

Bond issue ires Soquel group

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SANTA CRUZ — A Soquel citizens group sees a dark cloud inside the silver lining of a bond issue that will raise \$16 to \$18 million — after sales costs and commissions — for sorely needed public improvements in the Live Oak-Soquel area.

Representatives of Save Soquel have complained to the Board of Supervisors that acquisition of the O'Neill Ranch for a regional park was not included on a list of projects to be funded by bond proceeds. They have also complained that area residents were not consulted before the project list was drawn up by county officials.

Meanwhile, Live Oak-Soquel Supervisor Dan Forbus says that there is no point in setting aside bond money to buy the property, because, he says, it's not for sale. And, says Forbus, there will still be plenty of time for public consultation on other project proposals before any of the bond proceeds are actually committed.

Forbus upbraided the citizens group Friday, saying its complaints flowed from a deep well of ignorance.

"They get to talking among themselves," he said. "They get an idea; nobody ever calls and asks what's going on. Half the time, they don't have the correct information."

The bond issue will be considered by the Board of Supervisors Tuesday. The bonds will be financed by revenues from the Live Oak-Soquel Redevelopment Area, which was formed in 1986 to raise money for public works projects in the heavily urbanized, unincorporated community east of Santa Cruz. Redevelopment revenues, which will begin flowing this year, come from "tax increments" — property-tax increases resulting from new construction and rising property values.

County Administrative Officer George Newell has recommended that the county borrow \$23.1 million against future redevelopment revenues to pay for \$16 million to \$18

million worth of public improvements in the Live Oak-Soquel area in the near future. Projects listed for funding by the CAO include \$4.4 million worth of road and roadside improvements and \$2.5 million worth of drainage work. Newell has also recommended that the county earmark \$2.8 million in bond proceeds for the acquisition of land for two neighborhood parks and for work on the 17th Avenue swimming pool project. In addition, funds would be set aside for library facilities and for low- and moderate-income housing. The county must set aside at least 20 percent of all redevelopment funds for low- and moderate-income housing under state law.

Members of the Save Soquel steering committee are angry that funds to buy the O'Neill Ranch were not included on Newell's list.

In a recent letter to Forbus, steering committee member Linda Jones noted that Soquel residents have been pressuring the county Parks Commission, Planning Commission and Board of Supervisors to buy the property and turn it into a park for the last 15 years.

Jones wrote Forbus that it was "imperative" that the county buy the ranch property now. She also complained that Live Oak-Soquel residents had not been consulted about how redevelopment revenues should be spent.

Forbus said Friday that the county cannot use redevelopment money to buy the O'Neill Ranch because, "The O'Neill Ranch is not for sale."

"It has never been for sale to the county," he said. "You can't buy something that is not for sale. It is not an issue as far as redevelopment is concerned."

Forbus said that a citizens committee would be formed soon to review the projects proposed by county officials. He said the committee will have the opportunity to recommend changes in the list before any bond proceeds are spent. He said the projects on the list now are "the things people have been wanting and need-

ing for 15 years — high-priority items."

Committee members are to be appointed by Forbus, Aptos Supervisor Robley Levy, whose district includes a portion of the redevelopment area, and the Soquel Chamber of Commerce. Forbus said he was ready to appoint a committee last fall, but put it off after the bond sale was postponed in the wake of the stock market collapse. Without the bond sale and without funding, he explained, there was nothing for the committee to do.

Forbus said the bond issue was resurrected on relatively short notice recently when, "all of a sudden the bonding company called and said, 'Hey, this is a good time to sell your bonds.'"

It will take the county 25 years to pay off the bonds off. Over that time, it is projected that redevelopment area revenues will total more than \$91.5 million. Principal and interest payments on the bonds will total \$43.3 million, county officials say. But officials say that the real cost will be much less, because the bonds will be repaid with dollars devalued by future inflation.

According to the CAO's office, the real cost — in 1988 dollars — of repaying bond principal and interest will be \$22.5 million.

According to Newell, it would take the county about seven years to accumulate the \$18 million or so which the bond issue will raise.

Richard Musgrave, a UC Santa Cruz economist and public finance expert, said it would be "silly" for the county to put off needed public works projects while it tries to save money to pay for them.

"Assuming that they (the county) have assured the revenue ... which permits them to service (the) debt, then it is only natural to bond," he said recently. "By bonding, the costs of providing ... services can be shared by the citizens who use those services over their lifetime."

"Providing the services are well-justified and needed, bonding simply follows a generally accepted practice of municipal government," Musgrave said.