

# Richmond CHAMBER NEWS

A Richmond Chamber of Commerce Publication  
Richmond, California • April 2004

1924

80th Year

2004

## THE SILENT VILLAIN

by Mark Howe, Chair

The headlines of this perfect storm are truly awesome:

- West Contra Costa Unified School District eliminates all high school athletic programs — the first district in the state to do so. In addition, it closes all school libraries and terminates 400 employees — 10% of its workforce.

- Long awaited City of Richmond financial statements disclose a \$35 M dollar deficit. Their workout team proposes a one-time series of accounting maneuvers to save \$28 M.

- City claims that checks will start bouncing in August unless a \$20 M annual structural deficit is closed soon.

- The accounting tricks are the easy part. After a series of “feel good” outreach meetings, the moment of truth came at the March 23 council meeting when they started to tackle the \$20 million structural deficit — an apocalyptic task.

Let's put on our accounting detective hats and study the problem.

The city's unrestricted general fund revenue actually increased by \$3 Million (3%) to \$91 Million for the twelve months ending 6/30/03. Most companies would be very happy with this top line performance in light of the current slowdown many are facing. However, the city's problem involves the expenditure side of the equation. During the same period that income went up by \$3M, expenditures went up by \$11.6M. And guess what, a loss of \$7M was recorded for the twelve months ending 06/30/03.



photo by Ellen Gailing Photography

The 4th Annual Crab Feed was a big success. (see page 3.)

So why did this happen and why is it going to get worse — a lot worse? The answer has much to do with the unaffordable retirement packages awarded to city employees, also known as: “3% at 50,” “3% at 55.” and “2.5% at 55.”

The pension plan is managed by PERS (Public Employee Retirement System). Based on the retirement benefit promised to the employee by the employer, the City in this case, the actuaries determine how much money needs to be put away today to meet the future anticipated retirement costs. A schedule of contribution amounts to the pension plan shown as a percentage of gross salary are: **FY '02 - 9%, FY '03 - 22%, FY '04 - 30%, FY '05 - 40%, FY '06 - 44%**. Yes, in FY '06 they are expecting a pension plan contribution of 44% of wages!

So we can conclude that the city awarded retirement benefits that they cannot afford and the recent poor stock market performance has led to low expected investment returns which drives pension contribution payments through the roof.

To truly understand the problem you need to know that “defined benefit plans” are common in the public sector but are **dinosaurs in the private sector**. The private sector, to protect itself from the whims of the market returns and profitless years, adopted a type of pension plan called a “defined contribution plan” or “profit sharing plan.” This means simply that they will contribute some percentage of their earnings to the employee pension plan when and only when there are profits. Loss years require no contribution. This protects the company. 401K plans

continued p. 4



photo by Ellen Gailing Photography

Richmond Mayor Irma Anderson at the “State of the City” Luncheon.

## events

### CALENDAR

#### April

April 8 -- 5 to 7 pm  
Mixer: Malvern Wilson Assoc. at the Richmond Auditorium

April 25 -- 2 pm  
Symphony, Free Convention Center Family Day

April 28 -- 7:45 am  
Networking Breakfast Courtyard by Marriott

#### May

May 13 -- 4:30 to 7:30 pm  
Trade Show Courtyard by Marriott

May 26 -- 7:45 am  
Networking Breakfast Courtyard by Marriott

## chamber

### MEETINGS

#### April

April 1 -- 7:30 am  
Board of Directors

April 6 -- 7:30 am  
Education Committee

April 15 Leadership Day

April 21 -- 7:30 am  
Executive Committee

**Toastmasters** meets every Monday at noon in the Chamber Boardroom.

*All meetings at the Chamber Office unless otherwise noted.*

#### May

May 4 -- 8 am  
Government Relations

May 4 -- noon  
Ambassadors

May 6 -- 7:30 am  
Board of Directors

May 11 -- 7:30 am  
Education Committee

May 19 -- 7:30 am  
Executive Committee

May 20 Leadership Day

May 31 -- Office Closed  
Memorial Day

The Farmers Market is open every Friday, 11 am to 5 pm, at Civic Center Plaza

## flyer deadline!

The flyer deadline for inclusion in the May issue is April 15. Reach almost 800 businesses! Call (510) 234-3512 or email: newsletter@rcoc.com


Presorted Standard  
U.S. Postage  
PAID  
Permit. No. 62  
Richmond, California

Richmond Chamber of Commerce




3925 Macdonald Avenue, Richmond, CA 94805  
P (510) 234-3512 F (510) 234-3540

www.rcoc.com



Thank you  
President Circle Members  
for your continued support  
of the Richmond  
Chamber of Commerce.



