



## 2010 State of the City Speech

# **“Working Hard for Redding’s Future”**

**Mayor Patrick Jones**

Thank you, ladies and gentlemen, for joining us today as we reflect upon the state of our city.

Normally, this would be an opportunity to celebrate our successes of the past year. And while I believe we have a reason to be proud in many areas, I am well aware that we’ve experienced some of the toughest months this nation – and our city – have ever seen. During the next few minutes, I’d like to offer a view of what we’ve accomplished in the past year and present a glimpse of where we are poised to go in the future.

First, however, let me be very clear: I am not here to paint a rosy picture of where we’ve been and what lies ahead. I certainly don’t need to tell you that it has been a difficult year and that we have plenty of hard work ahead of us. But we are “working hard for Redding’s future.” And I truly believe that work will pay off for many years to come.

Our accomplishments for 2009 may have paled a bit to those of years before. In many cases during the past year, an “accomplishment” meant simply keeping our budget

balanced with the least amount of harm to our good citizens, our hard-working City employees and our valued business friends.

Likewise, our goals for the future may be a bit more modest. I'd prefer to call them "practical." But considering the times we're in, reaching those goals will be an accomplishment indeed, however modest they may be.

A year ago, former Mayor Bosetti stood here and recounted the difficulties of the past twelve months. He talked about the housing market collapse that has made its impact felt, not just in Redding, but throughout the United States. He talked of too many foreclosure signs popping up in our neighborhoods. He spoke of too many empty storefronts and going-out-of-business sales in our city.

Perhaps most discouraging of all was the grim news of family and friends who, through no fault of their own, were suddenly jobless. After years of earning a living and contributing to this great community, they found themselves out of a job.

Sadly, today, a year later, we know that that *wasn't* the lowest point. It *wasn't* the beginning of a turnaround that we all hoped would be coming sooner rather than later.

Unemployment has remained pretty much steady since last January, despite a few peaks and valleys, at over 15 percent. Foreclosures, while showing some favorable signs in the past few months, still are at record levels.

Closer to home, new construction in our City has been anemic at best. Each month seems to bring news of yet another record low amount of residential building permits. We recorded one of the lowest-ever years for building permits in the history of our City. And, taking inflation into account, 2009 may be the all-time lowest.

As you well know, those numbers have a ripple effect on our community as a whole, as well as City government, whose basic services depend upon the fees and tax revenue generated by such construction. As construction dries up, so does the retail sales tax generated from new furnishings, appliances and building materials. The fees paid by new construction would have gone to help construct sewer or water lines, roads and other improvements, generating new construction jobs and sales tax revenue.

The increased value of undeveloped property that would normally be filled with new homes is not there, stagnating our property tax revenues – another key source of income for the City of Redding.

The worldwide recession has come home to roost here in Redding in other ways as well.

How many more empty storefronts have grown up like unwelcome plants within our City in the past year? The closure of major employers like Mervyn's, Gottschalks and Circuit City sent shock waves throughout California that echoed here in Redding as well. Office buildings stand empty in greater numbers than we've ever seen. Just as with the drop in construction, the exodus of these businesses have had a painful impact on our City revenue and the services we're able to provide.

The good news – if you can call it that – is that our City employees, our City Department heads and, ultimately our City Council, have made the difficult choices necessary to ensure Redding remains strong and viable. While the task has been painful, this is the hard work we must endure to guarantee Redding's future is bright.

After implementing budget reductions three times in 2008, the City Council was forced to consider additional cuts in 2009 as a result of declining revenues.

In May, the City Council approved reductions of \$4.6 million to the General Fund, reducing services in many areas and, regrettably, requiring the layoffs of some City employees. While painful, the result was a balanced biennial budget for Fiscal Years 2009-11.

But the hard work was not done.

Continued gloomy news of declining sales tax revenue, along with decisions by our state legislators to seize significant amounts of our local money, caused us to once again make the difficult choice to reduce our budget. Once again, key services were reduced or eliminated and some employees laid off.

I'm sad to say that, in the next few weeks, the City Council will again have to find ways to close a multi-million-dollar budget deficit caused by the continuing recession.

In the past two years, our City has reduced its budget by approximately \$13 million. We can no longer hide the impacts or postpone them. It has meant fewer employees or services available on any given day, as many are taking furloughs to reduce costs. It has meant reorganized priorities in areas such as law enforcement as we've dealt with fewer personnel.

