



The VOICE

Your independent news source

Greater Shasta County, CA

Volume V, Issue VI

www.shastavoices.com

November 2011

Did you know...

- Regularly updated Caltrans data on highway traffic (I-5) shows a distinct drop in the Redding area the past few years. Depending on which Redding interchange for which there is data, there has been a 5 to 10 percent drop. Caltrans also maintains Highways 44, 299, and 273 through the Redding area. Nearly all of them recorded similarly lighter traffic from 2007 through 2010.
- Shasta County will add 15 new temporary full-time jobs to the Health and Human Services Agency to process the dramatic influx of requests for food stamps. The number of recipients in the county has increased by 75% in four years. The jobs, which will cost about \$1.2 million, will be funded by the state and federal governments., and will sunset at the end of June, 2013.

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Giving Thanks...

In the spirit of the Thanksgiving season, Shasta VOICES would like to take this opportunity to say "thank you" to the people and events that helped us all get through another rough economic year in our community.

Thanks go out to Redding City Council members and our Redding City employees for negotiating their labor contracts to include concessions that will provide ongoing savings to the City and help reduce the burden on taxpayers. These include the elimination of the employer paid member contribution to Cal PERS retirement plans, requiring that employees pay the full 7 percent or 9 percent of salary (their share of the cost for this benefit), and modification of the retiree health insurance formula for current and new employees.



Redding City Manager Kurt Starman, and Public Works Director Brian Crane deserve a round of applause for working with Jerry Wagar and Mary Machado to suspend the annual inflationary increase in development impact fees. This policy change was approved by the Redding City Council in April, and will eventually help new construction, particularly new single-family homes, to once again become competitive in the marketplace. Additionally, thanks go out to the City Council and Development Services staff for implementing a temporary program in October, reducing sewer and traffic impact fees for residential development for new single-family homes. This amounts to a reduction of \$12,518 per single-family home. Builders have said they would reduce their asking prices by this amount.

The South Redding Six-Lane Project is now underway. This project will add an additional lane in both directions to Interstate 5 from just south of the Bonnyview interchange and north to Lake Boulevard. Thanks to the efforts of our Shasta County Regional Transportation Planning Agency, this project is totally funded, primarily with Prop 1b monies. No local fees were needed after all, and construction began perhaps 20 years earlier than it would have if the proposed (and defeated) "Fix 5" local fee program had been implemented. The construction work was awarded to local contractors, who have created many local direct and indirect jobs.

Thanks to one of our local organizations, Bethel Church, who agreed to lease the Redding Civic Auditorium (formerly the Redding Convention Center) in August, allowing the City to keep the Auditorium open. It was scheduled to be closed otherwise. The agreement will generate over \$3,180,000 of new revenue for the City from January 2012 to September 2021. This will eliminate a \$1.4 million annual subsidy from the Transient Occupancy Tax (TOT) and other General Fund. revenues.

The Shasta County Supervisors unanimously approved the Knighton and Churn Creek Commons Retail Center on August 1st, making the decision based on what they felt was best for the community at large. At full build-out, this project could create 1600 jobs and provide an infusion of up to \$50 million per year economically. Though Churn Creek Bottom homeowners are trying to reverse this decision via the ballot box in June, 2012, we applaud the efforts of the Supervisors to make the tough decisions necessary for economic sustainability.

Lastly, thank you to all the supporters of Shasta VOICES. We are making a positive difference to the economic opportunity in our community because of you. The year 2011 can be characterized as the year our community actually "did something" about the Great Recession we are experiencing locally. Let's continue to do something more throughout 2012.

Public/Private Partnerships (Privatization) Nixed

At its regular meeting of April 5, 2011, the Redding City Council directed staff to proceed on identifying opportunities for the City to enter into public/private partnerships (privatization) for three departments: the treatment plant operations of the City's Water and Wastewater Utilities, building and planning functions of the Development Services Department, and Information Technology. The City contracted with three consultants that it felt would provide proper expertise and objectivity to studying such opportunities.

At a workshop held November 10, 2011, the three consultants presented their findings, and a majority of the City Council voted to accept their studies and recommendations as follows:

- Water Works Engineers of Redding performed the Water/Wastewater Treatment study. They concluded that many of the traditional drivers leading to privatization do not exist in the City of Redding. The City has a skilled and professional operations and maintenance staff, the City is not facing operational or regulatory failures, they have done well in competing for low-interest loans and grants to help fund capital needs, and they are not facing a major change in size or complexity of treating water and wastewater. Water Works Engineers concluded that there is **not a clear savings** for the City of Redding to privatize. The salary packages the City offers are generally competitive with the private sector, with the **exception of the retirement benefit** component. They concluded that potential savings in this area would be offset by profit expectations by the private provider and City costs associated with managing the private contract. They recommended continue use of the City staff to operate and maintain these plants.
- Zucker Systems examined the building and planning functions of Development Services. The report estimates that privatization of these functions could cost the city anywhere from \$424,000 to \$777,000 more than it currently costs the City to employ staff. However, vendors have indicated that they can likely produce the same amount of work in 15 percent to 25 percent less time than City employees. Assuming a 15 percent time reduction, the City versus private cost would be about equal; with a 25 percent time reduction, **privatization could save the City \$218,000**. There would be additional costs to the City, however, to administer and monitor contracts, which the report states would likely run in the 10 percent to 15 percent range, perhaps negating any potential savings. A comparison was made to the salary and benefits of a City's building inspector, calculated at a cost (fully loaded) of \$70.00 per hour. The corresponding hourly rate that a consultant would charge the City for the same building inspector is \$110.00 per hour. Zucker Systems did suggest, however, that when development activity returns to a higher level, the City use contractors for overflow work or increase workload.
- Matrix Consulting studied the Information Technology area within the City. They determined that "greater efficiencies can potentially be gained via changes to the current delivery approach versus other service delivery models (i.e. outsourcing)." They recommended centralizing current IT staff resources by re-allocating staffing from the Electric Utilities and/or the Police Department to achieve potential cost savings of up to \$162,000 per year.

Utilizing outside consultants to study privatization or outsourcing of these services was a welcome departure from the normal City practice of asking staff to perform the studies. At the workshop, Mayor Missy McArthur said she felt that this was a very worthwhile activity, and the value in doing these reports is that it identifies weaknesses in the system and cost-effective improvements.

There were several private sector companies in attendance at the workshop who believe they can provide cost efficiencies to the City and would like an opportunity for consideration. City Manager Kurt Starman did say he wanted to keep that door open now and in the future.

No "Specific Plan" for Civic Auditorium Area

At the November 1, 2011 Redding City Council meeting, the Community Services Advisory Commission (CSAC) requested approval to proceed with a master planning effort, referred to as a "Specific Plan" on the area including and surrounding the Civic Auditorium.

Staff indicated that there is already a "Redding Riverfront Specific Plan" in place, which is a very detailed and binding document. Questions were raised about potential conflicts with this document.

CSAC Chairman Adam McElvain said that he brought this

issue forward so that there would be a community plan in place that would be a legally binding document to preserve the area for future generations. There is a tremendous amount of passion in the community to support this effort.

After much discussion, Council directed CSAC to work with the full Redding Planning Commission to re-visit the existing Riverfront Specific Plan, and perhaps even holding joint public meetings with CSAC. This will allow the general public to participate in the discussions as well.

No date has been established yet for future meetings.

Studies Done on Impacts of Proposed Referendum and Initiative for Churn Creek Bottom Area

At the November 1, 2011 Shasta County Supervisors meeting, two studies were presented concerning the impacts of the approved Resolution 2011-91, which would *allow* development of the Knighton and Churn Creek Commons Retail Center project, which is now subject to Referendum, and the impacts of the “Churn Creek Bottom Agricultural Lands General Plan Amendment Initiative,” which was brought forward by the Churn Creek Bottom Homeowners. We will attempt to summarize the findings of these two studies:

- If allowed, the **fiscal impact of developing** the Knighton and Churn Creek Commons Retail Center would result in an estimated annual surplus to the County’s General Fund of **over \$2 million and an annual surplus to Public Safety of \$715,000**. If allowed, the affected area will further the objectives and policies of the General Plan and not obstruct their attainment. If allowed, the project would cause no inconsistency between the General Plan and zoning regulations. If allowed, the project would have no effect the limitations imposed on the County regarding affordable housing. If allowed, the project would remove approximately 86 acres from potential residential development, but would not affect the County’s ability to meet its regional housing needs. The project as proposed, at full build out, will fund transportation and school facilities through the payment of traffic and school construction impact fees. It will also provide funds for general government infrastructure through payment of development impact fees. The funding impacts will generate a total of **\$4,921,052**. If allowed, the project would promote new business and significant employment opportunities within the County’s established Enterprise Zone. It would provide for a range of uses. Infrastructure improvements would be made to the surrounding roadways. It would allow for the convenience of multiple goods and services to be purchased during a single visit, thereby reducing vehicle miles traveled, and encouraging a longer visit by patrons. The convenient access from I-5 would capture patrons to visit who would otherwise pass through Shasta County without stopping to purchase goods and services. The construction of the project would provide about 500 construction jobs and around 1,650 permanent jobs. The project would be a **catalyst for new economic growth** within Shasta County. The project would contribute to economic stability of the Shasta County fiscal budget through collection of **approximately \$1,032,872 in annual property taxes, \$1,262,250 in annual sales tax revenue, and \$809,913 in annual Prop.172 Public Safety sales tax revenue**. Additionally, at full development the project is expected to generate an **annual payroll of about \$45,000,000**. The project will incorporate private infrastructure for water and sewer services which will comply with all required regulations at no burden to Shasta County or any other jurisdiction. If allowed, the project would provide beneficial alternative land use opportunities on approximately 86 acres of intermittently used and marginally productive vacant lands. If allowed, development of regional commercial facilities would add to traffic congestion, but would generate fees to finance necessary road and other infrastructure improvements. Such development could affect existing business districts, but is far enough away that “second store” opportunities would become available.
- If approved by voters, the proposed ballot **Initiative** will **prevent any amendment of the General Plan** to re-designate agriculture lands in the Churn Creek Bottom area to any other designation **until December 31, 2036**. Using the Knighton and Churn Creek Commons Retail Center as an example, the estimated foregone annual revenues to the General Fund would be \$2,321,000. Estimated foregone revenues over 25 years totals \$58,025,000. The Initiative may be **at odds with general plan** findings, objectives and policies, and may effectively exempt the area from accommodating its share of future growth and place that burden on other areas. The Initiative prohibits required Agricultural Resources reviews every 5 years, and precludes any ability to comply with Mineral Resources objectives, Air Resources policies and objectives, and Community Organization policies. The Initiative is **inconsistent with government codes** requiring planning agencies from the systematic process of general plan review and potential updates **required by law**. The Initiative stops the local agency from addressing the full range of community interests, priorities, issues and alternatives necessary to achieve the General Plan’s overall purpose. The Initiative **would limit the use of land and prevent private land owners from obtaining land use changes**. It would **prohibit private property owners from developing or expanding commercial operations on vacant lands currently designated commercial** in the general plan. It would **limit or prohibit expansion of existing commercial enterprises and prohibit the establishment of new commercial enterprises**, such as RV parks, fishing lodges and other commercial recreation facilities on the west side of Riverland Drive. The Initiative **would allow the siting of low and very low income housing within Churn Creek Bottom** in compliance with State Housing Law. The Initiative preempts the normal 5year review and update process for the General Plan. The Initiative will curtail new business and employment opportunities, eliminate opportunities for regionally significant economic development, and preclude financing of necessary infrastructure improvements.

