



The VOICE

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Did you know...

- The Gaia Hotel in Anderson has been purchased out of bankruptcy by Izabella Investments, a Chicago-area investment group that plans to spend \$1.5 million on the 121 room hotel near the Riverside Avenue/I-5 interchange. The new owners have aligned themselves with Choice Hotels International's boutique brand, Ascend Hotel Collection. They hope this will help business, generating room stays through Choice Hotels loyalty program.
- Shasta County's unemployment rate increased to 10.9% in July, up from 10.6% in June, but down from 13.5% a year ago. There were 7,000 fewer private sector jobs in July compared with July 2006, the year values in the housing market peaked. California's unemployment rate increased to 8.7% in July, up from 8.5% in June, but down from 10.6% a year ago.

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Updated Impact Fee Program Adopted by Council

Redding City Council voted **unanimously** to adopt an updated Development Impact Fee Program on August 20, 2013. The new Program includes recalculated fees as well as some changes to the way fees are applied to commercial projects. Here are the updated fee amounts recommended by the Advisory Group who studied the program with City staff and the hired consultants and ultimately adopted by the Council :

Fee Type	Current Fee	2010*	2011*	2012/2013*	2014 Fee
Traffic	\$5590	\$5824	\$5968	\$6114	\$5713
Water	\$6896	\$7184	\$7362	\$7543	\$5600
Wastewater	\$6828	\$7218	\$7397	\$7578	\$7000
Parks	\$3997	\$4176	\$4271	\$4375	\$3997
Fire	\$867	\$903	\$926	\$948	\$966
TOTAL	\$24,178	\$25,305	\$25,924	\$26,558	\$23,276

The controversial recommendation for a large increase in Parks fees by Kim Niemer, the City's Community Services Director, was **not** approved. Instead, Council voted to have an update of the now **ten year old** Parks, Trails and Open Space Master Plan before any parks fee adjustments are made. Council agreed with the Advisory Group that the standards and system of calculating parks impact fees for new single family homes needs further study. They agreed that the request to increase this particular fee by as much as \$2,776 was just not affordable, particularly in the current local economic climate.

The City had given impact fee waivers to builders from October 2011 through June 30, 2013 in the amount of \$12,518 per single family home to jump start the new construction industry and Redding's economy. This proved to be highly successful, as a total of 200 single family home permits were drawn, which exhausted all of the available fee waivers. Council members opted not to "shoot themselves in the foot" (as Missy McArthur said) now that the building industry is just beginning to recover from the recession by hiking fees.

It may take up to one year for the Parks Master Plan update to be completed. Parks fees will remain at \$3,997 per single family home in the meantime.

Had Council not approved this updated fee program, the impact fees may have returned to a higher level. As indicated in the above chart, the new fees will total **\$23,276** for a typical new single family home. This is **\$3,282 less** than where the fees would have been without this update. In addition to these fees, however, school fees must also be collected at a rate of \$3.20 per square feet. For an 1,800 square foot home, this adds \$5,760 to the cost of the home. Added to the \$23,276, this amounts to \$29,036 in impact fees for a typical new single family (and more for larger homes). School fees have always been collected by the County, so this is not anything new. The State has jurisdiction over these fees, and neither the City or the County has authority to change them.

But beyond the fee amount, there are some very economically beneficial changes that have been made to the Program that have gotten lost in all the hype about the fee amounts.

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Redding Utility Rate Increases Begin in October 2013

The Public Hearing for adoption of proposed increases to rates for water, wastewater, and solid waste utility services in the City of Redding took place on August 20th. The first week of July, the City mailed out **protest ballots** to every utility fee payer. Under the law, any property owners and utility ratepayers subject to the above increases may submit a protest against any or all of the proposed changes by filling out a written protest with the City Clerk at or before the time set for the public hearing. More than 50% of ratepayers must object in order for the increases to be prevented. Protest ballot results are as follows:

58,037 ballots mailed out: **Water**—27,936 eligible protests, 6,533 (23.39%) returned; **Wastewater**—33,764 eligible protests, 6,611 (19.58%) returned; **Solid Waste**—33,565 eligible protests, 6,562 (19.85%) returned.

Therefore, the proposed rate increases will become effective in October, 2013.

