

Council's first look at \$76.4 million budget

Some job cuts, more cops, capital works spending

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WATSONVILLE — City Council members took their first long hard look last night at next fiscal year's \$76.4 million budget, which calls for eliminating eight city jobs, hiring more cops, and moving ahead with some big-ticket projects.

Most of the jobs cutbacks will be in the Public Works/Utilities Department, including four vacant positions that will likely go unfilled. City administrators expect an early retirement program to give employees whose jobs are eliminated an incentive to retire instead.

Review of the tight budget, which goes into effect July 1, began at last night's City Council meeting. Council members will meet again June 13 to discuss it and plan to adopt a final budget at their June 27 meeting following a public hearing.

A large chunk of the budget, \$24.5 million, will fund capital improvements ranging from the replacement of sewer lines damaged in the earthquake to a government-mandated waste

water treatment-plant upgrade and the creation of a new city dump.

Although the council will adopt the budget this month, it will continue to watch the outcome of budget talks in Sacramento and Washington D.C. California's budget is especially "precariously balanced," according to the city manager's budget memo.

But although there is a possibility that cuts in state and federal funding could eventually affect local programs, the city will likely receive more federal grant money during the next fiscal year than ever before.

That's because Watsonville has applied for and received an array of state and federal grants included in next year's budget. Some 18 employees are all or partially funded by grants ranging from FEMA to state community block grants, said the city's finance director, Eric Frost.

But the grant funding is a mixed blessing, he said.

Although the funds have allowed the city to hire new

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employees, including several police officers and recreation department employees, grant funding could end abruptly, he noted. The city would then have to decide whether to pay the employee's salaries out of its own pocket or let the positions dwindle by attrition.

"To the extent that employees are funded by grants, the question arises: 'What happens when the grants go away?'" Frost said.

On the other hand, he said, the grants have allowed the city to beef up the police department and recreation programs targeting at-risk youth, two areas the council has decided to emphasize next year.

Police department expenditures in the budget are up 5.9 percent, or \$325,000, reflecting a growing concern for public safety. Most of the increase, \$247,000, comes from federal and state grant monies, and four officers are at least partially funded through grant money.

Recreation expenditures are up 14.2 percent because of the year-round operation of the new youth center and anticipation of federal redevelopment funds. Four recreation department employees are at least partially funded through grant money.

The grant-funded positions stand in contrast to the general decline in employee numbers the city has seen in the last few years. Since 1992/1993, the number of city workers has dwindled from 307.5 to 291.5.

In the next fiscal year, those numbers are expected to continue to drop. Under an early retirement incentive program approved by the council in March, employees over 50 who have worked for the city for over 10 years are given service credits and a two-year medical-payment plan as an incentive to leave their jobs early.

John McGuire is one of the city employees whose position has been targeted for extinction. The water division manager, acclaimed for his award-winning water conservation program, says he is not ready to retire, but continues to discuss the possibility with city officials. "I'm not ready yet, but if the council decides there's no money, I'll have no choice," he said.

McGuire, 54, said he had not planned to retire for another seven years because the more years of service a city employee has put in before retirement, the larger the retirement pension. He'll lose between 17 and 20 percent of his retirement pension if he takes the retirement package, he estimates.

"If I retire this year, I won't have a measure of financial security," he said.

The most expensive items in the budget are a nearly \$8 million waste water treatment-plant upgrade, an over \$5 million sewer line replacement project, and the creation of a new landfill site adjacent to the city's current landfill.

Federal designation of the Monterey Bay as a marine sanctuary two years ago required the plant to remove an even larger percentage of organic material from waste water than the current 85 percent, said David Koch, the city's director of public works.

Only \$2 million, or a quarter of the total cost of the treatment plant, is included in next year's budget, he said. The city won't need to raise sewer rates to pay for the project because money has been set aside for the project, he said.

Closing the old dump on Buena Vista Road, which will be full by the end of the year, and opening a new one on an adjacent site will cost the city \$5.1 million. Part of that cost will be paid for by new rate hikes for city garbage collection.

Federal Emergency Management Agency funds will finance most of the sewer line replacement project.