



2011 State of the City Speech

***“Building Bridges to Prosperity”***

**Mayor Missy McArthur**

Thank you, ladies and gentlemen, for joining us today to celebrate the state of our great city.

You know, I never, ever thought I’d use the words “Celebrate” and “State” in the same sentence, especially after what our “friends” in Sacramento have done to us over the past few months. But in spite of that – in spite of the many challenges we have faced this year – I am proud to say the state of our City is strong. And we do have many successes to celebrate.

As you know, our last State of the City address was 20 months ago, and a lot has happened since then.

The economy of our City, our state and our nation has continued to face unprecedented challenges, even though we’d hoped we’d seen the worst. We have seen a few positive signs, but the ride has been bumpy to say the least.

In the past year, our sales tax revenues have stabilized and we’ve seen modest growth in the most recent quarters. The unemployment rate for our City has been on a roller coaster since we last gathered here, hitting a high of nearly 18 percent and dipping

below 15 percent a year ago. Yet today, 14 percent of our friends and neighbors are still without jobs in Shasta County. While that may look better compared to 18 percent, it still looks mighty bleak to me.

One area in which there is still plenty of room for improvement is our construction industry. We saw a modest increase in our building permit activity in 2010, but I'm sorry to say that this year we are on track for the lowest valuation ever. Unfortunately, this has the effect of something that doesn't seem possible – a triple-edged sword:

-- The most immediate impact is the reduction in fee revenue paid by new construction, money that goes to pay for basic services and infrastructure in the City. From 1999 to 2008, City revenue from new construction was significant. This fiscal year we have budgeted for a decrease over last year, with a slight increase budgeted for next year.

-- New construction brings jobs and salaries. That, in turn, brings customers to stores who purchase everything from construction supplies to new furniture and appliances. The City's share of retail sales tax on those purchases accounts for almost one-third of the General Fund budget, which pays for our police and firefighters, as well as important amenities like parks and libraries.

-- Lastly, our property tax revenue has stagnated, as home foreclosures continue to hold down values, and land remains vacant and unimproved. We don't expect property tax revenue to increase for at least another year, and then only slightly. As you can see, we've been flattened by steamrollers that aren't even operating these days.

At our last State of the City address, we vowed that we were Working Hard for Redding's Future. And we're still working hard. The economic waters are still troubled. The currents are swift and murky and treacherous. At times it may seem like we are up that proverbial creek without a paddle. Or even a canoe.

But today I want to remind you that our hard work has been productive. We have also been busy building bridges – figuratively and literally – to take us to better times.

We – City workers, citizens, and yes, even the City Council – have done some good things in the past year. Because of this, the state of our City is strong. Its outlook is bright.

I know you've heard the stories about other cities throughout California. Some are treading water. Others are up that creek without a paddle -- or even drowning. But even during this Great Recession, the City of Redding has celebrated success in ways that many other cities can't dream of. Let me give you just a few examples:

How many of you drove here over the new Cypress Avenue Bridge? ... How about the new Highway 44 bridge? ... I'll bet Councilmember Sullivan rode her bike here on the Dana-to-Downtown trail! Those are concrete symbols of our success and that of our local partners.

On April 14 of this year we officially opened the new Cypress Avenue Bridge, capping nearly four years of construction. Although the bridge was open to traffic in February, Mother Nature and the Sacramento River beneath it had other ideas, so our ceremony was delayed a bit. Still, it is a project of which we all should be very proud!

More than 88 percent of the \$62 million project was paid for with federal funding. The remainder came from state funds and local Traffic Impact Fees.

We replaced a pair of two-lane bridges – one built in 1948 and the other in 1968 – with a modern six-lane crossing. It is not only state-of-the-art structurally, but it is a true work of art. It will carry our cars and pedestrians and bicyclists across the river, and our community into the future, with efficiency and class.

Others have noticed too. Our Public Works Department was honored with a “Project of the Year” award this summer by the American Public Works Association. Congratulations to Public Works Director Brian Crane and his talented staff.

Redding’s other major river crossing, Dana to Downtown, was officially opened almost exactly one year ago today and it, too, is an inspiration during these difficult times.