	2013	2014	2015
Solid Waste	3% (\$0.60)	4% (\$0.82)	4% (\$0.85)
Wastewater	6% (\$2.46)	6% (\$2.60)	6% (\$2.76)
Water	7% (\$1.99)	7% (\$2.13)	7% (\$2.28)

Additionally, a new **tiered-rate system for water rates** was approved. Under this system, each single-family residential customer will pay a fixed charge intended to cover the majority of the cost of delivering water to the residence, as well as a variable charge (commodity) charge based on the actual amount of water consumed, effective October 2013. Here are those tiers:

Fixed Charge for all residential users: \$ **15.84** (currently \$10.00)
Tier 1: 0-11 per 100 cubic feet (ccf): \$ **0.48** (currently \$1.01—this is a **reduction** of \$0.51)
Tier 2: 11-36 per ccf: \$ **1.28** (currently \$1.01)
Tier 3: 36+ per ccf: \$ **1.58** (currently \$1.01)

Fixed Charge for other meter sizes:

3/4-inch (not residential):	\$ 21.41 (currently \$16.49)	2-inch: \$ 93.88 (currently \$87.90)
1-inch:	\$ 32.56 (currently \$27.48)	3-inch: \$ 183.06 (currently \$175.81)
1.5-inch:	\$ 60.43 (currently \$54.94)	4-inch: \$ 283.39 (currently \$274.70)
		8-inch: \$ 896.54 (currently \$879.04)

Commodity Charge (per ccf) - all other uses (not residential): \$1.00 per ccf

City Decides to Participate in Community Airline Incentive Initiative

Redding City Council voted to approve participation in the Community Airline Incentive Initiative on August 20th, as part of ongoing efforts to increase air service options for the Redding community.

The intent of the program has been to create an Airline Travel Bank and Reserve Guarantee Fund from pledges of local investors. The Travel Bank will be used for ticket purchases with the airline that agrees to serve the Redding market. The revenue guarantee fund will be used to assist the airline in making up for any shortfall in revenue during the first year of service.

To date, the program has raised \$899,000 from the following local businesses: Bethel Church, Black Bear Diner, CH2M Hill, EDC of Shasta County, Foothill Distributing, Forward Redding Foundation, Greater Redding Chamber of Commerce, IASCO Flight Training, Largent Real Estate, Lassen County Nursery, McHale Sign Company, Member's First Credit Union, North Valley Bank, North Valley

Distributing, Redding Bank of Commerce, Shasta Regional Medical Center, Simpson University, Sof-Tek Integrator, Inc., and Ted Pella, Inc.

City Council authorized the allocation of \$35,000 to this Initiative. There will be no increase in the City's budget as funds have already been budgeted for the current fiscal year for travel expenses for the Airports Division and REU. The Airports Division can dedicate \$5,000 and REU can dedicate \$30,000 from its travel budgets.

Fifty percent of the pledged funds will be collected by September 1, 2013 and deposited in a local bank. The remaining pledged amounts will be guaranteed through a contract with EDC of Shasta County, payable upon successful airline negotiations. After an airline commits to providing service to Redding, a local bank will issue ATB travel cards that can be used to purchase tickets on the airline. If no Airline Service Agreement is reached by June 30, 2014, all investor money will be returned.

Bond Refinancing Includes Redding Police Facility; City Council Approves REU Relocation Space

On July 30th, a majority of Redding City Council approved the issuance of Lease Revenue Bonds in an amount not to exceed \$15 million to **refinance** the 2003 Lease Revenue Bonds for Capital Projects, and to finance the design, acquisition, and construction of a new police facility.

This means that the outstanding prior bonds, having an average existing interest rate of 5.28 percent, will be refinanced at a lower rate, thereby reducing the debt repayment. The savings to the City is estimated at a 9 percent present value. This will provide an estimated annual savings for the current fiscal year of \$645,000 and an annual amount of about \$615,000 going forward. These bonds were originally issued to finance capital improvements for the City's water and wastewater utility.

Included in this bond issue is **\$5.4 million** to fund construction of the new police facility in the parking area just west of City Hall. Financing the new police facility is estimated to result in average annual debt payments of about \$355,000.

Additionally, Council previously approved a plan to relocate a portion of the Redding Police Department (RPD) employees (administrative) to City Hall. Part of this plan calls for the relocation of the REU and Reprographics departments to make room for the RPD employees. This frees up a total of 19,400 square feet on the second floors of City Hall. The City had been searching for an alternate location for the REU and Reprographics departments, and found that location.

On August 20, 2013, a majority of City Council (Jones and Cadd dissented) approved a Purchase and Sale Agreement with Shasta Enterprises to acquire the office building and additional acreage located at **3611 Avtech Parkway** for use by Redding Electric Utility (REU) and Reprographics. They appropriated \$10,900,000, which includes a 20% contingency for the purchase of the property, construction of improvements, and moving expenses required to relocate REU, along with up to \$500,000 in Public Benefit funding for energy efficiency upgrades. The total cost of this move is estimated at **\$11,400,000**: Building/land acquisition, \$5,350,000; moving and outfitting, \$1,100,000; building and land improvements, \$4,250,000; customer service enhancements, \$200,000; energy enhancements, \$500,000.