**Thank You!**

## EVERYONE NEEDS TO PAY

by Judy Morgan, President

As I write this, we have just learned that the City of Richmond is facing a huge deficit, and the Hospital District is looking to the community to help cover the cost of operating a hospital in West County. Should we roll over for more tax increases or can we expect costs to be controlled?

What is the responsibility of business? Parcel taxes, Business License fees, Developers fees, utility users taxes — the list continues. We already pay our share of taxes. Chevron alone pays 25% of the City Budget.

Business wants to pay our fair share, but how much more can we bear? We know of 30 Richmond companies which have gone out of business or moved away in the last two years. Sure, a large part of their demise may be due to the economy, or mismanagement, but what part did the high taxes (which include a higher utility users tax than in our neighboring cities) play in the closing of these businesses? We may never know what the real reasons are, but we do know that in the end it is a loss of jobs and the negative ripple effect those job losses create, such as loss of sales tax, that affect our community.

Business knows that labor costs have to be controlled. Once those costs exceed 60% you really have to pay attention. Make those cuts and watch those pennies. Administrators have to be diligent in controlling costs and employees need to be willing do cost sharing and paying a portion of their benefits. A business that fully funds all benefits is hard to find these days. The cuts need to be made. You can't just keep raising taxes and pass those costs on to your constituents.

Last year our City increased our utility users tax in the hopes of covering its increased payroll/benefits costs. How do you justify passing on a 2% increase to your constituents; to businesses which already pay more than their fair share of taxes? And to residents whose median adjusted gross income, according to the Contra Costa Council Economic Partnership's 2003 Performance Index, is \$32,617 for zip code 94801? They can ill afford any increase in taxes. For a family of four, that makes them eligible for public assistance.

The City has to control its payroll costs and be respectful of the businesses and constituents it is here to serve. With a median income of only \$32,617, how can you pass on any additional taxes to support

a city whose employees' median income is twice that and more, and many of those employees don't even live in Richmond, meaning their payroll dollars are spent somewhere else.

We pay property taxes, utility user taxes, sales taxes; it sometimes feels that the reason we are in business is to pay taxes. No, I guess I should not start crying about the high cost of doing business, because we do want to pay our FAIR share. I am, however, asking that when crafting tax measures, consideration be given to the business community's ability to pay and to remember that most of the residents of this city can ill afford any increase in taxes. Elected officials and consultants need to talk to the business community and to the citizens first, to enlist support, before putting any new tax measures on the ballot.

Are we all in this together or not?

*[On the other side, every business needs a license to do business in this city. If you don't have one, get one. It is part of the cost of doing business. It is a reasonable cost and a business should be embarrassed not to have one. Shouldn't apartment house owners have to have a business license, to do their part as they do in most other cities?]*



## Got Books?

Children's books are needed for the new Reach Out and Read program at Brookside Community Health Center. Books are given to children during their check-ups and volunteers read books in the waiting room. The program is co-sponsored by the Richmond Public Library Literacy Program.

Call Alicia Garcia, Referral Specialist, at the Clinic at (510) 215-9092 to donate books or for more information. The clinic is at 2023 Vale Road, Suite 107.

## Business Speaks

If you have a business issue you feel strongly about and want to be heard in the *Chamber News*, please submit an article to newsletter@rcoc.com or mail to 3925 Macdonald Ave., Richmond, 94805, c/o Business Speaks.



Don't miss  
the next  
**Networking  
Breakfast...**  
held monthly at the  
Courtyard by Marriott.

Wednesday, April 28, 2004  
7:45 a.m.

