

# *Privatization of Public Services*

A Research Project



**Taking a look at the pros and cons  
of privatizing Public Agency Services  
in the Shasta County area.**

*Prepared By:  
Mary B. Machado, Executive Director  
Shasta VOICES  
(530) 222-5251  
August 10, 2009*

## TABLE OF CONTENTS

<b>Privatization of Public Services Overview.....</b>	<b>1</b>
<b>What is Privatization? .....</b>	<b>1-4</b>
<b>City of Redding .....</b>	<b>5-9</b>
<b>County of Shasta .....</b>	<b>10-14</b>
<b>Joint Council of Redding Employee Unions .....</b>	<b>15-17</b>
<b>Shasta County Area Business Community .....</b>	<b>18-22</b>
<b>Conclusion .....</b>	<b>23</b>

## ATTACHMENTS

### **Attachment A:**

**“Privatization Committee Appointed” Article, July 30, 2009 – Record Searchlight**

### **Attachment B:**

**City of Redding List of Projects Awarded – January 2004 through June 2009**

## **PRIVATIZATION OF PUBLIC SERVICES**

### **A Research Project Taking a Look at the Pros and Cons of Privatizing Public Agency Services in the Shasta County area.**

Most of what we hear these days about the concept of privatizing government services is that this is good, and the private sector can deliver quality products and services more efficiently and at a much lower cost to the taxpayers.

We know, however, that all sides of this issue must be explored in order to determine whether or not privatizing public services is actually “good.” Because public agencies are already providing public services, a standard for delivering such services is in place for comparison purposes. And, the public agency cost for delivering these services also exists for comparison purposes.

During the current unprecedented economic downturn, there is added pressure on many local governments to examine their methods of providing public services in the most efficient, effective, and fiscally responsible manner possible. Privatizing some of those services is one method under consideration locally.

This study takes a look at the pros and cons of privatizing public government agency services in the City of Redding and the County of Shasta. It is not intended to be an analysis or comparison of the actual numbers involved, but rather an overview of the concept itself.

#### **What is Privatization?**

The term “privatization” refers to the process of private, usually for-profit businesses taking over the provision of public, government provided services. This includes contracting with or selling to private parties the functions or firms previously controlled or owned by governments.

Privatization covers a wide spectrum of government operations, management, and ownership arrangements. Some types of privatization (and there are many) which may be considered in the Shasta County area include the following:

- “Outsourcing” means that a government agency delegates some of its in-house operations or processes to a third party. It is a contracting transaction where the government agency purchases services from a private firm while keeping ownership and ultimate responsibility for the underlying processes. They inform the private firm of what they want and how they want the work performed. The private firm can be authorized to operate as well as redesign basic processes in order to ensure even greater cost and efficiency benefits.

- “Design, Build, Operate (DBO)” means negotiating a contract with a private firm for design and construction services with comprehensive operating agreements for new, expanded, or upgraded facilities. The project components are procured from the private sector in a single contract with financing secured by the public sector. From design through operation, these contracts can extend for periods of up to 20 years or more.
- “Public-Private Partnership” refers to a cooperative arrangement between a local government and a private organization in which both parties assume some responsibility for operating a program or service. Each party brings something to the arrangement that contributes to the operation of that particular service.
- “Asset Sale” means the sale of government-owned assets to private companies, such as the sale of water/wastewater and electric utility assets.

Proponents of privatization often point to success stories which demonstrate cost savings, while opponents express concerns about accountability and undermining organized labor, which results in jobs without health, pension, and other benefits. In the following pages, we will explore these and many other aspects of the privatization concept.

### *How Does Privatization Work?*

The discussion of whether or not to privatize public services usually begins when City and County governments are being asked to do more with less money, due to rising costs and declining revenues. Traditional methods of solving budget crises such as tax increases, deep service cuts, or issuing short-term debt have significant economical pitfalls. Privatization programs can offer City and County governments a way to maximum revenue, cut costs and make greater use of private capital for public services and facilities.

The most common type of privatization is contracting out programs or services to a private company or another governmental entity to operate. The contracting government is still responsible for the service, but someone else actually provides the service. This is usually the most popular method of privatization that is accomplished through a ***Request for Proposal (RFP)*** process or an ***Invitation to Bid (ITB)***.

In the **RFP** process, any and all qualified businesses may submit a proposal to the government agency that describes in detail how they would perform the particular service and for what cost. Through this competitive process, it is not necessarily the lowest cost that “wins” the contract, but that which demonstrates that a service can be both improved and operated more economically at the same time.

An **Invitation to Bid** is the standard sealed competitive bid in which the lowest bidder usually gets the job.

**Contracts** may take a variety of forms, including fixed price contracts, unit price contracts and cost plan contracts. They usually are quite detailed. It is important that a contractor can be held accountable for the performance of the service as desired by the government, and that the expectation of such performance is clearly defined. The contract should be capable of being terminated under pre-established conditions if necessary, and include options for the government in such a situation.

There are typically more opportunities for privatization than local officials realize for solving problems involving government-owned assets, facility operations, services, debt structure, and other facilities and infrastructure.

### **How is the Decision to Privatize Services Reached?**

Before considering the privatization of services, however, a local government should conduct a thorough analysis of the services being considered for privatization. One approach is for the City or County to form a committee of administrators, citizens, employees involved in the service, and others who may have some relationship with the service. The City of Redding's City Council, at its July 21, 2009 meeting, voted to form such a committee. It will consist of all five City Council members and five other Redding citizens appointed by each of the Council members (see City of Redding Attachment A).

The operation and delivery of the services must first be analyzed to determine the level of effectiveness and efficiency currently being provided by the City or County government. A thorough study should include financial analysis, current methodology of providing the service, value of the service to the community, and whether or not the service is accomplishing what the community wants and expects.

After a thorough study, the committee may determine that the service is operating efficiently and effectively, or conclude that the service could be improved by privatizing it. This service may not be effective, may be too costly, or there may be other reasons that lead to the conclusion that the service is a candidate for privatization.

### **A Decision is Made to Privatize – What are the Next Steps?**

Once the decision has been made that a service is a candidate for privatization, it may be necessary to hire an expert consulting firm to perform an in-depth analysis of the service whose objective would be:

1. To undertake legal, regulatory, financial and technical due diligence in view of the planned privatization.
2. To develop appropriate financial models to assess the financial viability of the company to provide the service under various scenarios of competition, usage levels, staffing and other operating costs, investments, exclusivity periods, public service obligations (such as non-profits and City users).

3. To assess the interest of future users.
4. To develop a strategy and bidding documents for the privatization of the service, including a timetable.

The consultant should also identify what advisory services need to be provided to assist the City or County during the actual privatization process. Interested consultants must provide information indicating that they are qualified to perform the services, including a description of similar assignments carried out in the past, experience in similar conditions, and about the availability, qualifications and project-relevant experience of staff proposed to carry out the assignment.