REU will use \$4 million from reserves and bonding of \$6.9 million for 30 years, resulting in an annual debt repayment of \$462,000 per year. This would be offset by the \$285,000 that REU is currently paying in rent for space in City Hall, resulting in a net increased cost to REU of \$177,000 per year. Apparently, this is within REU's most recently approved budget.

Costco Development Agreement Finally Approved

A Credit and Reimbursement Agreement with Costco Wholesale was originally scheduled to be considered at the December 18, 2012 Redding City Council meeting. It finally came back to the Council at the July 30, 2013 City Council meeting, and Council unanimously authorized the Mayor to execute the Agreement with Costco.

When completed, the agreement will allow for the construction of the widening of Oasis Road and realignment of Twin View Boulevard, both conditions for Costco to construct a new 148,000 square foot facility at the northeast corner of I-5 and Oasis Road.

Costco (acting as the developer) will provide construction capital for the project, with costs estimated at \$3.9 million. The City of Redding will provide construction management services for the project. Two public works bid packages will be advertised: Bid Package 1 will include the realignment of Twin View Boulevard north of Oasis Road. Bid Package 2 will include widening of Oasis Road and realignment of Twin View Boulevard south of Oasis.

Costco will also fund project development support, including preliminary design through preparation of the construction contract documents. This cost has been estimated at \$624,000.

Costco will fund right-of-way support and capital costs for right-of-way needed for the North Redding Traffic Benefit District (NRTBD) improvements, with the City-owned right-of-way being credited toward the City's reimbursement obligation to Costco. There is also right-of-way to be credited to Levenson Development Corporation estimated at \$1.2 million.

Costco is responsible for both NRTBD and Citywide traffic development impact fees (TIF) associated with its project. These amount to about \$4.1 million and will be allocated as a credit against the necessary improvement costs.

Costco will be responsible for initial funding of the project. The estimate for these costs, including project development, right-of-way, and construction is **\$5.3 million**. Credit will be applied for Costco's TIF amounts, and the remaining amount of about \$1.2 million will be reimbursed in 10 annual payments beginning in 2014. A simple interest rate of 2.7 percent per annum will be used to calculate the payment.

The project should now move forward fairly quickly, with construction beginning in 2014.

LAFCO Terminates Executive Officer

The Shasta Local Agency Formation Commission (LAFCO) terminated Executive Officer Amy Mickelson after evaluating her performance in mid-July. She had been at the center of complaints that LAFCO isn't performing studies required for districts to expand their sphere of influence and performing other required studies.

Municipal Service Reviews (MSRs) and Sphere of Influence (SOI) updates for 51 special districts and three cities were mandated for completion by January 1, 2008; in the past ten years Shasta LAFCO has not produced one LAFCO initiated SOI update, yet they collect upwards of \$182,000 per year from Shasta County's special districts and cities.

LAFCO is an agency tasked with helping form cities and special districts within Shasta County and approving requests for boundary expansions and some annexations by those agencies. It's funded by contributions from cities, the county and special districts, which also have representatives on the agency's seven-member governing body. The commission chose to transfer Michelson's duties to the agency's attorney, Jim Underwood, who is paid \$145 per hour. A request for proposal is being prepared for the potential hiring of a full time employee or a contracted position.

Updated Impact Fee Program Adopted by Council (continued from page 1)

These changes are to the *administration* of impact fees for commercial and industrial construction:

- Future impact fees for new shopping malls/strip centers will be calculated differently. Developers will now pay ***mixed-use impact fees*** when they build such centers rather than low-generation commercial fees. This means that the impact fees will include percentages for multiple uses when constructed, rather than assigning a general commercial impact fee at time of construction. Future tenants who choose to locate in the center would not owe any further impact fees, because the proper fees will have already been paid. There will be ***no more change of use fees*** for these newly built centers. City staff is still working on a possible plan to grandfather existing centers in the future, but that change has not been officially codified.
- Future commercial and industrial construction water and wastewater ***hookup fees will now be based on the meter size***, rather than on household equivalents (HE's). This greatly simplifies the calculation for such hookups, and provides an accurate amount right up front when builders or businesses are trying to cost out their project, with no surprises when it's time to receive occupancy permits. In most cases, this will also reduce the cost of such hookups over prior years.
- A ***new method of calculating traffic impact fees*** has also been established. Administration of these fees will be done project by project, using industry accepted trip generation, pass-by rates, and trip lengths to calculate the projected vehicle miles traveled (VMT). Fees will be assigned by industry, rather than the current method of being categorized in one of three commercial classes. Both City staff and the Advisory Group felt that this was a much fairer way to administer traffic impact fees.

The comprehensive newly adopted Development Impact Fee Program Ordinance repeals and replaces the existing Chapter 16.20 of the Redding Municipal Code. It becomes effective January 1, 2014. The first inflationary increase to the new impact fees will occur July 1, 2015, and on July 1st each year in the future.

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