Come find out:

***What the Chamber can  
do for you!***

### Featured Chamber Benefit: Hot Sheets

#### What's a hot sheet?

It's **your** flyer inserted in **our** newsletter, distributed to all our members. Only \$100 to reach 800 business people.

#### Great for Events, Sales and Grand Openings

#### You do the printing — We do the sending.

Bring 800 -- 8 1/2 x 11 inch flyers along with your check, cash or credit card to our office by the 2<sup>nd</sup> Friday of the month BEFORE you want your flyer out.

For more information on this and other member services, please call (510) 234-3512 or email [deirdre@rcoc.com](mailto:deirdre@rcoc.com) today.

#### For Richmond Chamber Members ONLY

Deirdre Cerkanowicz  
Director of Member Services

### APOLOGY

At the Crab Feed, we sold balloons with raffle tickets in them. We told you there were three tickets in each balloon, but it turns out that there was only one ticket in each balloon.

I am the Director of Communication for the Chamber and I miscommunicated. I apologize for this error and I thank you for having a good time anyway.

Sandi Genser-Maack

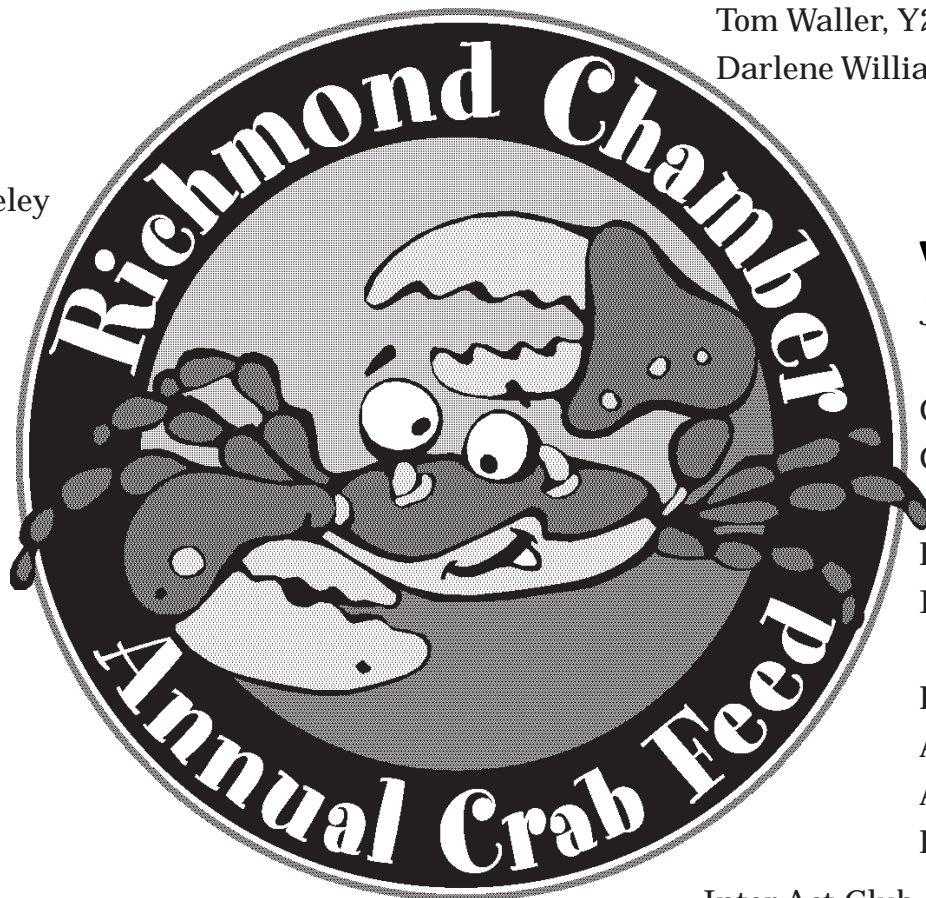
**SPONSORS**

**Veolia Water (formerly USFilter)  
Wells Fargo Home Mortgage**

**DONORS & SUPPORTERS**

Armor Locksmith Services  
Baltic Restaurant  
Budget Rent-a-Car  
Center for Integrated Wellness  
Century Hilltop Cinema  
Chevron Richmond Refinery  
Clothing Broker  
Cohn-Stone Studios  
Comerica Bank  
Courtyard by Marriott Richmond / Berkeley  
Cushman & Wakefield  
Carla Della Zoppa  
DeWitt Gallery & Framing  
East Bay Center for the Performing Arts  
El Sol Restaurant  
Virginia Finlay  
Ellen Gailing Photography  
General Chemical  
Joshua Genser, Attorney-at-Law  
Hidden City Restaurant  
Hilltop Mall  
Hiram Design Group  
Hotel Mac Hotel  
Hotel Mac Restaurant  
Steve Hurst Clocks  
The Inner Cook  
Ivonne Inurritegui-Folster

**THANK YOU TO ALL  
OF YOU WHO MADE  
OUR 4TH ANNUAL  
CRAB FEED SUCH A  
GREAT SUCCESS:**



Judi Collignon, Avon  
Kaiser Permanente  
Kaiser Permanente Optical Services  
LaStrada Ristorante  
M.A. Hays Co.  
MBA Polymers  
Mark Howe/MSH Management  
Masquers Playhouse  
The Mechanics Bank  
Name the Occasion  
National Institute of Art & Disabilities (NIAD)  
Olson Company  
Orton Development, Inc.  
Oscar Lugo Fine Jewelry  
Palacek

**CRAB FEED COMMITTEE**

Erica Denham, Sales Manager  
Melissa Sylver, Banquet Manager  