This \$66 million project was a true partnership between our friends at Caltrans, the City of Redding and the Shasta County Regional Transportation Planning Agency. In addition to the creation of six lanes over the Sacramento River, it includes much-improved access to the Civic Auditorium. But I have to be honest: My favorite part of this project is the new paved trail that skims along the Turtle Bay lagoons and crosses the river, giving you some of the world’s best views along the way. Where else in the world can you watch nesting bald eagles on the way to a shopping mall?

Yet another “bridge” that is now open for business is the new loop on-ramp from Oasis Road to Interstate 5. We opened the ramp in July and were able to leverage \$3.6 million in American Recovery and Reinvestment Act funds and Traffic Impact Fees to

open the Oasis Road area to initial development. That project, under contractor J.F. Shea of Redding, also included new traffic signals to help increase capacity of the interchange.

These are true bridges to our City's future economic growth – and to a more efficient and citizen-friendly community. In the past 20 months, we've been working on many other projects that may be less visible, but just as vital, to helping bridge Redding to future prosperity.

Let's face it: Sculpted bridges are much sexier than water mains or sewer lines. But they are both very important. When you turn on that faucet you expect to see clean, safe water every time. To ensure that happens, in March of this year, the City completed construction of a new 30-inch water supply line from the Sacramento River Pump House to the Foothill Water Treatment Plant. I'll bet many of you weren't even aware of this project – even though a 30-inch pipe is pretty hard to miss!

This new line replaced an old 18-inch pipe installed in the 1920s – before that last great economic downturn. Some of you may remember it breaking unceremoniously near Eureka Way a few years ago. Shasta High School assured us they did not need another swimming pool, so the old line was officially put out of service. Not only does this \$3 million project provide greater raw water capacity today but it is a wise investment in our infrastructure for at least the next 70 years.

On the other end of the pipeline, we've been making improvements to both of the City's wastewater treatment plants, as well as to parts of the system feeding them.

The Clear Creek Wastewater Treatment Plant is in the middle of an \$82 million multi-year, multi-phase rehabilitation and expansion. This past year, we continued work

on the fifth of seven different bid packages, and began work on the sixth, with completion expected by April 2013. At the Stillwater Wastewater Treatment Plant, the design of improvements is complete and we plan to begin construction next summer to expand the capacity of the plant and position us for future growth, including new manufacturers we hope to bring to Stillwater Business Park.

Work continues on replacement and expansion of the Boulder Creek Interceptor, one of the City's primary sewer lines. Phase 1 of this multi-year, multi-phase \$15 million project was completed this summer. It was instrumental in providing wastewater capacity for the continued development of the Highland Park subdivision and other new developments in northeast Redding. More phases are in design with construction expected in 2012 and 2013.

Two other projects, the Mary Street Lift Station and Force Main have helped modernize and increase capacity on these key wastewater facilities on the west side of Redding. The new lift station is done and will ensure that we are able to prevent potential overflows during severe storms and provide needed capacity for growth on the west side of Redding.

All three completed projects, totaling approximately \$ 6.1 million, were funded by low interest loans from the State Revolving Fund, and City Wastewater rate and impact fee funds. The best news is that nearly \$3 million of the principal of those loans will be forgiven by the State Water Resources Control Board, a huge benefit to our City. Another \$5 million will be forgiven on loans for the Clear Creek Plant project as well.

I know none of you ever complain about potholes in our streets. And while our streets aren't paved with gold, they do contain more than a million dollars more of improvements in the form of new asphalt paving. In the past year, we utilized nearly \$850,000 in federal stimulus money along with Streets funds to overlay portions of Hilltop Drive and Cypress Avenue, taking us well into the next decade.

At Redding Municipal Airport, we have also used federal grant funds to begin the expansion of the terminal building, adding 8,000 square feet to the 22,000-square-foot building. Budget wrangling in Washington caused some delays in the project, but it is back on track. It will bring much-needed improvements and enhance our efforts to attract additional carriers in the future. Ninety-five percent of the \$9.1 million project comes from Federal Aviation Administration grants.