And while the task has been distasteful, it has been necessary to make sure Redding continues to enjoy the reputation as one of the best-run, financially prudent cities in California.

We've been working hard and faced tough times. But, as I said earlier, there's still cause to be proud.

We are about to formally acknowledge an important milestone in Redding's economic history – the completion of Stillwater Business Park. Actually, the Park is complete and we are planning for its dedication and ribbon-cutting very soon.

Sure, we've had some potshots taken at us along the way, but the City Council has remained steadfast and worked hard to see this 678-acre investment through to completion. I would hope even the critics agree that Stillwater will position the City above other areas as the economy pulls out of its tailspin.

It has been heralded by those who recognize the importance of staying in front of the pack in attracting much-needed companies and jobs to our area. Evidence of that was its designation last fall as a "California Certified Site" – the first to be named under a new program launched by Governor Schwarzenegger.

The Park consists of 678 acres, 314 of which will be ready for development with simply a building permit. The infrastructure is in. The roads are paved. The welcome mat is out and we look forward to celebrating this next chapter in Redding's economic future.

Another long-awaited project that was completed this year was the Hilltop Drive Streetscape Project. I'm sure that when a handful of Hilltop business leaders and City representatives got together six years ago, they had no idea how beautiful this important business boulevard would be today. Yet, thanks to plenty of hard work and creative thinking, Hilltop Drive is a shining example of what can happen when government and the private sector put their heads – and money -- together.

This \$5.1 million project was officially dedicated last December, amid 13,000 energy-saving LED lights wrapped around 46 palm trees anchoring 12 new landscaped medians. Those trees and more than two-dozen decorative street lights are the only “poles” standing along Hilltop Drive. We removed 56 utility poles and undergrounded all utilities, creating a more attractive view for residents and the many tourists who visit here.

When the idea of creating a “business improvement district” with the major hotels in the area was conceived, it was novel one. But once again, the City of Redding has shown it is willing to do whatever it can to achieve a successful partnership with our hard-working business friends and neighbors.

That appreciation of, and willingness to partner with, the business community is especially evident in the many projects undertaken by the Redding Redevelopment Agency in the past year.

Most visible may be the revitalization of Downtown, especially in what used to be called the Downtown Mall. The Mall is no more. Say hello to the “Market Street Promenade.”

We celebrated the removal of the Mall roof last June, marking the end to a project that saw the Redevelopment Agency partner with property owners in the area to weatherize and improve their facades. The total cost of the roof removal and storefront improvements was \$2.5 million.

We look forward to the next phase of downtown revitalization – the creation of public art at the south end of the Promenade. Urban Rock Design of Los Angeles has

begun construction on shade structures, benches and other artistic elements that will continue to make our Downtown an attraction for residents and visitors.

Just a block away, at Market and Shasta Streets, one of the Downtown's largest construction projects in years is complete – the Gateway Building by Mercer Development. This \$2.1 million, 16,000-square-foot, two-story building is a great example of how persistence and creativity – and partnerships with the private sector – can come alive.

This exciting mixed-use project will feature a brand new restaurant -- Kobe Seafood and Steakhouse -- on the ground floor to lure more Redding residents to Downtown. Upstairs are three affordable one-bedroom apartments, created in part with the assistance of the Redevelopment Agency. New office space completes this project, which sends a message to all who visit – our Downtown is definitely “open for business.”

Affordable housing remains a high priority of the City and the recent economy has only underscored its importance. The Redevelopment Agency has been instrumental in helping create housing that is affordable through loans and other assistance. Partnerships with developers have helped bring new units to the Parkview, Buckeye Terrace and Placer Street neighborhoods. In the Enterprise area, the Agency has aided Northern Valley Catholic Social Services to help create Saint Clare Court, a 15-unit affordable-rent project for those suffering from mental illness.

New affordable homes have continued to sprout in the revitalized Parkview Neighborhood with the help of the Redevelopment Agency. Three energy-efficient AGREE Park homes were relocated and marketed last summer, concluding a ground-

breaking project involving the City and Shasta Builders' Exchange. In addition four other affordable homes were created in a joint effort with Innovations Housing Inc. in the Parkview Neighborhood.