The Supervisors passed a resolution on November 5th that calls for an election and places the Referendum and the Initiative on the ballot for the June 5, 2012 Presidential Primary election for the purpose of enabling voters to approve or reject the Referendum, and to approve or reject the Initiative, as required by elections codes. There will be much information coming forward in the months leading up to the election on both of these issues. We will do our best to keep you updated!

Shasta County RTPA Resolves Conflict

At the October 25, 2011 meeting, the Board for the Shasta County Regional Transportation Agency (RTPA), despite three previous efforts with Shasta County to have an adequate number of staff members assigned to perform the required workload for the current fiscal year, were unable to come to a successful conclusion on this issue.

Shasta County's Department of Public Works Department provides staff to the RTPA, and is reimbursed for work dedicated to the RTPA. In August, the County removed two full-time planners previously assigned to the RTPA, jeopardizing the RTPA's ability to maintain their workloads and success in obtaining grant funds for our region. The Board was considering whether or not to officially ask the County to reinstate (up to) two full-time planners, and eventually determined that they would do so by a majority vote.

In the meantime, the County Administrative Officer Larry Lees stepped in to work this out internally with all the staff members involved. The County agreed to reinstate the two planners, and they are currently working once again for the RTPA. This particular conflict has been resolved to the satisfaction of all parties.

Through this conflict, however, it was determined that the absence of a structured agreement with the County needed to be addressed. The RTPA Board expressed a desire to have direct authority over appointment of its Executive Director and staffing levels. Therefore, they are now pursuing a formal Memorandum of Understanding (MOU) with the County. The County is willing to entertain an MOU, but has concerns about relinquishing control of staff to the RTPA Board. This MOU is now in process, and may take some time to complete.

Also, on a happier note, a \$1 million grant was approved for the Deschutes Road northbound off-ramp and round-about project that has been pending for some time. There is now a total of \$3 million available towards the \$6 million cost of this project. With 50 percent now available for matching funds grants, this project is nearing reality!

Trial for REU Lawsuit Held November 8, 2011

A lawsuit filed against the Redding Electric Utility (REU) by local REU ratepayers in February 2011 claiming that the 7.84% rate hike approved in December 2010 is illegal went to trial at the Shasta County Superior Court on November 8, 2011, with Judge William Gallagher presiding.

The trial lasted one full day, with attorneys for both sides presenting their arguments. At the center of this issue is the inclusion of an almost \$6 million transfer of "in-lieu property tax" funds (PILOT charges) from the utility to the General Fund without voters approval. The Citizens for Fair REU Rates are seeking refunds for REU customers for excessive rate charges that began in January, 2011. They are represented by Fee Fighter LLC, a local special purpose collection company, whose local attorney is Walter P. McNeill.

Here is a summary of the issue brought forward in the lawsuit: The PILOT charge is not attributable to any costs incurred by REU or the City electric service and exceeds the reasonable costs to the City/REU of providing the service or product. The PILOT charge is deposited in the City General Fund and is used for general government purposes. Therefore, it is a "tax" which was not submitted to the voters for approval, as is required by law.

Judge Gallagher listened intently to both sides of the argument, and took the case under submission. He did not say exactly when he will render his decision. Due to the complexity of the issue, he wanted ample time to come to his conclusion. Whatever he determines, each side has said they will appeal if they do not prevail. Stay tuned!

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