

Capitola budget: a surplus, but no tax cut

By BOB SMITH

A healthy surplus of at least \$200,000 is forecast for the city of Capitola next year, but City Manager Max Kludt is not recommending any reduction in the city's property tax rate.

Kludt presented a budget to the city council Monday night during a special study session that reflects a continuation of the present 70 cents per \$100 assessed valuation tax rate for the city.

He is proposing a total working budget of \$1,535,487 for the 1977-78 fiscal year.

Kludt balances that against a conservative estimate of \$1,414,534 in new money for the city this year, compared to \$1,255,323 last year.

The budget is in the "black" because the city has saved \$265,000 that it plans to spend in road improvement projects next year.

The city manager's income projections are conservative this year because of the uncertainty surrounding the Sutter Hill annexation to the city.

The annexation is still in doubt because the county board of supervisors and the city of Santa Cruz have appealed the annexation decision to the state appellate court. If the state court rules against Capitola and the Local Agency Formation Commission, the city could lose the property tax and sales tax revenue from Sears, Mervyn's and the Capitola Mall.

"I must assume that Capitola won't be the jurisdiction for Sutter Hill," Kludt said last week, "even if I don't think it will be true."

"Common sense tells me to work out a budget this way."

Capitola collected \$493,000 in sales tax this year. Sears was responsible for \$100,000; \$20,000 from Mervyn's, and \$10,000 from the Mall. The rest of the city generated \$363,000 in sales tax.

Next year, Kludt feels comfortable with a five per cent increase in the city-wide sales tax revenue, bringing it up to \$371,000.

The Sutter Hill annexation (Mervyn's, Sears, and the Mall) could produce \$310,000.

Kludt feels that the city will receive at least the first quarter's

tax from the center, even if the city loses the court fight. So he's budgeting \$80,000 additional sales tax income; bringing the total sales tax projections up to \$451,000.

The budget is also based on the preliminary assessed valuation tax rolls prepared by the county assessor.

Last year, the city was valued at \$28,136,130. This year, the valuation is estimated at \$35,767,640.

"Everybody panics and thinks they'll pay more," Kludt said. "I think our increase is based primarily on building construction during the period year and Sutter Hill."

"These figures don't include the Mall but we picked up a big percentage of Mervyn's."

"Also, the selling price of land along 41st Avenue is now \$6 a square foot, over \$250,000 an acre."

"The bulk of this increase," referring again to the total assessed valuation, "has to be annexations and new construction."

"Based on a 70 cent tax rate, we raised \$196,000 last year. This year, it will be \$250,000."

The city will receive \$70,600 in federal revenue sharing funds; \$83,000 from the Federal Aid Urban highway funds, to strengthen 41st Avenue between the Freeway and Capitola Road; another \$28,000 from the state's gas tax funds for a bikeway on Capitola Road between 41st Avenue and Wharf Road.

Kludt said he also wants to apply for \$60,000 from the federal Local Public Works Act fund for a series of projects including sidewalks, curb and gutter on Monterey Avenue north of Bay Avenue, curbs and sidewalks along the remainder of the ocean side of Park Avenue, and wheelchair ramps throughout the city.

The city's expenditure budget is divided into 14 different categories — each representing one department or branch of government.

The largest numerical increases this year are reflected in the police department budget, with Police Chief Martin Berghold seeking a \$64,731 in-

crease in his operating budget — \$385,203 to \$459,934 — exclusive of any across-the-board salary increases that may be negotiated by the Operating Engineers Local 3 — the union representing a majority of the city's police officers.

The street department budget has swollen from \$367,022 this year to projected \$550,343 next year, due mainly to several road projects.

Kludt said the budget includes \$41,000 for annual street overlay program, \$75,000 for possible signalization of the Gross Road-freeway interchange and \$190,000 for reconstruction of Capitola Road between 41st Avenue and Wharf Road.

Major expenses targeted in the police department by Kludt include \$9,000 for new police cars, \$4,800 for four walkie-talkie radios, \$5,600 for bullet proof vests; \$6,000 for safety equipment (guns, leather, etc.) for the reserve police officers; \$4,500 for three new car radios; \$1,100 for rechargeable flashlights; \$800 for reserve officer badges.

The city will be trying out a new policy for its 20 reserve officers. In the past, it has budgeted \$3,500 for reserve officer pay each year, with the volunteer policemen paying for all uniforms and safety equipment.

Councilmen, however, agreed to give themselves, planning commissioners, the city treasurer a raise next year, and to put the four members of the city Architectural and Site Review Committee on the payroll for the first time.

If they follow through and amend the city's salary ordinance, monthly salaries for councilmen will increase from the present \$100 a month to \$150.

Planning commissioners, who also meet at least twice a month, will get raises from \$35 to \$100 a month, and city treasurer John Andersen will have his paycheck boosted from \$50 to \$75 a month.

Until now, the architectural and site review committee — an advisory committee to the planning commission — served without pay, reviewing plans for most commercial and multi-family

residential projects proposed in the city. The committee is composed of an architect, a landscape architect, an engineer, and a lay person.

If the new proposal is approved, they will receive \$50 a month.

This year, the city will buy the guns and other safety equipment needed by them, and instead of paying officers individually for the time worked, make a lump sum payment of \$2,000 to the reserve officers association.

One department, general government, showed a substantial decrease in its budget this year, due mainly to the completion of the \$367,000 city hall complex this year.

The budget this year is \$319,410 compared to \$486,808 last year.

Other departments and their budgets this year and next are:

City council, \$11,305 to \$12,355; City Clerk, \$2,630 to \$3,810; City Treasurer, \$720 to \$780; City Attorney, \$11,450 to \$14,525.

City Manager, \$25,135 to \$32,278; fire department, remains at \$1 a year; Planning Department, \$26,311 to \$35,531; Building, \$28,101 to \$34,955; Pound (animal control), \$17,910 to \$20,210; Parks, \$34,290 to \$49,355; Civil Defense, unchanged to \$2,000 a year.

The Parks and Recreation budget includes \$11,000 for the reconstruction of the city restrooms at the beach.

The general government includes \$10,000 for the Capitola-Soquel Community Schools program.

Kennel

All regular activities
Archery, Riflery, S
dinner, campfire
rare opportu
sportation