Elsewhere in the City, we have celebrated business successes that have defied the poor economy and have worked to enrich that success wherever we could.

At Redding Municipal Airport, for example, IASCO has literally brought the world to Redding, establishing a very successful flight training center for Chinese Airlines student pilots. Two classes of nearly 30 students came to Redding last year with two more classes expected to begin training this spring. IASCO operates a fleet of 17 aircraft based at the Redding airport. It expects the fleet to grow to 27 by this summer, defying the headwinds of a bad economy.

Next door, at the Redding Municipal Airport Terminal, the City has worked with its concession operators who have felt the effects of the recession. Through some creative restructuring of agreements, we have found a way to give them relief while protecting the interests of the City and the traveling public. It took a little work, but it was the right thing to do in these tough times.

The City Council has recognized the need to extend a hand to those who have perhaps been hardest hit in the past year – the construction industry.

In 2008, the Council reduced building fees and deferred collection of impact fees in an effort to spur residential construction. It also voted to enhance the Redding Electric Utility's rebate program to generate additional construction jobs. This past year, the City Council elected to forge ahead with construction of a south bridge at Stillwater Business

Park, using \$3.47 million as a local match for an Economic Development Administration grant. While this might not have been a popular decision with some, I feel it was the correct choice for Redding's future.

The City Council has been proactive in seeking out federal stimulus funds and has been successful in several areas, helping create jobs in our hard-hit construction community. A collaboration of our Development Services Department, Redding Electric Utility, Housing Authority, and Redevelopment Agency, along with the Shasta Builders' Exchange, has created a program to perform energy audits and retrofits for the City's lower-income residents. The program will utilize nearly \$900,000 in federal stimulus money and provide much-needed jobs as well as energy savings.

Similarly, we have garnered more than \$1 million for improvements to Redding Municipal Airport's terminal and runways, \$1.6 million for public transit and nearly a quarter of a million dollars for handicapped accessibility improvements to public facilities.

Despite the difficult budget reductions of the past year, I am extremely proud of that fact that, in many, many areas, the City of Redding continued to provide excellent service, exceptional programs and on-time, under-budget projects. From our recreational programs to the multi-million-dollar renovation of the Clear Creek Wastewater Treatment Plant, the dedication and attention to detail of our fine employees was evident.

Despite the poor economy, thousands of Redding residents enjoyed the programs and facilities so expertly operated by our Community Services Department staff. The Redding Library continued to see heavy use and record numbers of hours served by

volunteers. Through a partnership with Friends of the Shasta County Libraries, the Citizens Library Advisory Committee and the Art in Public Places Committee, a 10-foot-tall abstract sculpture was installed at the building's entrance, marking the latest chapter for this very successful facility.

Although it has born a significant brunt of staff reductions at City Hall, our Development Services Department has continued to provide outstanding service to our construction community and has begun work on an exciting project that will position us well when the economy rebounds. That \$1.3 million project, the Integrated Land Management System, will catapult the City into a modern era, replacing more than 30 different database and paper-based tracking systems. It should be a huge improvement to the development community and citizens alike.

The department has continued to process a number of high-profile development projects, including the Salt Creek Heights Subdivision proposed in West Redding, a major shopping center at Rancho Road and Shasta View Drive, and the expansion of the Walmart store into a Super Center with more than 220,000 square feet of retail space. It also oversaw approval of the Highland Park Subdivision near Interstate 5 and Hilltop Drive – one of the bright spots where new homes are continuing to go up.

At the core of a City's responsibility is public safety and I know I speak for the entire City Council when I say there has been no greater priority for those scarce General Fund dollars during this difficult year.

A new police facility continues to be a top priority and we have made significant progress toward that goal by examining – and re-examining – every possibility for

keeping costs down. While a brand new building would be nice, the City Council is working hard to make sure every alternative is considered. That means looking at opportunities that might not have been available in the past, such as retrofitting an older building. We're not there yet, but I feel we're closer to reaching the goal of providing the new home our police officers deserve so much.

Despite feeling the impacts of budget reductions this year, our Police Department has continued to work hard to keep our community safe. Traffic collisions are down Citywide and injury accidents are down 14 percent. The successful Shasta Anti-Gang Enforcement Unit utilized a state grant to help continue to do its valuable work. And the department won a California Peace Officers Association "Cold Case" award for solving a 1988 murder through DNA. For that, we congratulate them.