## **CITY OF REDDING – CITY MANAGER’S VIEWPOINT**

### **Are There Any Services Currently Privatized in the City of Redding?**

There are many existing public services that have privatized *parts* in one form or another in the City of Redding. City Manager Kurt Starman was more than happy to participate in this research project, and has provided the following information and overview about City services and privatization.

Mr. Starman believes the most important consideration for the City is how to best provide public services in the most cost efficient manner. Many forms of privatization can fit into this strategy, but one size does not fit all, and each public service provided must be viewed on a case specific basis.

Currently, the most popular form of privatized services in the City of Redding is contracted services. Each contract is performance-based – that is to say, “you deliver, we pay.” Some of the contracted services include:

- Landscape maintenance in Landscape Maintenance Districts
- Custodial work throughout City-owned facilities(with the exception of the Police Department for reasons of confidentiality and security)
- Design and Engineering services (beyond that done by staff)
- Airport building upgrade projects
- Building and maintaining walking trails
- Convention Center facility repairs and upgrades
- Paving projects
- Miscellaneous renovations and upgrades to City parks and recreation facilities including Tiger Field, Soccer Fields, Clover Creek, Caldwell Park, MLK Center, Sacramento River Trail
- Public Safety facility upgrades
- Redding Redevelopment Agency projects (including the Downtown Mall Roof Removal)
- Solid Waste facility upgrades
- Storm drain repairs and improvements
- Sidewalk repairs/replacements
- Slurry seal projects
- Streets and Road projects
- Tree trimming and removal
- Municipal Utility maintenance, repair, upgrade and expansion projects

In fact, State law does not allow the City to do any work over \$30,000 (total project cost). If over this amount, the work or service to be provided must be competitively bid. This includes all capital and maintenance projects, and all services (Municipal Code 4.20.120).

**Examples of Successful Privatization Contracts:**

Assistant City Manager, Barry Tippin, provided a list of privately contracted City projects and services from January 1, 2004 through June 30, 2009. The list totals \$202,794,424.08, and is included in its entirety as part of this study as “Attachment B.”

Additionally, there are some “partnerships” that are viewed as very successful:

- The Redding Library, managed by Library Systems & Services, Inc. (LSSI)
- Turtle Bay Museums
- Haven Humane Society (animal control)
- Big League Dreams
- Redding Soccer Park
- Redding Area Bus Authority (RABA), managed by Veolia
- Paulsen’s Catering (Convention Center)

It is important to understand that the success of these and other partnerships is not measured solely by saving money. The following examples illustrate this point. Sometimes it is just as important to provide desired services at a high quality level for the community, which can only be obtained with private partnerships.

In the case of the ***Redding Library***, for instance, Shasta County provided these services until the City of Redding took over ownership and operation in January, 2007. It actually costs the City over \$2 million per year to operate the library system in total. The libraries are funded by Shasta County, the City of Redding (\$705,382 for the current fiscal year coming from the general fund), the City of Anderson, and other sources such as grants and donations, and managed by an outside contractor/partner, LSSI. Because of this arrangement, our community now has access to the library for 60 hours per week, versus the prior 40 hours per week (or less) through Shasta County, for the same amount of money. ***The savings occurs with the lower cost of wages and benefits.*** There is now greater participation and usage of the library. The feedback on quality is greatly improved. Does this arrangement save the City money? Not overall, but a greater value to the community is being provided in the most cost-efficient manner.

***Haven Humane Society*** has been providing animal regulation and shelter services to the City since 1986. They are currently contracted through September 30, 2015. The City pays \$648,500 (current fiscal year budget) for these services, with annual adjustments for inflation. The special expertise and mission of those providing these services provides the best possible service to the community and ease of operation for the City of Redding. Does it save money? There is no data to demonstrate that it does, but the City does not feel that it has the necessary expertise to provide these services, and does not desire to provide these services.

***Turtle Bay Museums*** used to be Carter House and the Redding Museum of Art & History. The two museums were costing the City about \$700,000 per year to operate with city employees. In 1996, when the decision was made to consolidate the two museums and turn their operation over to Turtle Bay, which is a private organization, the City agreed to provide funding annually to Turtle Bay which would decrease as they became self-sufficient, with the eventual goal of eliminating the City's annual contribution altogether. The current fiscal year amount of City funding for Turtle Bay is \$279,000, which is less than what the City was paying per year prior to 1996.

In the case of ***Big League Dreams***, this contract returns 6% of gross revenues to the City. It also brings in business from out of the area, helping to fill up our hotels and restaurants, and generating additional TOT tax for the City.

The ***Redding Soccer Park*** is not "revenue-centric" and is managed entirely by a not-for-profit entity, which saves the City administrative and management costs.

***There are also examples of privatization that were not successful:***

One example of privatizing an entire public service in the City of Redding was the Electric Utility Service, prior to the current Redding Electric Utility (REU). Electric service in Redding was started by a private utility called the Redding Electric Light and Power Company prior to 1900, then by the Keswick Electric Power Company, which was eventually acquired by Pacific Gas & Electric Company (PG&E).

A group of Redding citizens started a movement to acquire the municipal street-lighting system because of dissatisfaction with the existing system and its operation. As a result, in 1916, a municipal street-lighting system was established. Soon after it began operation, a movement was started for the City of Redding to purchase the electric distribution system. Final payment was made by the City to PG&E on December 21, 1921, on which date the property and its operations were turned over to the City. Under City ownership and operation, Redding's Electric Utility (REU) has consistently provided superior service at a competitive price, with rates well below those in the surrounding service territory in which service is provided by PG&E.

***What Opportunities Exist for Increased Privatization in the City of Redding?***

When asked which opportunities exist for increased privatization in the City of Redding, Mr. Starman responded that he is open to discussing anything, but felt there were some services that certainly were candidates:

- The Redding Convention Center
- The Redding Visitors Bureau
- Parks Maintenance (in addition to landscape maintenance districts)
- Recreation Services
- Administrative Services (i.e. payroll processing)

### *What are the Advantages and Disadvantages of Privatizing?*

We asked Mr. Starman what he felt the *advantages* of privatizing might be to the City. He named the following:

- Flexibility on how to provide certain services.
- Having a performance based contract.
- Competitiveness for contracts.
- Potential of saving money for the City and taxpayers.
- The ease of administration.

As for the *downside* to privatizing, Mr. Starman said:

- There are few options to “undo” contracts, with few alternatives available to take over the related services.
- The cost of re-entry could be a barrier.
- For-profit companies have profit motives and tax ramifications which the City does not have to consider in making services cost effective.
- The intangible aspect of losing a City employee who has taken ownership and pride in his or her job, and the accountability to that job.

Generally speaking, the savings that can occur when services are privatized are in the area of employee wages and benefits, and in gaining the proper expertise to provide services that the City is not willing or able to provide.

