Citizens for a Sustainable Future

Shasta VOICES
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The VOICE

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Greater Shasta County, CA

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Did you know…

- ***J.F Shea, a local contractor, was awarded the bid for construction of the I-5/Oasis Road Interchange realignment. 7 other local subcontractors will also be working on this project. Funding for the project was provided by the Federal Stimulus Program, or ARRA.***
- ***The Dana to Downtown Project, which includes the Hwy 44 bridge replacement, Auditorium overcrossing, eastbound and westbound auxiliary lanes, pedestrian walkway and bike path, is on track for completion in September, 2010, about 18 months ahead of schedule.***

Inside this issue:

EPMC, PERS, PARS… What? Here's what, and why it's important for you to know

If there were ever a time to learn about complex government programs, it would be now. With election season upon us, it is more important than ever to understand what you will be asked to vote on in November, especially at the local level in Redding.

Let's begin with the one of the most controversial issue, **PERS**, the ***Public Employee Retirement System***. The City of Redding contracts with the California Public Employee Retirement System (**CalPERS**) to provide retirement benefits to its employees. This means that the City pays CalPERS a percentage of each employee's salary until that employee retires, and each employee pays a percentage of their salary until they retire. CalPERS tells the City how much that percentage is each year, and breaks it down in two (supposedly equal) parts, just like the Social Security system most of us are familiar with:

1. the ***employers share*** of that percentage, which for social security is 6.2%, and
2. the ***employees share*** of that percentage, which for social security is 6.2%. This must be paid by the employee, and is deducted from each paycheck.

For those Social Security retirement program participants, they can retire and begin drawing their full retirement benefit, based on their ***35 highest years of earnings***, at age ***67***. Early retirement is available beginning at age 62, with a reduction in monthly benefits. The monthly check comes from the Federal Government's Social Security Administration.

The City of Redding does not participate in the Social Security program, but in the CalPERS system instead. When the employee does retire, they receive a monthly retirement check from CalPERS. The ***standard*** CalPERS retirement formula is referred to as **2% @ 55**. This means that an employee can retire at ***age 55*** and, using their ***highest one year*** of earnings, is paid at a rate of 2% for each year of employment. As an example: 30 years worked x 2% = 60% of highest year's earnings. 60% x $60,000 (highest year's earnings) = $36,000, or **$3,000** per month at retirement. Here is the somewhat complex breakdown of percentages the City pays for their employees to have retirement benefits, based on which of the 9 bargaining units they belong to. We will start with the most generous program:

1. **Public Safety:** Police and fire employees have an *enhanced* retirement benefit program through CalPERS called **3% @ 50**, which means they can retire at ***age 50*** and, using their ***highest one year*** of earnings, be paid at a rate of 3% for each year of employment. Here is an example: 30 years worked x 3% = 90% of highest year. 90% x $75,000 (highest year's earnings) = $67,500, or **$5,625 per month** at retirement. The cost to the City to provide this benefit will reach ***44.8%*** of salary in 2012 (42% now). The employees are supposed to pay their share of the cost of this benefit, which is only **9%** of the total, as established by CalPERS, and the City pays the remainder. But, they have "bargained" over the years to have the ***City*** pay for their share, and that is what is happening currently. Now, here comes the really complex part: The City "pick-up" of the employees contribution to this plan is referred to as Employer Paid Member Contribution, **EPMC.** This group has also bargained for another enhancement: the **9% employee share** which the City pays is reported as ***additional compensation*** to those employees who enjoy this benefit**,** and is ***included as income*** when the calculation is made for the **final retirement benefit amount.** So, add the 9% ($6,750) to our example of $75,000, bringing the total highest year of earnings to $81,750, and now the employee receives $73,575, or **$6,131 per month** in retirement. That's **98%** of what they earned in their highest year of earnings.

Yes, it's complex, but stay with us...continued on Page 4!