Our firefighters, too, have continued to protect our City, despite the reduction of three firefighter positions at Station 8. They have shown their dedication to our community in a myriad of ways, raising thousands of dollars through fundraisers for the needy, the ill, the hungry and the less fortunate. For that, we, and the community, thank you.

There is nothing more essential than the basic municipal services provide by a City. As a full-service City, Redding is second to none in ensuring its residents have efficient, affordable water, power, solid waste and wastewater services.

Our Water Utility has embarked on a program to replace aging cast iron and steel water mains before they break. Replacing those lines, while never cheap, will improve

reliability and reduce emergency repair costs and damage in the long run. That is money well-spent.

Our Wastewater Utility successfully secured \$18.8 million -- \$2 million as a grant -- to continue the expansion of the Clear Creek Wastewater Treatment Plant in South Redding. This \$90 million project, while not highly visible, is critically important to Redding's future development. At a neighborhood level, work will start this year on the Mary Street Lift Station and sewer main, adding reliability during times of heavy rains.

Although 2009 was a year of drought that impacted hydroelectric costs, Redding Electric Utility has worked hard to reduce impacts on customers and search for creative ways to keep costs down. Last year, the City Council approved a request for REU to purchase 50 Thermal Energy Storage units to install on new and existing buildings throughout Redding. This will help keep expensive peak demand as low as possible, keeping costs down.

For those who have had difficulty paying their bills during this difficult economy, REU worked hard to increase advertising and awareness of low-income assistance programs. And it worked with low-income apartment owners to replace 24 air conditioning units and ductwork, saving the tenants 20 percent on their energy bills.

In South Redding, our \$69 million combustion turbine generator at Redding Power Plant is quietly nearing completion. We call it Unit 6, and when it is complete this July, it will add 45 megawatts of power generation. It is state-of-the-art equipment that will help keep Redding's electric rates among the very lowest in California.

The City Council is acutely aware that these are difficult times and every taxpayer dollar is critically important. Not just to the operation of the City – but even more so to you, the business owners, employees and service providers who work so hard to earn that dollar. The City Council has worked hard to use your dollars wisely and with an eye to the future. It has worked hard to stretch those dollars, to leverage them in ways that will pay dividends for Redding’s future.

The Cypress Avenue Bridge construction continues for its third year with completion still on track for later this year. While it has slowed traffic for now, it will help make one of our main thoroughfares much safer and more efficient. That project, while costing \$73 million, is 90 percent funded through federal grants – a pretty good leveraging of your money.

There are similar examples all over Redding:

South of town, the new Veterans Home is about to begin construction. It promises to be a centerpiece for all of those in our community – not just veterans. The City of Redding is proud to play a small part in helping make this project a reality through securing the generous donation of land by Jon Thomason and extending utilities to the site. We salute the many partners who are key to its success: The California Department of Veterans Affairs and the Department of General Services, the U.S. Veterans Administration, and the firm that will construct the facility – Clark Design/Build of California. We especially thank former State Senator and Past Mayor Maurice Johannessen and the many Shasta County Veterans organizations for their tireless efforts toward making this happen.

As a special treat today, we offer you a first look at the architects' vision of this project.

[Play architect video]

Other projects in our City are moving ahead as well. The \$62 million Dana-to-Downtown project, under the supervision of Caltrans, is moving along nicely and represents a wonderful partnership with the City, state and Shasta County Regional Transportation Agency.

These projects are important for the future of our City, its growth and its development. Another project that the City Council has determined to be important – perhaps most important of all – is the development of the Oasis Road – I-5 area.

The Council has made that area a priority, utilizing stimulus money and other funding for initial improvements to the freeway interchange. Some \$3.5 million is expected to be spent on the infrastructure needed to help this area grow. This investment will pay great dividends through future sales tax and property tax revenue.

Certainly it would be nice to look ahead to a time when Redding is booming again. When sales tax is growing every quarter and we're able to look for ways to increase our services to you, the citizens, rather than tell you we must reduce them. We look forward to the day when we can say the worst is behind us.

We'd all like that, but alas, there's still plenty of work to do before we're there. In the meantime, I promise you we will work hard for Redding's future. With your help and support it will be a bright one indeed.

Thank you.