate growth in County programs, while exercising sound fiscal judgment, and establishes additional reserves to ensure fiscal responsibility in difficult financial times.” This overview describes the budget exactly.

At the final budget hearing on August 14, 2007, CAO Larry Lees applauded department heads for the spirit of cooperation. Though the need is still great for additional staff, the reality is that the County has a lack of resources. They are at a point where money is not there to fund new positions. He cautions of

adding new positions without long term revenue to support them, a theme he echoed throughout the hearing. **“This is not the time to be growing government”** he said. And, consistent with this theme, there are reductions in almost every area except Public Safety.

The current economic downturn may impact collection of sales tax and property tax revenues, the County’s largest source of discretionary revenue. One method being taken to respond to this is a “soft hiring freeze”. The budget provides for a workforce of 1,923 full time “equivalents”, a net increase of only 6.7 people.

When asked about the GASB 45 mandate to show how they will pay for promised retiree health benefits, CAO Larry Lees explained that they have outsourced a study of the issue. He plans a slow, methodical process to work towards a funding plan. This includes taking a percentage each year to go towards that currently unfunded debt, and **negotiating new benefits for new hires**. He again said, “we just can’t buy things we don’t have money to buy.”

We should all applaud the efforts of Larry Lees and other County staff members for trying to do something unique in government today—living within their means.

“DOMINO EFFECT” Hits Local Government Assumptions of Growth Not Panning Out

Cities all over California, accustomed to the additional tax revenues provided by the housing boom, now look for ways to trim back as growth slows. The reality of the market today is that the assumptions of growth cannot be there.

The housing fever that gave homeowners dreams of eternal appreciation and easy retirement also infected government. The “wealth effect” that stemmed from skyrocketing home values has vanished, tightening the spending of homeowners. Years of spiking values had homeowners investing in vacation homes, or tapping newfound equity to purchase new cars and travel the world.

So, too, cities, school districts, and redevelopment agencies got a taste of increased revenues from property, hotel, and sales taxes and spent it, budgeted for it to continue, and expected it. Locally, they built a new City Hall, County administrative buildings, ball parks, soccer fields, educational facilities, increased benefits and wages for government workers, promised future raises. There never seems to be enough revenue, and when it’s there, it’s spent on something. **And now, they must gear down the budgets they drafted.**

The Cities of Redding, Anderson, and Shasta Lake, and even Shasta County are no exceptions to experiencing the “domino effect” resulting from the tapering of tax revenue from the real estate slowdown. Both Redding and Shasta County, for example, made reference to the existing and continuing decline in both local sales tax and property tax revenues during their 2007-2008-2009 budget hearings. Shasta County implemented a **“soft hiring freeze”**, and seems prepared for some **belt-tightening**.

The Cities of Redding, Anderson, and Shasta Lake, however, have **not** taken any steps toward belt-tightening, evidenced by current raises for employees, promised future raises for employees, addition of positions, lack of planning for inclusion of the cost of promised retiree health benefits in the budget, the continued spending on costly “special projects”, and budgeting “unfunded items” with no money to pay for them.

The same economic challenges affecting the entire country are affecting us locally—the crunch of adjusting mortgages, and homeowners who have stretched to get into their homes in the first place. Many adjustable-rate mortgages have yet to reset to higher monthly payments. The local tourism industry could take a hit as the real estate market clamps down on spending nationwide. Homeowners can’t as easily withdraw money from the equity of their homes to spend. And, job growth in real estate, construction, finance and retail is slowing.

The answer? Well, belt-tightening within those government walls is a good start. Examining “promised” future raises and benefits for employees and renegotiating those for which there is not money to pay for is another. And, of course, the obvious answer is to **not** spend all of the money when you have it, and **stop** spending money you don’t have, especially for all those “special projects”.

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“Fix 5” Proposed Fees Update

Shasta VOICES continues to track the proposed “Fix 5” fees, which have not yet come up for a vote by our elected officials in Shasta and Tehama Counties. We have done a number of things to get important information out to everyone about the effects on our community of charging such fees. Here is a sampling of those efforts:

- We wrote letters to the elected officials imploring them to hear our concerns about implementing such fees, and stating our concerns, and asking them to meet with us to discuss other options.
- Met with the elected officials who were willing to meet with us, and discussed **alternative options** to charging local impact fees to pay for improvements to an *Interstate*, which is the responsibility of the *Federal* government.
- Attended the Technical Advisory Meetings put on by the Fix 5 Partnership, gathered information, asked questions (with few answers given), obtained more information, expressed our concerns to that group, and asked for **alternatives** to the proposed impact fees.
- Reported our findings and concerns in “*The VOICE*” newsletters to keep the public informed (available online at www.shastavoices.com, or call Mary Machado, (530) 222-5251 for a printed version).
- Met with a multitude of local organizations to generate interest and concern, and formulate a strategy going forward as the “vote” gets closer.
- Crafted a “**Resolution**” that will be presented to all seven of the jurisdictions who will be asked to vote on imposing the “Fix 5” Fees.
- Wrote articles that appeared in the Record Searchlight stating our concerns.
- Did a television news story with Mike Mangas on KRCR Channel 7 discussing our concerns (soon to be available for viewing on our website).
- Performed a study of the **cumulative effect** of the existing and proposed traffic impact fees, as well as all other existing and proposed fees, on our local economy.
- We are in the process of creating a “**matrix**” illustrating the results of our study, and showing just how damaging all these fees are to our local economy. The numbers are shocking to see.

And we are not done by a long shot! We will be unveiling the results of our studies and the “**matrix**” as soon as it is completed through a variety of media venues, and other public forums. We want to share this information with **everyone** who lives and works in our community. It is important that local fees be directed to local roadways used primarily by local citizens.

If you want to help us with this effort, please call Mary Machado, (530) 222-5251. Thank you!

Join Shasta VOICES today. We depend on membership and other contributions.

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(530) 222-5251

Mary B. Machado, Executive Director