

# Council Will Ponder Flood Control Debt

Plans to use city water department funds to help pay off Santa Cruz' \$273,000 flood control debt to the corps of engineers should come in for heavy discussion during city council budget hearings which open tomorrow night.

In City Manager Robert Klein's budget, which was released today, \$44,056 would be transferred from the water department to meet the thumping payment due July 1. According to an interpretation by the city attorney, the council can borrow surplus funds from the department if they are paid back within the same fiscal year they are borrowed.

When \$250,000 was borrowed from the water department last year (also for flood control) the water commission reacted sharply and at one point, Chairman Wallace Richey mentioned resigning. The \$250,000 is slated for final repayment this month out of funds reimbursed by the state for flood control land acquisition.

Should the council decline to use the water department funds to meet the flood control payments (which was raised last year by the engineers, thus creating the fiscal problem), presumably they would either have to cut from other sections of the tight budget or raise the tax rate. To raise the money via taxes would require about an 11 cent increase in the present city \$1.655 tax rate.

A third alternative suggested by one city official would be to borrow the money on an agreement that it would be repaid on demand should the water department find it needs the funds for operations. The money then could be transferred out of some other fund showing a surplus at the time.

A breakdown on the payment to the corps of engineers includes: Flood control tax, \$40,760; carryover, from previous budget, \$53,184; general fund, \$15,000; transfer to the sewer fund, \$120,000 and water department, \$44,056.