Courtyard by Marriott  
Co-Chairs

Rodney Hiram, Hiram Design Group  
Arnie Kasendorf, Richmond Commission on Aging  
Tim Meese, CCC Volunteer Program  
Chris Phipps, Bay Area Rescue Mission  
Tom Waller, Y2 Marketing  
Darlene Williams, Postnet

**VOLUNTEERS**

Jane Del Simone  
WCC Adult School  
Greg Folster  
Gretchen Grover  
EBMUD  
Pamela Hampton  
Ivonne Inurritegui-Folster  
OrtonDevelopment  
Lynn Maack  
Aubrey Morgan  
Aubrey Morgan Jr.  
Don Phipps  
Inter Act Club, Pinole Valley High School



Ellen Gailing Photography



Ellen Gailing Photography

The Painted Chair  
Park Florist  
Postnet  
Quality Inn & Suites  
Republic Services/Richmond Sanitary Services  
Richmond Art Center  
Richmond Development Co.  
Richmond Museum of History  
Rosamaria's Cafe  
SimsMetal  
UPS  
Von Rossum & Assoc.  
John Wehrle, Artist  
West County Times  
YMCA  
Zoe's cookies and other delights

## ECONOMIC DEVELOPMENT SUMMIT COMING TO RICHMOND

The West Contra Costa County Economic Development Summit event is scheduled for April 15, 2004, from 8:30 a.m. to 12:00 Noon at the Richmond Convention Center.

"A renaissance is underway in Richmond and Richmond is open for business now! Economic development has been accelerating in the City of Richmond and will continue to do so for years to come!" said Steve Duran, Assistant City Manager.

The City of Richmond is partnering with the East Bay Business Times to host an Economic Development Summit that will showcase the many exciting businesses and business opportunities within the City of Richmond and the balance of West Contra Costa County.

The Economic Development Summit will feature presentations on economic forecasts, industry "hot spots" and expert analysis on key economic issues affecting the City of Richmond and West Contra Costa County.

Sunne McPeak, Secretary of Housing and Community Development, has been invited to deliver the keynote address.

To register for this very exciting and first of its kind event in West Contra Costa County, please contact the **East Bay Business Times** at (925) 598-1418.

### Silent Villain, continued from page 1

fall in this category and end up placing the risk of investment return on the employee, not the employer. Naturally, this type of plan does not allow one to retire at 50 with full pay for life like 3% at 50 does, but it does provide a cushion that with Social Security provides an acceptable retirement package.