Across town at Benton Airpark, a \$3.8 million project is in the works to shift the airport runway to the south and create adequate safety areas. And again, most of this will be paid for with federal and state grants.

All of these wonderful projects – water lines, pump stations, bridges and roadways are vital to any city. But along with the “nuts and bolts,” I'm proud to say our City has been forward-thinking and innovative during these difficult times. We've embraced projects that make sense today and will pay off tomorrow.

Out on Shasta View Drive, we're all going in circles – in a good way. We've completed a traffic roundabout in conjunction with the Redding School of the Arts, and another is under way where Shasta View intersects with Old Alturas Road. While I know some of you are still adjusting to this new way of driving, roundabouts have actually been

used in Europe for decades. They save electricity because they need no traffic signals. They save gasoline by reducing cars stopped at red lights. And they are safer and more environmentally friendly. For Redding's future, they make sense.

So does a project completed at Redding Municipal Airport this past July, a three-acre photovoltaic "solar farm." This \$4.2 million project uses solar panels to turn sunshine into electricity, helping significantly reduce Airport operating costs.

We were able to use a combination of federal stimulus money, Redding Electric Utility rebates and a lease agreement to make this creative project shine. The City Airports Fund will save \$3.4 million over the life of the system, but the environmental benefits are just as important. We are taking the equivalent of 242 cars off the roads for 25 years, or the equivalent of planting 393 acres of trees!

On the other side of town, we cut the ribbon last March on another modern facility to generate electricity – Unit 6 at the Redding Power Plant. This high-efficiency combustion turbine generates 42.5 megawatts of power from natural gas – and another 14 megawatts from the steam byproduct it generates. This is enough to power more than 48,000 typical Redding homes. Unit 6 features state-of-the-art emissions control technology and is heralded as a model for environmental efficiency statewide. This \$69 million investment will enable Redding Electric Utility to retain control of its resources and to continue to provide the low-cost power our City needs to prosper in the future.

I suspect not many of you were around when a group of disgruntled City residents banded together to urge Redding's leaders to purchase Pacific Gas & Electric facilities and form a municipal utility. That was in 1921 and this year marks the 90<sup>th</sup> birthday of

Redding Electric Utility. Happy Birthday REU and to those of you who attended that Council meeting, we thank you!

In the past 90 years, REU has been at the forefront of innovation and planning for Redding's future. It has played a key role in helping educate our youngsters about science and energy through such great events as the High School Science Bowl and the Annual City Services and Energy Fair. In the past 11 years, an estimated 50,000 people of all ages have attended the Fair, learning about the City and how to conserve our resources.

The projects I've mentioned have not only positioned the City for future success, but they've created a significant number of jobs in a time when they are very much needed. And, we're helping build other economic "bridges" to take us to better times.

Last year we officially opened Stillwater Business Park. This year, we are well into construction of the next phase – a second bridge and access at the southern end of the Park. I know you'll agree that this may be the most difficult time in history to encourage manufacturers to uproot and move, or to grow a company from scratch. But one thing is certain: When the time is right, Redding will be second-to-none for those who come looking.

Thanks to perseverance by City staff and our economic development partners, we have seen encouragement from the business community from our marketing efforts. This past spring we were among a number of sites considered for a second campus by prestigious Lawrence Berkeley National Laboratory. And, this summer, the City Council approved a Letter of Intent with Southwest Paper USA, a startup company that could

mean hundreds of quality jobs for our community. We will continue to spread the word that Redding is Open for Business!

In the heart of Redding, it's hard to miss the resurgence of our Downtown and our Redding Redevelopment Agency has played a vital role in that.

Agency staff has been nothing short of heroic in working with the California Administrative Office of the Courts to ensure that a new Shasta County Courthouse is constructed Downtown. This \$170 million project will generate much-needed construction jobs and business for suppliers, as well as preserve the Downtown area as the center for our legal and justice services for many years to come.

We are finishing the final details of turning over individual parcels to the state and architectural design is the next step in the process. This new facility will contain 14 courtrooms, state-of-the-art security and will be built to LEED certification, making it one of the "greenest" buildings in the city. We look forward to its completion in 2014.