Shasta County "Exempt" from first round of Greenhouse Gas Emission Reduction Targets

Senate Bill 375 (SB375) requires the California Air Resources Board (CARB) to set passenger vehicle greenhouse gas emission reduction targets for 2020 and 2035 in each of California's 18 Metropolitan Planning Organization (MPO) regions. Shasta County in one of the smaller MPO's. We were supposed to receive our draft target number from CARB by June 24, 1010. But when the draft targets were released, there was a clear focus on the "big four" metropolitan regions as well as those in the fast-growing San Joaquin Valley.

The "big four" regions include the Bay Area, Sacramento, San Diego, and Southern California. The smaller regions, including Shasta County, are by-and-large ***exempt*** from the first round of target setting. This approach is a direct result of the input provided by Shasta County and its peer agencies. CARB staff specifically acknowledged that the six smaller regions (Butte, Monterey Bay, San Luis Obispo, Santa Barbara, Tahoe, and Shasta) had contributions to statewide vehicle miles traveled that were minimal, only about 5% combined. They further agreed that the smaller regions do not have access to adequate resources, modeling capacities, or specialized staffing needed to generate accurate targets within the timeframe allotted by SB 375.

CARB staff noted that the efforts expended and experience gained by the large and fast- growing regions will provide a solid basis for smaller regions when targets are revisited in four years.

In the interim, CARB staff has proposed that targets in smaller regions reflect those projections found in each region's current Regional Transportation Plan or, if available, more recently updated growth projections. So, work is currently underway to examine and, if warranted, make adjustment to Shasta County's Regional Transportation Plan projections in order to reflect more current data and/or present day economic realities. Pending the results of this analysis, a recommended target range will be provided for consideration by the Board of the Shasta County Regional Transportation Agency (SCRTPA). As directed by the Board, a regional target recommendation will be provided to CARB. This target, which is due by September 30, 2010, will serve as a placeholder until 2014, at which time a more substantiated target may be provided.

The proposed draft targets will be revised after a ***public workshop*** process. A final staff proposal will be released in August and the Board will consider adoption of targets in September.

Privatization of City Parks Maintenance and Convention Center Master Plan Under Review

Redding's Community Services Advisory Commission (CSAC), who met on July 14th, have been charged with exploring whether or not ***privatizing*** the maintenance of City parks would be feasible and save the City any money.

Kim Niemer, Director of Community Services, will be busy preparing data for review by the commissioners including:

- Inventory of current facilities maintained (all parks have now been measured to provide a good inventory).
- Inventory of current value of equipment.
- Detailed budget information with total cost of services provided on a per-acre basis, breakout of direct costs, administration, and overhead (including line item for vandalism and theft).
- Employee information including staffing levels, workflow, compensation including all benefits, comparable data for equivalent positions in other communities.
- Existing outsourced landscape maintenance district contracts and past and present bids for evaluation.

At the July 14th CSAC meeting, the commissioners also determined that they would like to see the total annual budget divided by the total annual hours worked, so that they can see what is being spent per man-hour.

The commissioners also put a firm ***timeline*** on this evaluation process: staff will come back at the August meeting with the documentation required for study. CSAC plans to study that information, receive public input, and make a decision at either the September or October 2010 meeting. They are hoping that it will not be difficult to actually receive responses to a Request for Proposal (RFP) from local companies qualified to do this kind of work.

Also at the July 14th meeting, the commissioners discussed creating a "Master Plan" for the Convention Center campus. Staff had provided them excerpts from a ***"Specific Plan"*** document prepared in ***1990*** originally for this area. It had come back as an issue in 2004 and most recently in 2006. The commissioners didn't know there was already a master plan, and asked for an update in some form. They felt they need to evaluate the 1990 plan to see if we need a whole new plan or if this one can be used and updated. They also learned that there is a ***"Turtle Bay Master Plan"*** in process, and asked to see that as well. A suggestion was made to give this as a semester project to Cal-Poly students, who may only charge $2,000. That will remain a consideration after review of the 1990 document .

What is Mello-Roos?
Do we have it in Shasta County?