Moreover we are particularly dismayed at how this city's pension plan effects the young union worker. The City is being forced to lay off the young union employee so they can afford to pay the pension benefit of the older worker. This is of course just another straw in the intergenerational shift of wealth in this country from the young to old. The young pay social security for the old; the old have health insurance, the young have none; the young pay market rate property taxes, the old get to retain their prop 13 rates; the old own homes that are worth much more than the young can afford to pay; the old grew up in an era of one income earner families while the young family today needs two jobs, assuming they can find them.

I cannot tell you how many times union workers have come to my job trailer and told me about the 6-month waiting list at the union hall and that they are desperate for work. Is this the type of organization that helps all its members or just those with seniority? And labor wonders why their movement is in trouble. Labor needs to become more sophisticated. They need to address the needs of all their members including the young ones.

Many have said that the incestuous relationship between public employee unions and our elected officials leads to bad public policy. Well I can't think of a better example of this than 3% at 50.

Moving forward in this case, the unions need to find a way to save jobs. This means mitigating pension contribution costs by adopting cost sharing and rewriting 3% at 50.

**The public sector needs to emerge from the dark ages and move to make its pension plans consistent with the private sector even if it means declaring bankruptcy to do so.**

Email: Howefam2@pacbell.net

chamber

ANNIVERSARIES

**Congratulations!**

and happy anniversary to the following businesses  
for their continuous years of Chamber membership:

**2/04/04 to 3/03/04**

**Over 50 Years**

Chevron Richmond Refinery  
PG&E, Pacific Gas & Electric

**21 TO 25**

Hotel Mac Restaurant

**16 TO 20**

AAA (California State Automobile Assoc.)  
Hilltop Commons

**1 TO 5**

All Aboard Mini Storage  
American Soil Products  
Center for Integrated Wellness  
Corporate Media Systems, Inc.  
DeWitt Art Gallery & Framing  
Sydney Barbara Metrick Ph.D, CPCC  
Postnet

*Please patronize these businesses*

## APRIL SHOWERS BRING THE BUSINESS EXPO

Plan to participate in this year's Business Expo on Thursday, May 13 at the Courtyard by Marriott, 4:30 to 7:30 p.m.

Display booths are still only \$250 for Chamber member businesses (\$375 for non-members) and, if you are a restaurant or caterer, ask how you can have a free booth!



Rolling Hills Memorial Park Booth

photo by Nate Carter



Courtyard by Marriott, 2003 booth

photo by Nate Carter

If you cannot have a booth, plan to attend anyway. There will be drawings, snacks and lots of interesting things to see. Consider donating a gift for the drawing as a way of being part of the event.

**See the registration form in this mailing or on the website or for more information: (510) 234-3512 or newsletter@rcoc.com.**

Participating businesses get free passes to the event to pass on to their own clients (and friends).

### Richmond Chamber of Commerce Board Members

Michel Bureson / Doctors Medical Center  
Helen Carr / Contra Costa College  
Sharon Craig-Carter / Chevron Richmond  
Carla Della Zoppa / Security Pacific Real Estate  
Michael Fenley / Hilltop Mall  
Virginia Finlay / Signature Realty  
Joshua G. Genser / Attorney-at-Law  
Barry J. Gordon / The Mechanics Bank  
Karl Gramm / UPS  
Gretchen G. Grover / EBMUD  
Peter A. Hass / Watson, Hoffe & Hass  
Jerold Hatchett / SimsMetal  
Sherie Hickman / Kaiser Permanente  
Mark Howe / MSH Management

Ivonne Inurritegui-Folster / Orton Develop.  
Larry Landry / General Chemical  
Richard McCombs / MBA Polymers, Inc.  
Judy Morgan / Richmond Chamber  
Peter Nuti / Richmond Sanitary Service  
Carl Overaa / C. Overaa & Company  
Mark Quilici / California Casting Inc.  
Will Rigney / SBC  
Melanie Shelby / P.G. & E.  
John Ziesenhenn / M.A. Hays Co.  
  
Ex Officio  
Jay Corey / City of Richmond  
Gloria Johnston, Ph.D / WCCUSD