

**2007-2008 Shasta County Grand Jury Report
Report submitted to the agency on: July 7, 2008**

Stillwater Business Park

All of our Eggs in one Basket

City of Redding
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Redding, CA 96007
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Summary:

From the Stillwater Business Park Marketing Plan and Budget, September 2007: “In 1998, the Redding City Council convened an ad hoc committee to study the potential for the development of a large parcel industrial park. The consensus of the committee was that existing industrial parks were well-suited for small- and medium-sized companies and that local developers were developing this kind of product. The committee also noted however that market conditions in Shasta County were such that it was unlikely that a private developer would take the risks associated with the development of a park specifically oriented toward large users. The committee saw the opportunity to create a new large parcel business park that would make Redding and Shasta County more competitive.”

The ad hoc committee’s work led to the creation of the Stillwater Business Park by the City of Redding.

“The Stillwater Business Park is a 700 +/- acre Business Park located within the City of Redding east of Interstate 5 and 2 miles south of Highway 44. There are approximately 321+/- acres available for development with parcels ranging from 5-100 acres. The balance of the site is dedicated to open space and public improvements.” (City of Redding Economic Development website.)

The park, owned by the City of Redding, is designed to provide ready-to-go sites for manufacturers, distribution centers and corporate offices. However, at this time these parcels still lack infrastructure, i.e., roads, electricity, gas, water, sewer and fiber optic services. They are not “shovel ready,” according to industry standards.

When the City of Redding decided to develop a business park, Stillwater was seen as the ideal location for new development sites for firms wanting to relocate to northern California. The city staff estimated that approximately 1,500 new jobs would be created at a higher-than-average wage. At the start of the process it was thought that Stillwater could be completed for approximately \$11 million. However, current estimates of the costs for the completion of the park are as high as \$70 million.

In June 1999, the Economic Development Corporation (EDC)* initiated negotiations to purchase the 700 privately owned acres which became the Stillwater Business Park site. In March 2000, the Redding City Council approved initiation of annexation of the site into city. During the next three years city staff prepared the “Purpose and Need” proposal and other preliminary paperwork for review by the land development governing agencies.

*The Economic Development Corporation of Shasta County (EDC) is the nucleus of economic development for Shasta County and the cities within Shasta County. The EDC is funded by a consortium of local governments and private businesses that share a common interest in growing the economic base of Shasta County. Shasta County and the cities of Redding, Anderson and Shasta Lake City contract with the EDC to identify and recruit new business prospects to this area. Additionally, they work to assist existing businesses with expansion.

On November 6, 2003, the Environmental Protection Agency (EPA) sent a letter to the City of Redding in response to its "Purpose and Need" proposal pertaining to the need for a business park to help stimulate economic growth. In essence, the Environmental Protection Specialist criticized the city's proposal, citing significant disagreement with the choice of location of the park. He stated, "... EPA considers the vernal wetland complexes of Stillwater Plains to be Aquatic Resources of National Importance (AARNI), a fact underscored by our past commitment of financial assistance to the California Department of Fish and Game for pursuit of their protection in perpetuity."

The Environmental Protection Specialist was adamant that the city explore other alternative sites for business development away from the aquatic wetlands. He also stated that the City had not made a strong enough case for the need for a business park. The Environmental Protection Specialist said that he saw no evidence of business prospects seriously looking at Redding as a site for business expansion. Several years went by as the city defended its choice of location.

The wetland issue contributed to a five-year delay in the progress of building Stillwater. During that time the following actions occurred:

Stillwater Project Timeline:

Jun 99 - EDC Option with property owner Joe Sanders for 480 acres executed by EDC
Mar 00 - Redding City Council approves initiation of annexation
Apr 01 - Notice of Preparation of CEQA EIR
Jul 03 - Re-Notice of EIR preparation due to changes to project. Wetlands issues and addressing of FAA surplus property to the South of Stillwater Park
Apr 04 - Preliminary Draft EIS/EIR
May 05 - EDC & COR agree to cooperate on the Sanders/EDC Option
Sept 05 - Supplemental EIS/EIR Draft prepared
Apr 06 - City Council approves Certified EIS/EIR
Nov 06 - City closed the Sanders property sale
Aug 07 - LAFCO approved annexation and U.S. Army Corps 404 Permit issued
Nov 07 - Parcel Map and Planned Development Plan approved by the Planning Commission

In Spring 2006, the city council authorized the Redding Economic Development director to hire development consultant Al Gianini to provide it with a Stillwater Business Park Competitive Analysis and Pricing Summary. In his report, submitted to the city council on September 20, 2007, he indicated

that in the current market the city must compete aggressively with other demographically similar areas for job-producing industries. Locations in the counties of Madera, Stanislaus, Sacramento, Yolo, Solano, Placer, Nevada, Colusa, Tehama, Siskiyou, and the states of Nevada and Oregon are ahead of Shasta County in terms of established business parks and are competing against Shasta County for the same businesses.