Mr. Starman feels that we always need options and flexibility, but must remain mindful of decisions that are made today, and the ramifications of those decisions for the future.

### **REDDING CITY COUNCIL – VIEWPOINT ON PRIVATIZATION**

The Redding City Council voted 4-1 on July 21, 2009 to appoint a committee to study privatizing or outsourcing city services. The hope is that in six months they can issue a report on the possibility of turning over some city services to the private sector for operation and management.

Mayor **Rick Bosetti** suggested the creation of this committee, and wants to evaluate the possibility of privatizing as many City services as possible to save money and become more efficient. He prefers to have outside expertise serving on the committee, particularly in the area of accounting, finance and auditing the existing costs to provide services. But, because other Council members felt that this was a Council responsibility, he suggested, and all agreed, that *all five Council members* will sit on the committee, *and* each Council member will appoint one member of the community to also sit on the committee. His citizen appointment to this committee is Dave McGeorge, the local McDonald’s Franchise owner, and former Redding council member.

Council person **Mary Stegall**, the lone dissenter, does not want an outside citizens committee to conduct the study. She prefers to take on this responsibility herself, if only for her own education. Her citizen appointment to the committee is Peggy O'Lea, Shasta Library Association.

Council person **Dick Dickerson** is concerned about having a committee to do the Council's work, and said he is willing to put in the time himself. He reluctantly agreed to appoint a committee member, and selected Ken Murray, a local Realtor and former Redding council member. He has also publicly opined "Certainly to me the privatization of REU is off the table....to go into privatization of the electric utility would be ludicrous." We have yet to hear his opinion of other city services.

Council member **Patrick Jones** feels that it is his responsibility as a Council person to find ways to save money for the taxpayers and become more efficient in providing services. He is willing to live up to that responsibility, and agrees that having five outside citizens to also serve on this committee is a good idea. His citizen appointment to the committee is Marie Whitacre from the Shasta Association of Realtors.

Council member **Missy McArthur** prefers having an outside citizens committee to evaluate existing City services. This has worked well in the past, specifically with the Redding Library. The "New Library Now" task force suggested privatization, and eventually an RFP brought Library Systems & Services, Inc. (LSSI) in to manage our new library. This has proven to be a highly successful arrangement, not only for the City and County, but for all of the citizens. She is willing to be on the committee, but thinks it is important and necessary to have the five outside citizens appointed to serve as well. Her citizen appointment to the committee is Steve Gaines, from the Best Western Hilltop Inn and CR Gibbs Restaurant in Redding.

## COUNTY OF SHASTA – COUNTY ADMINISTRATIVE OFFICER’S VIEWPOINT

### *Are There Any Services Currently Privatized in the County of Shasta?*

There are many existing public services that are privatized or have privatized *parts* in one form or another in the County of Shasta. Shasta County Administrative Officer (CAO) Larry Lees was more than happy to participate in this research project, and has provided the following information and overview about Shasta County services and privatization.

Mr. Lees confirmed that there are over a thousand private contracts each year in all areas of Shasta County government. As the CAO, he appreciates having flexibility in the process of finding a way to provide mandated and other services to the residents of Shasta County. He said that about 80% of all services provided by the County are mandated. The County is in a position of needing State and Federal funding to support those mandated services, but has little control in obtaining those funds from the State in a timely manner, especially during this current recession. They have learned to do the best they can with what they’ve got. Mr. Lees has always said that “we won’t spend money that we don’t have.”

One does not have to search very far to find examples of privatized contracted services in Shasta County. In just the *last two weeks of June, 2009*, for instance, the Shasta County Board of Supervisors approved private contracts totaling about \$19.7 million. These included:

- Bartel Associates LLC, \$75,000 to provide actuarial services for Other Post-Employment Benefits (OPEB’s).
- Megabyte Systems, \$120,789 for a software maintenance and support agreement.
- Vista Pacifica Enterprises, Inc., \$202,656 to provide skilled nursing care in the mental health division of Health and Human Services.
- Shasta County Private Industry Council, \$70,000 to provide computerized inmate education services in the Main Jail.
- Keefe Commissary Network, \$40,000 for the provision of the inmate commissary system.
- Sterling Environmental Corporation, \$232,200 for hazardous material and asbestos abatement.
- Lakmann Construction, Inc., \$3,794,801 for construction on the District Attorney’s Office.
- Cal-Fire, \$5,014,637 to administer and operate the Shasta County Fire Department.
- Nor-Cal EMS, \$223,115 to provide public health emergency services.
- Jeffrey L. Jens, Attorney, \$4,215,132 to provide conflict indigent defense services.

- Mental Health Services with 13 different local organizations which total just under \$7 million.
- J.F. Shea Construction, Inc., \$2,578,430 for the 2009 Asphalt Concrete Overlay Project.

**Examples of Successful Privatization:**

According to Mr. Lees, the County considers all of its options in providing public services. As you can see from the above list, there are plenty of examples of successful contract arrangements and other privatization within Shasta County. One of the most successful is Fire Services:

**Fire Services** are contracted to Cal Fire (\$5 million per year). This is an example of contracting an *entire service* to another government entity. It has been a highly successful arrangement. The County benefits by having the resources of the whole State available to them when needed. Through contracts, they have control of expenses and are provided with the highest quality of fire services available, without the added burden of capital expenditures.

Other examples of services that have been privatized successfully include:

- The Redding Library (formerly Shasta County Library)
- Garbage Collection (entire services)
- Social Services
- Public Health Services
- Mental Health Services
- Public Defenders (conflict indigent services)
- IT Services
- Engineering Services
- Public Works Projects

**There are also examples of privatization that were not successful:**

The **Public Defender's Office**, for instance, was privatized at one time. Outside attorneys were hired to provide legal counsel for those charged with a crime who couldn't afford their own attorney. Initially, the County believed that by privatizing these services, they would save money. But what happened was that the County had no control over the expenses charged by outside attorneys, and there was little incentive on the part of the attorneys to control their fees and expenses. Any time one attorney no longer represented a client, a new attorney would be assigned and the process would start all over again, along with the additional costs to the County. Therefore, these services were brought back in-house, though they still must hire outside counsel to provide conflict indigent defense services. The result is that the cost to the County has been reduced, the quality of the services has been improved, and judges are happy with fewer retrials.

***Mental Health Services*** is another example of a situation where privatizing certain services was not as effective. At one time, if lock-down unit beds were needed, the County would send people out of town because such beds didn't exist locally. The problem was that those providing the beds would hold onto the people sent there for a long time, and had no incentive to let them out, all at the expense of the County. So, the County took back responsibility for this by providing a 23-hour facility locally. Now, they can bring in a person and treat them, stabilize them, and release them, thus providing a better quality of service at a much lower cost.