Great downtowns need great restaurants, and you may have noticed we've made a lot of headway in that area recently. In the past few months, we seen the opening of Spoon Me Yogurt, Shameless O'Leery's, Mary's Pizza Shack, Old School Restaurant, Clearies and others. Not only have these entrepreneurs brought new and creative offerings to our taste buds, but they've revitalized buildings that might otherwise have stayed dormant, detracting from our Downtown.

Our Market Street Promenade has quickly become the "town square" of Downtown with the new sculpture structures public art complete. Combine that with

more new businesses and a thriving student population, and you'll see we've made a lot of progress in the past year.

In fact, we've seen quite a bit of commercial construction and remodel activity throughout the City, from restaurants to new hotels to medical office buildings.

I mentioned the Redding Redevelopment Agency a moment ago. For an agency that has been on "death row" for the past year, it has played an incredible role in Building Bridges to Prosperity in our City. It has been the moving force – or at least a key player – in helping bridge the way to better health, more productive businesses, and safer neighborhoods that once were blighted. It has helped transform our Downtown from sleepy to vibrant and active.

The Agency provided \$200,000 to help fund expansion of the Shasta Community Health Center this year, including solar panels, more efficient air conditioning units and relocation of sewer lines. It is providing \$150,000 toward design and construction of public improvements that will assist with new development on Cypress Avenue. On Pine Street, the Agency has partnered with Weaver Contract Services to turn a little-used public parking lot into a three-story, mixed-use facility. When complete next summer, this project will have street-level commercial space with apartments above, some of them for low- or very low-income residents.

Redevelopment has served as a bridge to clean, affordable housing throughout our City, helping those who otherwise might be living in a motel – or on the streets.

In February, we celebrated the opening of the East Street Senior Apartments, a sparkling example of leveraging \$1.1 million of Redevelopment funds to construct a \$5.1

million, 21-unit affordable complex. We partnered with LINC Housing, creating a wonderful place to live in what was previously a vacant, weedy, trash-littered and blighted downtown lot.

We have partnered with other organizations to create affordable units in the Parkview Neighborhood, in some cases combining commercial uses with housing for low-income residents. K2 Land and Investment and the Community Revitalization and Development Corporation have developed these projects with financial assistance and loans from the Redevelopment Agency, again turning blight into beauty.

Last year, we completed Saint Clare Court – a partnership with Northern Valley Catholic Social Service that created 15 affordable units for individuals suffering from mental disabilities. And we've worked with FaithWORKS Community Coalition to construct more affordable units for homeless families on Linden Avenue.

Some would say this is not the role of government, to help the needy, the seniors, the mentally challenged. I believe there is a balance between what we must have and what we can do to help others. Certainly, a strong economic base is important for our City. But just as important is quality of life – the reason many of us stayed in Redding or moved here. Our Community Services Department is largely responsible for that; it's a small department that produces very big results.

Perhaps the crown jewel of Redding is its nationally acclaimed trail system. In the past 20 months, the Sacramento River Trail was expanded from the Sundial Bridge to Dana Drive and to Turtle Bay East thanks to a partnership between the City of Redding, RTPA and Caltrans as part of the Highway 44 Bridge project. Grant funding through the

California Resource Agency, California Department of Fish and Game, California Department of Boating and Waterways, and the California Wildlife Conservation Board was indispensable. Additional enhancements to the Sacramento River Trail system included two miles of repair and repaving, and enhancing the trail and restoring riparian habitat at Turtle Bay and the Turtle Bay Arboretum.

The City also entered into the Sacramento River Parkway Partnership, a multi-agency effort to develop amenities between Shasta Dam and the Bureau of Land Management Bend area and into the center of Red Bluff. This partnership has fostered over 30 miles of new trails connected to Redding's trail system.

For those who want to get on the river, rather than just near it, Community Services has lead the effort to significantly improve what used to be known as the South Bonnyview Boat Launch. It is now the John F. Reginato River Access and features a riverfront trail, handicapped fishing platform, kayak and raft access ramp, picnic facilities and renovations to restrooms and parking. This project has been more than two years in the making, and included passage of special legislation in Sacramento to change the name to honor longtime resident John Reginato, who pioneered tourism efforts in Shasta County and surrounding communities.

