



ChicoChamber
VOICE OF BUSINESS

SPECIAL REPORT CAMP FIRE

From the Task Force on City
Revenues & Expenditures



TAKING RESPONSIBILITY FOR CHICO'S FUTURE.

Our community vision is to make Chico the safest, most vibrant, premier city in the North State.

INTRODUCTION: In 2013 the Chico Chamber of Commerce, responding to rising concerns from businesses, declared public safety its #1 advocacy priority. Between 2013 and 2017, The Chamber developed its Community Vision led by the Community Vision Committee based on input from the public, community business and government leaders, identifying five key areas of focus:

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| <p>1.</p>  <p>Thriving
Business
Community</p> | <p>2.</p>  <p>Healthy
Local
Government</p> | <p>3.</p>  <p>Safe
Community</p> | <p>4.</p>  <p>Premier Arts
& Recreation
Facilities</p> | <p>5.</p>  <p>Strong
Vibrant
Community</p> |
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While all five areas of focus are important, Safe Community and Healthy Local Government rose to the top of the task list. The Committee established metrics and indicators by which to measure improvement in these categories, including:

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| <p>1. Raising our standing on the California Crime Index from the bottom quartile to the top quartile <i>Safe Community</i></p> | <p>2. Improving our Pavement Condition Index (PCI) <i>Healthy Local Government</i></p> |
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In 2017, in the midst of discussion on potential solutions for funding Community Vision needs and expectations, including potentially endorsing a sales tax measure, the Chamber Board opted to do additional fact finding, forming the Task Force on City Revenues & Expenditures.

The Task Force studied the City's current and projected financial status, as well as the expenses associated with goals set either by the Chamber or by the City in each of the priority areas. Based on Task Force findings, the Chamber published the 2017 Community Vision Report and voted at its 2017 Chamber Board of Directors Retreat to convene the community effort to explore a revenue measure for added police, potentially assist with fire needs and to fund road construction to advance the Community Vision.

Participating in discussions and study with the City of Chico Finance Committee as directed by the City Council, the pros and cons of various bond measures were explored to fund needed road improvements. Although discussions were postponed due to Finance Committee Meeting cancellations, movement on this issue was hoped for before year-end.

On November 8, 2018, the challenges outlined by our Community Vision Committee and Task Force on Revenues & Expenditures grew exponentially in the aftermath of the Camp Fire. In this Special Report update, you will read updates on the top 2 issues previously identified as well as critical new challenges that must be addressed to move our Community Vision forward.

The overall focus of our Community Vision remains unchanged and the Chico Chamber of Commerce remains committed to advancing the ideals and goals previously established, even as we pivot to address new and expanded community needs.

**The goal of the
Community Vision is
to make Chico the
safest, most vibrant,
premier city in the
North State.**

HOUSING

THE FACE OF OUR REGION HAS CHANGED.

Our economy is reliant on the availability of sufficient permanent housing for our workforce. Post-Camp Fire, a new and complex challenge faces our community and our region.

The loss of housing in Paradise has put extreme pressure on the housing market and the rest of Butte County and spilled over into adjacent counties as well. Prior to the fire, Chico was experiencing a low rental vacancy rate and relatively few homes on the market. Within a few days, the rental market was saturated and available homes were quickly purchased, some far above asking price.

Historically, Chico builders produce a few hundred new single-family homes per year at a pace that is kept artificially slow due to environmental, agricultural and infrastructure constraints. Multi-family units have absorbed much of the housing needs for Chico over the last few years.

At the current pace of development, the outlook for providing permanent housing for our workforce within the foreseeable future is bleak. Without available housing we eliminate our ability to maintain our skilled workforce and recruit new professionals. This situation puts our economy at risk.

The solutions to this problem are complex and will certainly shape the future of our community. As a result, they must be addressed immediately and vigorously to bring new housing units online at a much accelerated pace in order to protect our economic base.

The Chamber of Commerce is committed to assisting educational partners to quickly accelerate training for skilled construction trade workers to meet the increased demand in this industry and address the shortage that previously existed.

We encourage city elected and planning officials to ensure the General Plan is honored regarding the designation of property identified for housing development. We stand ready to work with the City, State, development community and building industry to streamline the development process, update the land availability study and encourage development at a pace to meet our new needs.

The Chamber Board put out a survey in mid-December to our business community to gauge the impacts the Camp Fire is having on our workforce due to the lack of long-term housing in our community. This survey captures non-scientific data gathered based on individual business leaders assumptions. Our current situation has the potential to worsen if we don't quickly meet the needs of our workforce.