Many prospective homebuyers in California are becoming increasingly aware of the term Mello-Roos when looking to purchase new and used homes. What exactly is Mello-Roos, you ask?

Mello-Roos is a form of ***financing*** that can be used by cities, counties, and special districts (such as school districts). Mello-Roos Community Facility Districts (referred to as "CFD's") raise money through special taxes that must be approved by 2/3rds of the voters in the district. A CFD is formed to finance major improvements and services within the district which might include schools, roads, libraries, police and fire protection services, or ambulance services. The taxes are secured by a continuing lien and are levied annually against property within the district.

In almost all cases, Mello-Roos special taxes are levied as part of the annual property tax bill. You should be able to find your Mello-Roos special tax as a line item on that bill.

Mello-Roos districts are part of California's Mandatory Property Tax Disclosure law. Failure to disclose the presence of a Mello-Roos district places the seller in jeopardy of non-disclosure legislation.

Here are the steps needed for the formation of a Mello-Roos:

1. Need: Either a) A developer wants to build a housing or business development and needs public funding to put in roads, utilities and other facilities, or b) An existing community needs new services to be provided or facilities to be built.
2. Petition: A written request must be made by two members of the authorizing legislature, or a petition of voters or by landowners who won 50% of property. The legislature then adopts a resolution of intention to form a special district.
3. Hearing: A hearing is held by the legislature to accept protests by landowners and voters in the area. If 50% of the registered voters or owners of 50% of the area's land submit written protests, the proceedings are either stopped altogether, or modified to conform to the demands of the protests.
4. Vote: After 90 days have passed, but before 180 days, the proposed levy is submitted to the area's registered voters. A 2/3 majority vote is required to pass the special tax. It there is not a 2/3 majority, the legislature may not pursue the formation of a Community Facilities District for at least one year.
5. Bonds Issued: Once the lien on the properties in the district may begin to sell municipal bonds. This raises the money necessary to pay for the proposed facilities. If the district was formed to provide only services, bonds will not be issued.
6. Calculation: Each year the district calculates the special tax for each parcel, basing the calculations on the Rate and Method of Apportionment (RMA). The district submits the tax charges to the County, who adds them to your annual Property Tax Bill.

Do we have any Mello-Roos Districts in the Shasta County area? As a matter of fact, ***we do,*** one in Anderson that has been approved, and one proposed in South Redding. Also, in the early 90s, three other districts were set up for annexations near the Redding airport, but proposed development never occurred, and few (if any) fees were ever collected.

The City of Anderson, at its June 1, 2010 Council meeting, approved the final Environmental Impact Report and Specific Plan for the ***Vineyards Planned Development***, which will guide the 2,442 acres of land through development. They adopted the "Public Facilities Financing Plan Vineyards at Anderson Project" on September 18, 2007 to generate $105 million in bonded indebtedness. They decided after much study to limit financing mechanisms to those that would be solely the responsibility of the property owners located within the Specific Plan itself. They eliminated Development Impact Fee Programs as an effective source of financing, as the collection of fees as development occurs will not provide a sufficient level of funding to build the Public Facilities in a timely manner.

The total property taxes, including the base one percent and all assessments cannot exceed 1.75% of assessed value. There are four special assessments generated by the Vineyards: two in the Community Facilities District (CFD), the lighting and landscaping district, and a fire district assessment. There will also be others such as school bonds. When the bonds for the CFD are actually issued (which has not happened yet), they will trigger additional obligations to the property owners. These could add as much as $2,700 annually for a 2,000 square foot house, and would escalate 2 percent per year.

In South Redding, the proposed ***Shastina Ranch*** project has planned a Mello-Roos Community Facilities District (CFD) to generate about $15.5 million in bonded indebtedness, covering 1,070 potential units. The proposed annual special tax rate for these homes would be from $1,000 to $1,820 per home and would escalate 2 percent per year. The equivalent ***total*** tax rate (which cannot exceed 1.75%) is expected to be between 1.36 percent and 1.51 percent. The facilities proposed for construction include the extension of Shasta View Drive, traffic signals at Airport Road/Shasta View Drive and Rancho Road/Shasta View Drive, Phase I improvements at Churn Creek Road/Rancho Road/Victor Avenue, and traffic signals at Alta Mesa/Rancho Road.