### **What Opportunities Exist for Increased Privatization in Shasta County?**

When asked which opportunities exist for increased privatization in Shasta County, Mr. Lees provided a good example of a potential candidate for a "Design, Build, Operate" (DBO) contract. That would be ***a single animal shelter*** for all of Shasta County.

Currently, the Sheriff's Department is responsible for animal enforcement regardless of which particular shelter is used. If somebody loses a dog, they can go to Haven Humane Society to try and find it. Haven can send you to the County's shelter on Breslauer Way. There isn't a "reason in the world," according to Larry Lees, why the shelters cannot be combined into one. It makes sense for improved customer service, and reduces the cost of providing the service.

In a DBO arrangement, a contract would be negotiated with a private firm for design and construction services, with comprehensive operating agreements for a new or expanded facility. Financing could be secured by the public sector. This opportunity more than likely will be explored in the very near future.

Are there other opportunities for increased privatization in Shasta County? Mr. Lees said that there might be some in the following areas, and included his thoughts on any potential pitfalls:

- Public Works – could consider some road and other maintenance for contract.
- County Counsel – consistency in quality would be critical.
- IT Services – riskier than other services due to privacy issues with departments such as the District Attorney's office and Public Health.
- Social Services
- Mental Health Services
- County Jail – the County really has no control over this area because the Sheriff is a constitutional officer and is charged with management of the jail, and has the authority to make his own decisions.

### *What are the Advantages and Disadvantages of Privatizing?*

We asked Mr. Lees what he felt the *advantages* of privatizing might be to the County. He named the following:

- Creates flexibility in determining how to provide services and meet budget constraints at the same time.
- Can save the County money, or stretch the dollars further.
- The County can obtain needed services without capital outlay.
- Through contracts, the County can control many expenses.
- Customer services can be provided more efficiently.

As for the *downside* to privatizing, Mr. Lees said:

- There is a risk that if you contract out, and the firm goes out of business, you get it back. The issue becomes that the County would have to set up the “infrastructure” again, and incur start-up costs all over again.
- To retain control and accountability of public fund expenditures, contracts must be extremely detailed.

### **SHASTA COUNTY SUPERVISORS - VIEWPOINTS ON PRIVATIZATION**

**David Kehoe** said that “our long-standing operational philosophy and legislative intent has always been to accomplish work in the most effective, efficient and cost-conscious manner, regardless of the delivery system.

My position remains constant, namely that there may be significant value and public benefit to outsource or contract out as much work that is possible and feasible – with the caveat that such an approach is only accomplished in an open, equitable and competitive fashion. In the present situation, it is both business-like and prudent for us to conduct a burden/benefit analysis prior to implementing change.”

Mr. Kehoe further explained that the core idea and central thesis of privatization is that whether it be the for-profit community or government, we should be in the business of funding *work outputs* rather than people. Let’s fund specific work outputs with the best delivery system for accomplishing that, rather than trying to have enough work for an office of 10 people.

He went on to say that generally speaking, the private sector is interested in providing services that are profitable to them, and leaving the government to handle those that are not. He referred to this as “privatizing profit and socializing loss.” But, he said, we must ultimately focus on service to the public. Decisions made on how to best accomplish the work that needs to be done will not necessarily be made on a cost/benefit analysis, but politically.

**Les Baugh** pointed out that the County does a tremendous amount of privatizing in the form of contracting out services now. He feels that this works well for the County. The biggest privatization effort, and perhaps most successful in his mind, is the contract with Cal Fire. If the County were to try and do this on their own, it would cost more to maintain their own fire department and provide these services. Cal Fire already has the existing ability, and this is a great deal for the County.

He also feels that many outside companies can offer greater expertise, and the County is able to cap their costs when services are outsourced. “What we are doing is a good thing.”

There are no sacred cows. There isn’t anything today at the County that isn’t being looked at, but “you cannot privatize everything.”

**Leonard Moty** said that he would absolutely be willing to look at privatizing services at the County, but needs to examine the facts first. Real research needs to be done, and the County should slow down and explore the long term impacts of privatizing certain services. If it proves to be truly “cheaper” to contract out or otherwise privatize some services, then it would make good sense for the government to do so.

He believes that if a decision is made to privatize certain services, it would be important to involve multiple vendors in a fair bidding process. One of the down sides to privatizing is that a vendor can come in with a very low bid to get the business, then raise prices later. It would not be a good situation for the County to have to take back business they had planned on privatizing.

Perhaps there are some opportunities for privatizing out there, but probably not as many as one may think. The County currently contracts out a good deal of business to the private sector. There are some areas where outside expertise would be an asset to the County, such as technical jobs, and these could certainly be looked at for privatizing.

**Glenn Hawes** quickly pointed out that a huge amount of Public Works business is currently bid and contracted out at the County. He feels they get “way more bang-for-the-buck” by contracting out these services. Most of these are very large items.

He does feel that having some County control of any private contracts and services is important. *Ethics* is a critical element in dealing with the private sector. He is concerned about greed, and wants a sense of fair play, and a good bidding process. Any bidding process must include some requirements for ethics, and should mimic the same requirements of County staff and Supervisors.

“These days, we must think outside the box.” He is more than willing to look at everything. The entire economy is based on the private sector. You simply can’t expect the government to pay for everything.

## **JOINT COUNCIL OF REDDING EMPLOYEE UNIONS – VIEWPOINT**

The Joint Council of Redding Employee Unions includes the International Brotherhood of Electrical Workers (IBEW), Service Employees International Union (SEIU), Redding Police Officer Association (RPOA), International Association of Fire Fighters (IAFF), and United Public Employees of California (UPEC). They work together for a common purpose, and one of the spokespersons for the group is Mr. Christopher Darker.

Christopher (Chris) Darker, also the Business Manager and Secretary-Treasurer of UPEC Local 792, was more than happy to participate in this research project, and has provided the following information and perspective of the privatization of public services. First, it is important to take a look at background information relating to public employees and the contracts they enjoy locally.

### **Background Information**

UPEC is a private 501 (c) 5 organization that represents employees in Cities, Counties, Special Districts (such as water districts, irrigation districts and airport districts), and Federal sites such as the Golden Gate National Park Service and Coleman Fish Hatchery. UPEC Local 792 has 62 contracts representing 4,200 employees from the Oregon border to the North all the way down to Monterey and Carmel to the South. They are currently really busy with all the layoffs occurring in this recession.

Public employees are career-minded and civic-minded, and are worn out with all the current layoffs. They recognize that there is no choice but to negotiate, and that it is time to give back.

They are now negotiating lower benefits to employees for two reasons:

1. The local level has been cutting back to make budgets, and now there are not enough people to do the work, especially mandated work.
2. They can't really cut any more employees without negatively impacting services.