Big League Dreams continues to operate successfully in spite of a poor economy and in the 2009-10 fiscal year generated over \$125,000 in revenue for the City of Redding. During that same period, the Redding Soccer Park served more than 150,000 paid and non-paid spectators. The facility continues to host large tournaments that draw hundreds of teams, many from outside the immediate area.

Registered users of the Redding Library continue to increase and last year more than a half-million patrons visited this fine facility. More than 22,000 new items were added to the Redding Library and 300 individuals donated their time -- the equivalent of 14-and-a-half full-time positions.

Those of you who enjoy the fireworks outside these doors every Fourth of July can thank many City departments for their efforts, including Police, Fire, the Streets Division and Parks Division, along with the McConnell Foundation. And you should thank the hundreds of volunteers – along with Community Services staff – for the annual Community Creek Clean-Up events that continue to make the Sacramento River Trail a more enjoyable place to be. This year's event is October 1 and there's still time to sign up.

Quality of life begins with our children and Community Services continues to serve thousands of Redding residents through recreation classes and programs of all varieties. And to make it easier, we've implemented a project to allow all of you to register for those classes online. That system should be fully up and running by next spring.

With lean staffs and pocketbooks, we realize City government cannot do everything. And, so, we've found great ways to partner with others to stretch our dollars and services.

At the Martin Luther King Jr. Center, we have partnered with Cypress Elementary School to revamp the after-school program, increasing attendance from about eight students to as many as 40. AmeriCorps volunteers helped with new programs and a local

company, N Computing, helped retrofit the computer lab. Home Depot and the Rotary Club of Redding and Sunrise Rotary Club helped with improvements inside and out. This is a true community partnership.

In another neighborhood, the Active 20/30 Club, Redding East and West Rotary Clubs, and Sunrise Rotary Club helped transform the aging T.R. Woods Park into a neighborhood jewel. Youth partnerships have been vital as well, such as utilizing the California Conservation Corps to construct West Redding trails or welcoming Boy Scouts to build benches and tables when they are done. A literal army of Simpson University students have helped make our Creek Cleanup a success every year. We thank all of you for your generosity!

Protecting our quality of life may be the most important job we have as a City and we're all well aware of the pressures the Recession has put upon our Police and Fire Departments. Some of the impacts have been highly visible – like the closing of a Fire Station – while others have been behind the scenes, but no less important.

Our Fire Department was already lean when the decision was made to close Station No. 2 in January of this year. This was an extremely difficult decision, but a necessary one to meet our budget responsibilities. Nevertheless, our firefighting force continues to show its skill and professionalism particularly in major incidents that have happened during the past year.

Like all City Departments, our Fire Department has been creative in finding ways to stretch limited resources. It worked with the Buckeye Rural Fire Protection District to replace a front-line engine company at Station 6 on Oasis Road, helping coverage in that

area and throughout the City. It also worked with SHASCOM to implement the first phase of Emergency Medical Dispatching, which provides pre-arrival instructions to citizens and prioritizes calls for the most efficient response so we have less duplication of services.

Our firefighters train hard and are ready for the most severe disasters on a daily basis. But they, like our other City of Redding employees, are also there for the “little things” that make Redding a great place to live. Take a look...

[Cat Rescue Video]

Our Police Department also has felt the impacts of budget reductions – as has virtually every city throughout California. Since 2008, our number of sworn officers has been reduced from 119 to 98 – a reduction of nearly 18 percent. We have also reduced the number of non-sworn positions by 22 since 2008, making it harder to be proactive in fighting crime. Eleven of those reductions were our Community Service Officers, who performed many duties that freed up sworn officers.

Because of this we have had to work smarter and more efficiently, prioritizing as much as possible and using technology when it is beneficial to the public. As an example, this fall we are implementing “Coplogic,” software that will allow citizens to report certain crimes online. Another tool, called “Crossroads,” will allow insurance companies and individuals to order police reports online, freeing records technicians to do other duties.

