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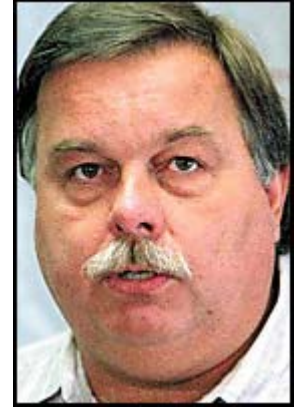
Leaders try to hold city accountable

Business officials want council to keep eye on cost of benefits

By Marc Beauchamp, Record Searchlight
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Business leaders on Wednesday questioned whether the Redding City Council has the political will to tackle the city's runaway pension obligations before they create a fiscal crisis.

The council, at its Oct. 18 meeting, is expected to discuss the results of a three-month, \$15,000 study of the city's finances by consultant Steven Frates, who warned that "extremely generous" benefits for firefighters, police and other city employees ultimately could crowd out spending on parks and other vital services.



Kent Dagg

"If these costs are growing faster than the tax dollars coming in, then something somewhere else in the city has to give," said Dave Scott, a certified public accountant and incoming chair of the 1,200-member Greater Redding Chamber of Commerce.

Frates' 100-page study, paid for by the chamber and two other business groups, was released Tuesday. Among its findings: Spending on employee benefits in the city has skyrocketed 439 percent in the past five years, to a projected \$18.2 million for the year ending June 30, 2006. During the same period, Frates found, personnel spending for police officers rose by 52 percent, firefighters by 72 percent and electric utility employees by 65 percent.

"I'm sure there will be" the political will to deal with burgeoning pension and benefit packages, Scott said.

Kent Dagg, head of the Shasta Builders' Exchange, sounded less certain. "That's going to be the real question. . . . I'll be happy to see what kind of leadership comes forward," he said.

The council and city staff, Dagg said, must "come up with a plan to show us what the impact and effects will be in five, 10, 15 and 20 years -- not just how much this will cost, but where the money will come from."

Dagg said the study is a call to action for the business community, the council, the city and Redding residents.

"The guy out there who is struggling from paycheck to paycheck . . . I think (the study) will be a real eye-opener."

In an interview Tuesday, Frates said some retired Redding firefighters are making \$70,000 to \$80,000 a year. "In actuarial and economic terms, you've made these people millionaires," he said.

Dagg was with Councilmen Mike Pohlmeyer and Dick Dickerson when they were briefed on the study by Frates, head of the Newport Beach-based Center for Government Analysis.

"They were a little defensive at first," recalled Dagg, "until we got into the meat of the report. I think they have a better understanding of what we were trying to accomplish. I don't want my kids saddled with a (city) retirement system they can't afford."

Chamber Chair Ed Rullman sought to reassure city workers. "We're not out there trying to get their existing benefits reduced. In the future, we can't continue to do it that way. Maybe the next person to come in may get the benefit a bit different."

Noting that the city pays the entire health insurance premium for its workers, Rullman said that would have to change.

"There needs to be employee participation, just like in the private sector. Doing that for new employees will make a big difference in future budgets." Redding, like many cities, pays the entire cost of its employees' pension plans, contributing up to \$9,000 a year for rank and file workers.

Frates' study noted that the city's general fund expenditures exceeded revenues in fiscal years 2004 and 2005.

Business leaders said they hadn't expected Frates to find any bombshells in the budget.

"We weren't looking for a smoking gun," Scott said.

"We're watching what's happening up and down the state," Dagg said, "with daily reports that public pension plans are bankrupting cities. We wanted to find out where we were."

Scott offered another reason: "It also makes it more difficult for us in the private sector to hire people when we have to compete with those benefit packages."

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