The union leaders are encouraging and advocating employees to start picking up a portion of their Public Employee Retirement System (PERS) contribution. The amount they are suggesting can be from 2% to 6%. For example, the AOC in Sacramento needs to reduce their budget by 4.6% this year, which will come in the form of no salary increases for employees plus a 2% contribution by employees towards their PERS plan.

When asked if those salary increases are eliminated forever, Mr. Darker explained that the increases have been delayed. This means that they are now in the middle of a 3 year contract. The delay will just extend the contract one year, and the salary increases will be implemented in 2010 instead of 2009.

Mr. Darker explained that the employees want to make sure that the employer really is in an economic bind, and looks to the employers to prove it to them before they are willing to make such concessions. They do not feel it is fair balancing the budget and safety of the community on the backs of public employees. So, UPEC and the other union organizations have taken a *proactive* position, and are always negotiating something, somewhere.

Mr. Darker described discussions with our local government management teams as receptive to hearing their potential solutions to current budget problems, but noted that their ideas have not yet been accepted. He believes that some City and County Administrators don't want to do the work to fix the budget. UPEC figures out ways to make changes, and the employees don't want to see their fellow employees laid off. Often times, some politically motivated managers and decision makers are looking at "votes" rather than making the tough decisions.

**How do our local unions and their employees view privatization?**

Public employees believe that, by way of comparison, private sector employees usually come and go, not having dedication, skills, and the commitment to any one employer or career, as public sector employees do.

Additionally, private business is out to make a profit. It is far too easy to *lose accountability and control* under these circumstances. For instance, in the name of saving money and making a bigger profit, a private employer will pay a lower wage and hire a lower skilled person to perform the same functions as a public employee, perhaps in an area where handling sensitive information is necessary. This could be in an administrative customer service job in the utility department. Do you want to put your personal private information in the hands of some low wage, low skilled person?

There needs to be someone overseeing employees performing their duties, to enforce and protect the public. As these things are being cut, many lawsuits have developed. It can take 5 years to have a case settled.

There are far more levels of accountability and oversight in the public sector than in the private sector. A different culture exists with public employees. They are more vested in accountability, and *held to stricter standards*. Stress in public employment is a common problem. The expectations are so high for job performance that employees feel they must do everything perfectly all the time.

While decreased costs are most often used to justify privatization, the reality is that decisions are often made without properly analyzing the costs of performing the service in-house. Often times, the cost associated with supervising and auditing the contracts for privatized services are not included in the analysis. Taxpayers can be misled on the cost-saving merits of privatization.

**Is there worker exploitation through lower wages and benefits in the private sector?**

Mr. Darker (and the public employees he represents) believes that there is worker exploitation in the private sector. Rather than lowering or taking away pay and benefits from public sector employees, they would rather see raises in the level of pay and benefits for the private sector.

The privatization of public services undermines organized labor and can result in jobs without health, pension and other benefits.

**How do you see the public and private sectors working together to eliminate waste in government?**

Mr. Darker said that “waste” in government occurs in the *process* of getting things done. He believes government is behind the curve, particularly in the area of current and updated technology. Government processes could become much more efficient and cost-effective if they could remain current. The private sector has a proven track record of doing just this.

Mr. Darker sees the private sector coming in to the government as consultants to help them become more efficient. As advisors to the government, the private sector would have an opportunity to work directly with the public sector to provide the best possible solutions in delivering public services in the most cost-efficient manner.

## SHASTA COUNTY AREA BUSINESS COMMUNITY – VIEWPOINT

Many members of the Shasta County area business community were more than happy to participate in this research project including: board members from the Greater Redding Chamber of Commerce, the Shasta Association of Realtors, the Shasta Builders Exchange; the community at large which includes not only business people, but others who live and work here and wanted their voices heard as part of this study.

### *How does the Business Community View Privatization?*

The question of how the business community, and the community at large, view the concept of privatization was posed to each participant from the groups that are mentioned in the above paragraph. There was a good amount of consistency and repetition in their answers, but certain themes emerged:

- Our government should spend our money wisely. If it is less to hire outside services, they should do it. Time must also be spent wisely. Using outside experts can save time and money.
- If you privatize and hire local businesses, you create an infusion of funds for local businesses. The City or County saves money, business hires more people, and people spend more money which brings revenue to the government. The City or County does lose jobs, but they would have funds for things such as public safety and infrastructure.
- The government should be looking at everything that they do right now. These are tough economic times, and at the very least, they should *not* do business as usual. They are paying too much for the total cost of employment. It costs nothing to explore privatization.
- We are held hostage by particular labor unions in government. Government employees don't leave their government jobs. Their salaries and benefits are far more generous than that of the private sector. A certain number of these jobs could certainly be privatized.
- Though there are certain services contracted out already at the City of Redding and County of Shasta, we'd like to see the type of privatization that could remove services entirely from the hands of government employees. If this were to occur, when they experience a severe drop in revenues, government management would be able to make cuts immediately by modifying contracts. They do not enjoy this situation in today's environment.
- There are many services that should be targeted for privatization, but if you were to privatize *all* government services as some suggest, cost savings would more than likely *not* be realized. The City and County are already invested in facility and equipment, and this must be included in any cost analysis.

- In our local community, government employees are paid salaries far above that of the private sector, and their benefits are far superior not only to those available in the private sector, but to those of other cities and counties in California. Based on this situation alone, privatizing public services could eliminate these outrageous costs to the taxpayer and allow local government to operate more efficiently.
- There are certain government-provided services, such as public safety, that should not be privatized entirely. But, there are *parts* of every public service that should be evaluated and analyzed for their cost-effectiveness as contracted services.
- If a thorough analysis determines that public services can be provided by the private sector in a cost effective and efficient manner, there is no reason why it should not be done that way.

**How can a private company demonstrate that they make more efficient use of public funds and eliminate waste?**

The overwhelming answer to this question was to take a look at those services that are already privatized, and gather input from other successful situations.

Many pointed to local success stories such as the Redding Library, RABA Public Transit System, Turtle Bay Exploration Park, Big League Dreams, Haven Humane Society, and Waste Management. Others pointed to success stories outside of the area, so many, in fact, that this study could easily be 500 pages long if we were to include them all. So we have chosen one example that just about says it all (*taken from the Sacramento Bee Editorial July 10, 2009 and the City of Rancho Cordova website*):

The City of Rancho Cordova, California, population 65,000, was incorporated in 2003. Like the rest of the world, they have experienced a severe drop in income during the current recession. Sales and property tax revenue fell 19 percent last year. But the city didn't wait months or years to react to declining income. As soon as receipts started dropping, the City Manager and City Council began trimming expenses. The city cut its number of building inspectors from double digits to just two. The city also cut back on street maintenance. In fact, according to the city's website, the City of Rancho Cordova also contracts out the following services:

- Fire – serviced by the Sacramento Metro Fire District
- Garbage – serviced by Allied Waste
- Public Transportation – serviced by Sacramento Regional Transit
- Utilities – electricity and tree trimming services provided by SMUD; electricity and natural gas provided by PG&E
- Water – provided by Golden State Water Company, California American Water, and Sacramento County Water
- Sewer – provided by Sacramento Area Sewer District
- Library – provided by Sacramento Public Library

Because it contracts with private firms for these services the city has the ability to modify contracts without ruffling feathers of city workers who elsewhere have influence with city councils and enjoy protections such as those allowing senior workers to bump more junior employees. All of that takes time while costs continue to mount as revenue plummets. Rancho Cordova *does not have a unionized work force*. Pay scales are not out of line with those of other cities of comparable size. The city sets salaries based on a survey of 16 nearby jurisdictions with populations between 40,000 and 140,000, plus the city of Sacramento and Sacramento County. Salaries are set annually at 5 percent above the median for surveyed jurisdictions. Benefits include medical, dental, vision up to a \$1,100 insurance stipend per month; city currently pays 5.5% of employees share of CalPERS 2.7% at 55 retirement program (employee's pay 2.5% of base); \$50,000 life insurance; long term disability benefit paid by the city; 457 deferred compensation plan; City match up to 3% of base salary (placed in 401 (a) plan) for participants in 457 plan; employees do not pay into Social Security; tuition reimbursement up to \$2,500 per fiscal year; training and development plans for each employee.

But jobs aren't guaranteed, nor are wage increases. During the boom years, city engineers got above-normal wage hikes for three years in a row because that's what it cost to secure the service of professionals with that skill set. Secretaries got no raises because the city had no trouble hiring clerical help at the wages it was paying.

The city also keeps close track of its costs, adjusting fees frequently when the direct and indirect cost of providing services – whether salaries, paper, ink, gasoline or electricity – rises. Their no-nonsense business approach and “good management” has not gone unnoticed. Last month, Standard & Poor's, a national credit rating service, upgraded the city's credit rating to A+.

**What forms of accountability and control, with regard to the use of public funds, would a private company provide?**

Once a decision has been made to privatize a public service, the government entity overseeing the provision of the service should:

- Draft Request for Proposals (RFP's) to select only those companies that meet strict criteria.
- Design contracts outlining the expectation and standards that must be met in order for the private company to be compensated are negotiated. These contracts must comply with federal, state, and local government regulations, and generally hold the private sector to a higher standard. *Non-performance clauses* must be included. The term of the contracts should not be “forever,” and there should always be an opportunity provided for competition. The detail contained in these contracts must be such that a system of checks and balances exists to prevent potential waste and loss of public funds.

In agreeing to these conditions, a private company has demonstrated their desire to remain accountable to the general public for the use of public funds.

**Which local public goods or services do you believe should be privatized?**

There were many answers to this question, but not many were able to explain how they reached their conclusion. Once again, many referred to examples of successful arrangements in other areas, while others felt that it must be more cost-effective to provide these services with the reduced cost of employee salary and benefit programs provided by the private sector compared to the public sector in the Shasta County area. The list of services or areas the community mentioned that should be privatized, in addition to those areas already privatized or contacted out, includes:

- Garbage/Waste Management/Recycling (City)
- Vehicle Maintenance (City/County)
- Airports
- Engineering Departments (City/County)
- Development Services Functions (City/County)
- Street Maintenance (City/County)
- Electric Utility (REU)
- Redding Convention Center (City)
- Redding Visitors Bureau (City)
- City Parks Maintenance
- Recreation Services
- Janitorial Services (City/County)
- Landscape Maintenance
- Police Department (City)
- County Jail
- Sheriff's Department (County)
- Fire Department (City)
- Public Works Departments (City/County)
- GPS Department (City)
- Animal Control (City/County)
- Payroll Services (City/County)
- Administrative Services (City/County)
- Information Technology Services (City/County)
- Regulatory Driven Operations (i.e. Water Quality Control)

**What impediments exist for increased privatization in the Shasta County area?**

Privatization efforts can face many obstacles, including existing legislation and regulations, public employee resistance, misperceptions about privatization, and a general resistance by governments and elected officials to change.

Some local business people feel that the requirement for them to pay prevailing wage to successfully obtain public contracts for work can become an impediment. Prevailing wage is required to be paid on public works projects, but not on other service contracts.

Some local business people feel that existing public employee unions control elected officials and the decisions that they make. They believe the elected officials are not willing to push for privatization services.

If privatization programs are to be successful, they must incorporate strategies to overcome obstacles early in the process. In general, you can improve your chances of a successful privatization effort by:

- a) Doing your homework.
- b) Ensuring that you maintain the desired level of control over the service being bid.
- c) Clearly explaining the performance standards you expect.
- d) Keeping all parties to the transaction informed during the process.
- e) Establishing and adhering to a strict monitoring process.

## *Conclusion*

The pressure to privatize government services is increasing, creating an environment which behooves public officials to prepare for more privatization activity in the future. Traditional methods of solving budget crises such as tax increases, deep service cuts, or issuing short-term debt have both economic and political pitfalls. The cumulative economic impact of implementing some portion of privatization opportunities is potentially much greater and longer lasting than short-term fixes such as tax increases.

Comprehensive privatization programs offer city and county governments a way to maximize revenue, cut costs, have greater flexibility in solving each problem, and make greater use of private capital for public services and facilities. If governments properly manage the privatization process and carefully monitor the implemented projects, government spending can be held in check and high quality can be achieved.

Governments need to be prepared for this movement and take steps to deal with it as it approaches. Government leaders, administrators, and citizens have a better chance of influencing the movement toward privatization if actions are taken ahead of time, with proper preparation, instead of allowing it to be forced upon them by outside pressures.

# **A T T A C H M E N T “A”**

**City of Redding  
Newspaper Article 7-30-09  
Privatization Committee Appointed**

# Privatization committee appointed

## Ex-mayor Murray on Redding council's group

**By Scott Mobley**

Record Searchlight

A committee to study privatizing some Redding city services includes two former council members and a former city department head.

The City Council earlier this month deputized itself to serve as one half of the committee. Each council member also appointed a community member to round out the group, which will first meet

Aug. 17 and wrap up work some time this winter.

The most controversial appointment has been Dick Dickerson's naming of former councilman and mayor Ken Murray to the committee.

Murray, who lost his council seat in the November election, reportedly had agreed to help the International Brotherhood of Electrical Workers Local 1245 Electrical Unit reach a contract agreement with the city. Some observers won-

dered if Murray would have a conflict if the committee decided to study privatizing Redding Electric Utility.