Mr. Gianini’s report offered pricing suggestions. “To help stimulate activity in the Park, the city’s initial tenant(s) should obtain a price reduction based upon the quality of the tenant; including name recognition, credit, capital investment and employment. Another option is for the city to carry the note for the initial tenant(s). This provides the buyer an incentive without changing your price structure.”

The Grand Jury investigation revealed diverse opinions about the value of building the Stillwater Business Park. Some think that the escalating costs caused by delays have made the project no longer worth pursuing. Others think that the project is worthwhile because it will attract industry leading to better paying jobs. Although the project is controversial, at no time during its investigation did the Grand Jury find any evidence of Redding’s seeking widespread public input.

Officials representing the cities of Anderson and Shasta Lake (neither of which has a financial stake in the building of the business park) said that the development of Stillwater would be beneficial for the county and smaller cities because it showcases the whole county area. They think that continuation of the project should result in opportunities for those areas to promote their communities as well to potential businesses.

Findings and Recommendations	City of Redding City Council Response
<p>Findings #1: 1. There are many differences of opinion about economic development. While the Redding City Council may not have intentionally excluded the general populace of Redding from involvement in the decision to pursue the taxpayer-funded, multi-million dollar Stillwater project, they did not deliberately promote public input.</p>	<p>No response required</p>
<p>Finding #2: 2. Business parks such as Stillwater, if successful, contribute to diversifying the job market of Shasta County.</p>	<p>No response required</p>
<p>Recommendations: 1. When planning projects of the magnitude and complexity of the Stillwater Business Park, Redding City Council should actively solicit citizen involvement beyond an ad hoc committee. Planning and steering committees should be formed ending in a voter non-binding referendum, a public opinion vote that allows all Redding voters to express their support or lack thereof for a project. In comparison to the overall cost of the project, the</p>	<p>The City Council does not intend to implement this recommendation relative to the non-binding referendum. The City Council makes all of its decisions in an open public forum, except those that are more appropriately done in closed sessions according to the rules established under the Brown Act. Generally, multiple opportunities for public input are made available for any item that is complex or has large community impact.</p>

<p>expense for an election would be minimal. Additionally, a positive result of the referendum would have further supported the “Purpose and Need” proposal.</p>	<p>The development of the Stillwater Business Park (Business Park) has been underway for nearly 10 years. During that span of time, numerous opportunities have existed for the public to comment, positive or negative. Business Park items have appeared on open agendas numerous times for approval of budgets, authority to secure bond financing, approval of the environmental document, and award of various contracts. In fact, on June 26, 2006, a special meeting was held specific to the development strategies for the Business Park. In addition to this, the Business Park was presented to the Planning Commission on several occasions, as well as presented to many service groups over the span of several years.</p> <p>Topics such as the Business Park take many hours, weeks, and years to fully understand and study. It is for this reason that the City Council respectfully suggests that the elected body is best suited for making necessary decisions for such large and complex issues. Under the City’s representative form of government, City Council members are elected by its citizens to carry out their wishes. Such elections, four of which occurred during the years the Business Park was under development, provide Redding citizens with an effective way to voice their concerns and preferences.</p>
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Method of Inquiry:

The Grand Jury interviewed:

- City of Redding City Manager
- City of Redding Director of Economic Development
- City of Redding City Council Members (3)
- Shasta County Administrative Officer
- Local Business Developer
- Local Business Development Consultant
- City of Anderson City Manager
- City of Shasta Lake Project Manager
- Shasta County Economic Development Corporation President

Grand Jury reviewed:

- Stillwater Business Park Competitive Analysis – August 31, 2007
- State of California Labor Market Information – January 18, 2008
- Stillwater Business Park marketing booklet – March, 2006
- Letter from a City of Redding Planning Commissioner to a Redding City Councilmember
- 2007 City of Redding State of the City

- City of Redding General Plan/Economic Development Element – October 3, 2000
- City of Redding Council Policy: Economic Development Program – Dec 8, 1998
- City of Shasta Lake Development Agency Agenda Item – January 15, 2008
- City of Shasta Lake Shasta Gateway Industrial Park Project Description
- City of Shasta Lake Comprehensive Economic Development Strategy – Sept 15, 2003
- Shasta County Economic Development Corporation (EDC) Scope of Services – May 1, 2007

Grand Jury visited:

The site of the future Stillwater Business Park