EPMC, PERS, PARS continued from page 1

2. **Management Employees and IBEW (electric workers):** Members of these bargaining units have an *enhanced* retirement benefit. Remember, the standard CalPERS benefit is the **2% @ 55** plan. These members have an enhanced plan called ***2.7%* @ 55**, which means they can retire at age 55 and, using their ***highest one year*** of earnings, be paid at a rate of 2.7% for each year of employment, instead of the standard 2% for each year. Now it gets complex again. The City contracts with a company called Public Agency Retirement Services, or **PARS**, to provide this enhanced plan to these employees. What this means is that instead of receiving the standard 60% of the highest year's earnings in retirement, they receive ***81%***. As an example: 30 years worked x 2.7% = **81%** of highest year. 81% x $75,000 (highest year's earnings) = $60,750, or **$5,062** per month at retirement. The cost to the City to provide this benefit will reach ***33.3%*** in 2012 (31.73% now). The employees are supposed to pay their share of these benefits, which would only be **7%** of salary**,** and the City pays the remainder. But these employees, too, have bargained over the years to have the ***City*** pay their share, and that is what is happening currently. As described under the Public Safety section, the City "pick-up" of the employee's contribution to this plan is referred to as the Employer Paid Member Contribution, **EPMC.** This group of employees also has bargained for ***another*** enhancement: the **7% share** which the City pays is reported as ***additional compensation*** to these employees, and is ***included as income*** when the calculation is made for the **final retirement benefit amount**. So, add the 7% share ($5,250) to our example of $75,000, bringing the total highest year of earnings to $80,250 and now the employee receives $65,003, or **$5,417** per month in retirement. That's nearly **87%** of what they earned in their highest year of earnings.

3. **Miscellaneous employees:** Members of these bargaining units also have the *enhanced* retirement benefit called **2.7% @ 55**, which means they can retire at age 55 and, using their highest one year of earnings, be paid at a rate of 2.7% for each year of employment. Here is an example: 30 years worked at 2.7% = **81%** of highest year. 81% x $45,000 (highest year's earnings, usually much lower than public safety and management salaries)= $36,450, or **$3,037** per month at retirement. And again, the City has contracted with Public Agency Retirement Services, or **PARS** to provide this enhanced retirement plan (standard plan is ***2.0%*** @ 55), which means that instead of receiving **60%** of the highest year's earnings in retirement, they receive **81%**. The cost to the City to provide this benefit will reach ***33.3%*** in 2012 (31.73% now). The employees are supposed to pay their share of these benefits, which would only be 7% of salary, and the City pays the remainder. But they, too, have bargained over the years to have the ***City*** pay their share, and that is what is currently happening. As described in the two above examples, the City "pick-up" of the employee contribution to this plan is referred to as the Employer Paid Member Contribution, **EPMC**. This group of employees does not, however, enjoy the benefit of having this 7% reported as additional income when the calculation is made for the final retirement benefit amount.

4. **Part-time employees:** Some part-time employees participate in the PARS program. They do pay their employee share of the cost, which is 3.75% of salary, and the City pays an equal 3.75% of salary on their behalf.

It is not too difficult to see that the ***costs*** to provide the existing retirement benefits to City employees in the City of Redding has reached an alarming level at a time when City revenues continue to decline. And, these benefits costs reflect only ***one*** of the benefits afforded City employees. In our next issue, learn about ***other employee benefits*** including retiree health insurance, active employee and dependent health insurance, vacation, sick leave, holidays and tuition reimbursement.

Though the subject matter at hand is complex, it is imperative that the voters understand this and other issues that will become political battles over the next four months, if they are to make an informed decision when they vote.

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