Murray said Wednesday he is not representing IBEW Electric in contract negotiations. He volunteered to facilitate a meeting between the union and the city so the two sides could agree on facts that could form a basis for possible resolution of their deadlock. That

See COMMITTEE, B-2

### Redding's privatization committee

The Redding City Council recently appointed itself and five residents to serve on a committee that will study privatizing city services. Here are the council members and their appointees:

**Rick Bosetti:** Dave McGeorge, former Redding council member, McDonald's franchise owner.

**Dick Dickerson:** Ken Murray, former Redding council member, Realtor.

**Patrick Jones:** Marie Whitacre, Shasta Association of Realtors.

**Missy McArthur:** John Gorman, retired Redding support services director.

**Mary Stegall:** Peggy O'Lea, Shasta Library Association.

## COMMITTEE

CONTINUED FROM B-1

meeting occurred Wednesday.

"It was not a negotiation," Murray said. "This is not an ongoing thing. My role is over."

Dickerson said he would have appointed Murray even if he had

been representing IBEW Electric because he sees no conflict. He would not want to consider privatizing REU, which makes up half of Redding's overall budget, he said.

"Certainly to me the privatization of REU is off the table," Dickerson said. "We're one of only 24 cities in state with our own utility protected from overzealous state regulation. To go

into privatization of the electric utility would be ludicrous."

*Reporter Scott Mobley can be reached at 225-8220 or at smobley@redding.com.*

# **A T T A C H M E N T “B”**

**City of Redding  
Projects Awarded January 2004 – June 2009**

Originating Dept	Title of Project	Awarded Contract \$
Airports	Muni Airport Security Upgrade	\$314,154.82
Airports	Evergreen Building Re-Roof	\$59,895.00
Airports	Muni Airport Security Fencing Project	\$213,550.00
Airports	Muni Airport T-Hanger and Jet Pod	\$663,500.00
Airports	Benton Security Fencing Upgrades Phs II	\$290,356.00
Airports	Benton Airpark Drainage Phase 1	\$310,296.75
Airports	Municipal Airport Terminal Remodel	\$742,784.00
Airports	Muni Pavement Preservation	\$680,374.00
Airports	Redding Muni TSA Building	\$42,876.00
Airports	Muni Airport Taxiway A & B	\$2,753,037.50
Airports	Muni Airport Storage Building	\$182,872.00
<b>Airports Total</b>		<b>\$6,253,696.07</b>
Community Services	Mary Lake Walking Trails	\$76,908.00
Community Services	Vista Ridge Park Flat Work	\$25,440.00
Community Services	Sacramento River Parkway	\$543,774.00
<b>Community Services Total</b>		<b>\$646,122.00</b>
Convention Center	Convention Cntr Slab Resurfacing	\$324,261.00
Convention Center	Convention Center Parking Lot Lighting	\$9,400.00
Convention Center	Convention Cntr Dimmer Rack	\$71,800.00
Convention Center	Convention Center Restroom Remodel	\$13,812.00
<b>Convention Center Total</b>		<b>\$419,273.00</b>
Electric	Redding Power Plant Paving/Drainage	\$96,060.00
Electric	Redding Power Steam Dump	\$467,810.00
Electric	Redding Power Paving	\$42,492.80
<b>Electric Total</b>		<b>\$606,362.80</b>
Parks & Rec	Tiger Field Renovation Phase II	\$297,453.00
Parks & Rec	Soccer Fields	\$8,982,000.00
Parks & Rec	Clover Creek Maint Bldg/Restroom	\$91,996.00
Parks & Rec	Billings Drive Trail Connection	\$37,385.00
Parks & Rec	Turtle Bay Restroom/Canoe Launch	\$419,282.12
Parks & Rec	2008 Miscellaneous Paving Projects	\$77,874.55
Parks & Rec	Alta Mesa Park ADA Improvements	\$24,916.19
Parks & Rec	ADA Drinking Fountains	\$112,649.00
Parks & Rec	Caldwell Park Rec Room	\$88,668.46
Parks & Rec	Sculpture Park	\$624,842.27
Parks & Rec	Clover Creek Drinking Fountain	\$28,239.68
Parks & Rec	MLK Parking Rehab	\$66,009.82
Parks & Rec	Lake Redding Boat Ramp Re-Bid	\$577,015.00
Parks & Rec	Sac River Trail Ped Bridge Deck Coating	\$53,800.00
Parks & Rec	Sacramento River Trail Overlay	\$93,635.20

Parks & Rec	Sacramento River Trail Extension	\$99,999.00
Parks & Rec	Convention Center Fire Sprinklers	\$105,721.00
Parks & Rec	ADA Drinking Fountain	\$43,417.11
Parks & Rec	Girvan Estates LMD	\$29,784.00
<b>Parks &amp; Rec Total</b>		<b>\$11,854,687.40</b>
Public Safety	Fire Station 1 Remodel (Bathroom)	\$28,855.44
Public Safety	Fire Station 5 Roof	\$44,240.00
Public Safety	Municipal Airport AARF	\$2,342,000.00
Public Safety	Fire Station 8	\$2,124,261.00
Public Safety	Fire Station 5 Remodel (Bathroom)	\$21,489.00
<b>Public Safety Total</b>		<b>\$4,560,845.44</b>
RABA	RABA Court St Turnout	\$26,894.75
RABA	RABA Maintenance Bldg Expansion	\$1,475,400.00
<b>RABA Total</b>		<b>\$1,502,294.75</b>
RRA	Dana Drive Median	\$333,644.00
RRA	Henry Ave Street Improvements	\$91,864.00
RRA	Grange St Traffic Calming	\$145,409.00
RRA	Churn Creek Rd Realignment	\$4,266,914.65
RRA	Downtown Mall Roof Removal Phse II	\$1,455,000.00
RRA	Downtown Mall Roof Removal	\$1,187,603.58
<b>RRA Total</b>		<b>\$7,480,435.23</b>
Solid Waste	Solid Waste Admin Bldg	\$236,000.00
Solid Waste	Solid Waste Tipping Floor	\$207,014.00
Solid Waste	Transfer Station Floor Refinishing	\$310,000.00
<b>Solid Waste Total</b>		<b>\$753,014.00</b>
Storm Drains	Lake Forest Storm Drain	\$166,561.00
<b>Storm Drains Total</b>		<b>\$166,561.00</b>
Streets & Roads	2005-2006 Sidewalk Repair	\$161,359.30
Streets & Roads	S Bonnyview Widening	\$11,483,412.00
Streets & Roads	Stillwater Industrial Park Phase 1	\$12,450,439.50
Streets & Roads	Hilltop Drive @ Hwy44 Overpass	\$3,360,812.54
Streets & Roads	Churn Creek Sidewalk & Retaining Wall	\$149,461.00
Streets & Roads	2007-08 Sidewalk Replacement	\$98,385.50
Streets & Roads	2006 Overlay	\$1,435,714.00
Streets & Roads	2006 Slurry Seal	\$341,037.82
Streets & Roads	AC Resurfacing 2007	\$288,179.30
Streets & Roads	Hilltop Drive Streetscape	\$3,935,154.56
Streets & Roads	Old Alturas @ Browning TS	\$316,205.00
Streets & Roads	N Market Street Lighting	\$149,500.00
Streets & Roads	Churn Creek & S Bonnyview Tree Removal	\$77,820.00
Streets & Roads	Cypress Vault	\$242,242.25