Automating the workload for officers and support staff certainly helps, but it does not make up for what has been a 25 percent reduction overall in the Police Department

workforce. Our response times have gone from about 12 minutes to 12 minutes, 45 seconds in the past two years, and our availability for traffic enforcement has been reduced.

Yet, we all should be very appreciative and very proud of the ongoing efforts the Department has maintained to keep our community safe. Although we have seen more evidence of gang activity in our area during the past year, RPD continues to lead a collaborative effort to hold the line through the Shasta and North State Anti-Gang Enforcement Units. Part of that effort is eliminating graffiti as soon as it appears – and there is no one to thank more for that than Community Service Officer Bob Brannon. With help from others, including the Rotary Club, Youth Violence Prevention Council and others, Officer Brannon has done an excellent job.

RPD has faced sobering times during this difficult economy, and I would like to acknowledge the Redding Peace Officers Association for recognizing and sharing in the City's challenges. Through collaboration in the negotiation process, we reached an agreement this year that includes provisions for them to pay their share of retirement contributions. As the City works to stretch every dollar, this agreement is significant.

Concessions by the International Association of Fire Fighters Local 1934 resulted in a similar agreement that will reduce the City's long-term costs for retirement and health care. And I am pleased to report that a contract has been reached with the International Brotherhood of Electrical Workers Local 1245 that reflects the importance of reducing the City's future benefits costs as well as recognizing the value of our workforce. Once again, these agreements are significant to the City's financial health.

For the past three years, each mayor at this podium has acknowledged the need for a modern new police facility. Make that four years. We're not there yet, but we have taken steps necessary to get us a little closer. We are working to purchase the Costco building on Dana Drive with the ultimate goal of retrofitting it into a safe and spacious home for our personnel. Our officers deserve nothing less.

Many of you have had to find ways to make more out of less. We, too, have looked to the private sector and ways to leverage our resources as much as possible.

This year, the City Council commissioned outside studies on the potential benefits of public-private partnerships in our Water and Wastewater utilities, our Development Services Department and our Information Technology Department. We also leveraged nearly \$900,000 in federal stimulus money to train local contractors and workers and create the Redding Electric Utility Home Performance Program. The ripple-effect of this investment are new jobs, equipment sales and reduced energy bills for residents.

At Redding Municipal Airport, we've worked closely with IASCO to explore a way to build more permanent facilities and provide transportation for its student flight school. This partnership has literally soared, creating as many as 60 jobs and pumping \$15 million in our community.

Like you, we at the City know there are many things out of our control. The economy – like Sacramento legislators – has a mind of its own. We must control what we can and guide our own destiny. To that end, the City Council has made tough choices – sometimes agonizing choices – to ensure we're on secure financial footing.

This past June, that meant decisions that reduced our budget by \$3 million. In the past 20 months, we have elected to contract out our Convention and Visitors Bureau and our Civic Auditorium to reduce costs. We voted to place Measures A and B on the ballot and, when they passed overwhelmingly, have worked with employee bargaining units to arrive at contracts that will control retirement and insurance costs. We've reorganized entire departments leaving many of our department heads wearing more caps than a baseball team, and losing many directors in the process.

We've also tried to help reduce the burden on you, the citizens, as you deal with the same hardships. The City Council voted to freeze Development Impact Fees and agree to study them to ensure they reflect the true costs they represent. It also voted to freeze Service Fees and Charges last year – and most of them again this year -- to provide a little bit of relief.

As I mentioned earlier, there are a few bright spots out there. Sales tax revenue is inching back up again. Our hotel tax revenues rose this year compared to last, and that means tourists are back on the roads. And while home prices are not fully stabilized, the number of homes on the market has been reduced considerably in the past three years.

Perhaps the best sign of all, for the City of Redding, is that it has taken me longer than 30 minutes to tell you all of the good things that have happened in the past 20 months. Despite all of the bad news, despite all of the uncertainty, our City has continued to keep its feet on firm ground while reaching for a better future.

We still have a long way to go before we can breathe a little easier – or certainly relax. In the meantime, we'll continue to do our best to keep Building Bridges to Prosperity.

Thank you.