

# Empty pocket blues / Santa Cruz must raise revenues or cut its services, mayor says

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SANTA CRUZ — The city is "in very good shape", but it's running out of money, Mayor John Laird told the Chamber of Commerce Wednesday.

Soon, the City Council must decide between finding more sources of revenue or reducing services, Laird said in the mayor's annual "state of the city" address to the chamber.

"Fat reserves" that have financially carried the city over the past five to 15 years will only last another year or so, said Laird.

"It will be the council's choice, either this year or

next, to cut services or to add revenues," said Laird. "We've been running on deficit financing for the past five or six budgets."

Laird said the main reason the city is in such "good shape" is due to its staff.

Since Prop. 13 passed statewide in 1978 to slash property taxes, and thus reduce the flow of revenues into government coffers, city staff members "have been there and have been resilient," said Laird in praising the staff's competence.

"We're going to have a tough time cutting services in any way," Laird said. The mayor said cutbacks "should not single out any one category of people."

He said the council will review possible increases in

water and sewer rates. The last water rate increase was six years ago.

Other revenue-producing ideas include raising user fees at the Municipal Wharf and DeLavaega golf course, said Laird.

There's also the chance the council will look at passing a surcharge tax on utility bills.

Laird said he would support such a tax only if it were structured in such a way to tax a mix of municipal utilities and telephone utilities or to exempt those on "lifeline" rates for minimum utility use.

Laird said there is now support on the council "for some motel project" or other tourist-related development.

The owners of the Dream Inn hotel have expressed an interest in expanding in the beach area.

Laird called for "a home grown economy" that would enhance the tourist, government and agricultural enterprises already firmly rooted in the city.

"I think tourism is the clean, light industry people want, but the question is, how do we enhance it, to bring people here at a time the local economy needs it?" asked the mayor.

Laird figured the council is moving away from the "bickering" that has divided the council in recent years.

"We're finally moving in another direction, but it's not going to be easy to keep it in that direction," said Laird.

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A recent challenge to the results of the Nov. 8 election makes Laird "unhappy." The challenge, led by conservatives who want to swing the council majority from a liberal to a conservative vote, is based on the allegation that there was voter fraud at UCSC precincts. The case moves into Superior Court later this month.

The city's Revenue Sources Task Force approved five recommendations Wednesday night on city finances:

- Consider selling surplus city-owned property, including Neary's Lagoon.

- Review an increase in business license fees.
- Turn the wharf and golf course operations into profit-making ventures.
- Review users fees for city-owned facilities.
- Investigate a tax of at least 5 percent on cable television bills.

The task force recommendations will be forwarded to the council.

The task force meets again on Jan. 25 at 7:30 p.m. to consider more recommendations, including an assessment district, library charges, an amusement tax and city utility charge.