Streets & Roads	Parkview Street Lighting	\$161,431.00
Streets & Roads	Cypress Bridge	\$61,846,711.00
Streets & Roads	Shasta View/Hartnell Traffic Signal	\$319,687.00
Streets & Roads	Hwy 44/Airport Traffic Signal	\$336,900.00
Streets & Roads	Safe Routes to School	\$279,648.00
Streets & Roads	Methacrylate Bridge Deck Seal	\$73,539.60
Streets & Roads	2004 Slurry Seal	\$321,490.45
Streets & Roads	Traffic Signal Painting Project	\$34,850.00
Streets & Roads	2005 ADA Ramps	\$31,742.90
Streets & Roads	N Market St Landscaping	\$1,019,221.00
Streets & Roads	Downtown Mall Parking Structure Joint	\$21,151.00
Streets & Roads	Quartz Hill/Benton Traffic Signal	\$234,674.00
Streets & Roads	2005 Slurry Seal	\$347,764.88
Streets & Roads	ADA Ramp Replacement 2006/07	\$33,460.00
Streets & Roads	Airport/Rancho Traffic Signal	\$417,013.00
Streets & Roads	2005 Churn Creek Rd Micro-surfacing	\$277,546.50
Streets & Roads	Grape St Sidewalk/Crosswalk- CDBG	\$22,555.00
Streets & Roads	PMAR w/Micro	\$1,153,176.00
Streets & Roads	Rejuvenating Scrub Seal & Microsurface	\$727,650.34
Streets & Roads	2008 AC Surfacing	\$323,150.00
Streets & Roads	2008 Overlay	\$823,346.00
Streets & Roads	California/Placer Signs and Poles	\$33,800.00
Streets & Roads	ADA Ramps 08-09	\$69,418.00
Streets & Roads	Buenaventura @ Summit/Canyon TS	\$277,940.00
Streets & Roads	2009 AC Surfacing	\$176,732.00
Streets & Roads	2005 Overlay	\$1,815,794.10
<b>Streets &amp; Roads Total</b>		<b>\$105,670,114.54</b>
Wastewater	CCWWTP Digester No. 2 Mixing System	\$238,892.00
Wastewater	Sludge Hauling 2008	\$40,800.00
Wastewater	CCWWTP Expansion - Bid Package 4	\$6,572,000.00
Wastewater	CCWWTP Expansion - Bid Package 3	\$16,812,970.00
Wastewater	CCWWTP Expansion - Bid Package 2	\$4,185,250.00
Wastewater	CCWWTP Expansion - Bid Package 1	\$3,650,000.00
Wastewater	Jenny Creek Sewer Replacement	\$1,258,467.00
Wastewater	Court/West/Orchard/Railroad Sewer	\$429,598.00
Wastewater	Sewer Sealing Project (Area 33)	\$395,373.50
Wastewater	Deerfield Sewer Bypass	\$92,569.25
Wastewater	Sludge Removal-Digester 2	\$36,000.00
Wastewater	N Market Street Lift Station	\$2,424,000.00

Wastewater	Sanitary Sewer Root Control 2008-09	\$34,325.37
Wastewater	Renoir Path Sewer Main Repair	\$174,990.52
Wastewater	Small Sewer Replacement 2008	\$128,068.00
Wastewater	04/05 Sludge Dredging CCWTP 3A/3B	\$74,647.00
Wastewater	2005 Removal of Sludge Ponds 5 8 9	\$90,999.00
Wastewater	CCWTP&SWTP Filter Replacement	\$315,484.49
Wastewater	2008 Sludge Dredging CCWWTP	\$89,250.00
Wastewater	Foothill Area Manholes	\$32,560.00
Wastewater	Willis Street Area Sewer Replacement	\$148,927.00
Wastewater	West Redding Manhole Rehab	\$360,225.00
Wastewater	CCWWTP 2007 Sludge Dredging	\$128,604.00
Wastewater	N Market St Force Main	\$1,870,780.00
Wastewater	Sewer Manhole Raising	\$39,500.00
Wastewater	Kraffert Sewer Replacement	\$86,998.00
Wastewater	Sludge Hauling 2007	\$99,903.60
<b>Wastewater Total</b>		<b>\$39,811,181.73</b>
Water	Westside Road 12" Water Main	\$474,260.00
Water	Sacramento Olive & Gold Water Main	\$124,627.00
Water	Oxford Road 8" Water Main	\$142,094.00
Water	RMU Microwave Radio Network Installation	\$80,500.00
Water	Buckeye Reservoir No. 2 Repair	\$348,700.00
Water	California St(Market-Gold) Main Replace	\$500,992.00
Water	Buckeye Water Treatment Expansion	\$5,349,000.00
Water	Butte St Water Main Replace	\$525,208.00
Water	Corp Yard HVAC	\$114,880.00
Water	Corp Yard Admin Addition	\$447,900.00
Water	Well 14 Construction	\$729,586.00
Water	Buckeye Transmission Main Exten	\$3,147,219.00
Water	Fish Screens/Pump House 1	\$847,624.00
Water	Clear Creek 12" Water Main	\$436,230.00
Water	Irish Rd 8" Water Main	\$282,578.50
Water	Foothill Reservoir Replacement	\$2,441,300.00
Water	Ryan Lane 8" Waterline	\$55,108.56
Water	Eureka Way Pavement & Sidewalk Repair	\$206,262.60
Water	Oasis & Bow Water Main Improvements	\$144,703.00
Water	Keswick Flow Control Station Demolition	\$23,777.00
Water	Knighton Rd (Vets Home) Infrastructure	\$468,078.00
Water	Scott Road 8" Water Main Replacement	\$92,850.00
Water	Court St Water Main	\$828,828.00

Water	Buckeye WTP Filter Replacement	\$260,441.06
Water	Well 14 - Test Well	\$65,700.00
Water	Hwy 273/Lake 12" Water Line	\$60,970.00
Water	Buckeye Water Treatment Plant I & C	\$769,994.00
Water	2nd Street Water Main Replacement	\$176,800.00
Water	California St 8" (Division-Trinity)	\$172,070.00
Water	Airport Rd 16" Waterline	\$507,426.00
Water	Well 23	\$597,205.70
Water	Test Well 23	\$60,500.00
Water	Test Well 25	\$62,000.00
Water	Foothill WTP Filter Replacement	\$2,203,668.00
Water	Foothill Maintenance Storage Bldg	\$296,000.00
Water	Eureka Way Pavement Repair 2009	\$24,755.70
<b>Water Total</b>		<b>\$23,069,836.12</b>
<b>Grand Total</b>		<b>\$202,794,424.08</b>