Camp Fire Workforce Impact Survey Results

Businesses responding	76
Total Employees Represented	13,929
Employees impacted <i>(Lost home or damage to home)</i>	1,399
Employees who have NOT secured long-term housing	232
Employees that have already relocated out of the area, due to lack of housing	30
Employees business leaders consider 'at risk' of relocating due to shortage of permanent housing	45

POLICE

PROTECTING OUR INCREASED POPULATION



Chico remains in the bottom quartile of approximately 466 cities on the CA Crime Index. On November 8, 2018 our community population increased by approximately 10 to 20% as a result of the Camp Fire. Today, the Chico Police Department is policing a community of approximately 110,000 people with an active police force sized for a population of 90,000.

During 2018, our community benefited from some innovative programs that resulted from a strong partnership between the Chico Police Department, the Chico Chamber of Commerce and Team Chico, most notably the Retail Watch Program. The Chico PD made significant strides toward the goal of operating as a 'proactive' department and away from a 'reactive' one. These strides forward are now jeopardized due to the increased workload placed on our existing police staffing.

The long-term effects of an understaffed police department can manifest in many ways; delayed response times, elimination of critical special units (street crimes, gang, traffic, etc.) and rapid burnout or attrition among our police officer ranks.

Additionally, traffic collisions in Chico have increased nearly 50% since the Camp Fire and continue to remain a significant concern. Furthermore, calls for service regarding mental health issues have increased, as have referrals from our adult protective service agencies. Chief of Police Mike O'Brien characterizes our current situation as 'unknown territory that does not have a map!'

A stated goal of the Chamber's Community Vision is to reach the top quartile of the CA Crime Index. Chief O'Brien projects that to ensure the safety of our increased population and the benefits afforded by a proactive community policing model, an additional 10–20 police officers/staff members are needed at an estimated cost of \$3–5 million annually.

The Chamber encourages discussion of long-term funding sources that may include a special tax to increase staffing for the police department resulting in a sustainable proactive community policing model.

- **CHICO** remains in the bottom 18% of cities on the CA Crime Index.
- **A PROACTIVE POLICE FORCE** of 115 officers is needed to reduce crime.
- **115 OFFICERS** will cost the City \$3M more than currently budgeted annually.



Since the launch of the Retail Watch program Chico Police have seen an increase in shoplifting calls for service by 9%. There has also been an increase of 50% for shoplifting calls where units were dispatched, and 20% increase in arrests for shoplifting. This is a significant improvement from last year.



ROADS

PAVING OUR WAY TO A SOLUTION

Almost everyone who drives the streets of Chico is inconvenienced by the poor condition of our roads. Since the events of November 8th, there has been a 25% increase in the traffic volumes from 2017–2018 (post Camp Fire) on our streets due to the overnight increase to the city’s population. Typical traffic volumes average a 1–2% increase each year due to development and the associated population growth. This abrupt and severe spike in usage means that our roads will deteriorate at an accelerated pace.

Updated data provided by the City of Chico Public Works Department reflects the Pavement Condition Index (PCI) dropped by 2 points in the last 12 months, decreasing to 55 on a scale of 1–100. The index is

projected to continue dropping approximately 2–3 points, or more, every year due to insufficient funding for maintenance and repair. The average PCI in the state of California is 66, placing Chico 11 points below the average and dropping. The City’s stated goal is to reach a PCI of 80. To reach this goal will require funding of between \$170 to \$200 million.

The Public Works Engineering Department states that the total funding available for roads in fiscal year 2019 –2020 is approximately \$2.65 million, including gas tax revenue, SB1 revenue and funds available from the Waste Franchise Agreement. This funding level will not accomplish basic maintenance, much less improve the PCI of vital collector and arterial roadways.

Without additional funding, the chart below shows the total cost of treatment to the roadway network 5 years and 10 years from now.

ROAD (ASPHALT) ONLY COSTS

SCENARIO	ARTERIAL	COLLECTOR	LOCAL	TOTAL
CURRENT	\$39,334,767	\$51,844,716	\$97,737,024	\$188,916,507
5 Years	\$43,428,761	\$57,240,756	\$107,909,572	\$208,579,089
10 Years	\$47,948,862	\$63,198,420	\$119,140,887	\$230,288,168

In order to achieve our stated General Plan goals for our community of complete streets, which includes sidewalks, landscaped medians and parkway strips, bike lanes and street lighting, the costs to complete improvements is substantially higher. On a daily basis, city staff receives complaints about the safety of the public due to our poor roadway conditions, but also a lack of connected sidewalks and street lighting. At the September 2018 Finance Committee meeting, the costs associated with improving our infrastructure to a complete streets standard was discussed. Updated figures to improve our infrastructure are:

COMPLETE STREET COSTS

SCENARIO	ARTERIAL	COLLECTOR	LOCAL	TOTAL
CURRENT	\$74,361,369	\$87,175,742	\$168,768,240	\$330,305,351
5 Years	\$82,100,960	\$96,249,063	\$186,333,774	\$364,683,797
10 Years	\$90,646,094	\$106,266,743	\$205,727,543	\$402,640,380

PENSIONS

MAINTAIN PUBLIC SERVICES IN A FINANCIAL CRISIS



As reported in previous Special Reports, the City of Chico continues to face a pension crisis, not unlike most cities in the state of California. The financial impacts of this situation will reach crisis proportions during the 2020–2021 fiscal year. Unfunded liability for CalPERS remains at an astronomical \$128M, only slightly lower than last reported. Repayment is legally mandated and will affect local staffing levels due to the increase in annual payments due to the State.

The City should continue its work of ongoing communications with CalPERS while analyzing the options of buying out of CalPERS and replacing it with a qualified contribution retirement plan for employees. Additionally, the City should take advantage of every available opportunity to contract work to non-public employee organizations to minimize the growth of future liability.

FIRE

PROTECTING OUR COMMUNITY ASSETS



Fire Service is critical to our area as evidenced by the recent Camp Fire. As the fire also pointed out, it does not recognize jurisdictional lines, with perhaps the largest threat to our area being wildfires from grass land areas and our abundant forests.

We will watch with interest the County of Butte's previously discussed exploration of a county-wide

Fire Protection District, where resources can be allocated and deployed and used as necessary. In addition, this would allow the election of an independent board with the power to approach the community and secure the level of protection local residents desire.

CONCLUSION

THE ECONOMIC CONSEQUENCES OF DOING NOTHING



Utilizing data collected by the Task Force on City Revenues & Expenditures, this Special Report outlines the new challenges we face in light of an unexpected increase in population when matched with our existing and projected City resources. Our research indicates that current revenue sources are considerably inadequate to fund basic public services at levels to maintain or improve the quality of life in Chico. Neglected infrastructure, evidenced by our failing roadways, will continue to deteriorate at accelerated rates, exponentially increasing the funding needed for reconstruction and future maintenance.

As reported by the Camp Fire Workforce Impact survey, local businesses face significant economic consequences if these challenges are not addressed quickly. In order to maintain a stable workforce we must address the significant lack of available housing. This housing shortfall will also compromise executive recruitment, limit talent importation and potentially increase the possibility of local businesses relocating their operations or headquarters. Likewise, failing to appropriately address the needs of an understaffed Police Department increases safety concerns for both businesses and individuals, artificially restricts access to downtown and parks, and complicates the service delivery capabilities of major agencies the community relies upon.

Without immediate action to address these challenges, the Chamber anticipates a loss of businesses and associated jobs, loss of headquarter status for businesses that started here and subsequently expanded out of the area, an increasing loss of talent either retained or recruited and a significant reduction of public services. Taken together, these factors will result in an erosion of Chico's quality of life which major employers say is the #1 reason they choose to live and work here.

The Chamber encourages community members to work together to first and foremost find solutions for long-term housing as quickly as possible. Those solutions should include encouraging a mixture of housing types by honoring the guidelines outlined in the General Plan with regard to developable land, removing roadblocks to development and updating the land availability report.

New development will not fully fund the improvements necessary to our current system of roadways. Significant and immediate funding is necessary to stop the rapid decline of the city's Pavement Condition Index and return it to an acceptable level. We encourage the City Council to continue moving forward its review of potential funding sources for road repairs, including revenue bonds.

Now is the time for our community to discuss a revenue measure that will address public safety by fully funding the 10–15 new police officers to serve our increased population.

The Chamber of Commerce stands ready to lead this community-wide discussion and assist in the creation of an overall plan to address each of these issues with expediency.

IMMEDIATE NEEDS:

- ✓ **Housing:** solutions for creating more long term housing availability in our community
- ✓ **Improve roads:** dramatically increase road funding to meet the PCI goal.
- ✓ **Reduce Crime:** fund a proactive policing model, an additional 10–15 police officers are needed immediately

The Chico Chamber of Commerce Leverages the Voice of Business for Community Good.



ChicoChamber
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LEVERAGING THE VOICE OF BUSINESS FOR COMMUNITY GOOD

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