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City's budget plans reflect lean economy

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Reflecting the lean economic times, Watsonville's City Council is poised to adopt a cautious city budget that generally recommends little change in expenditures and anticipates little change in revenues.

The City Council is scheduled to take final action on the matter at its regular meeting Tuesday at 7:30 p.m. It has already held several meetings on the budget.

The budget projects \$58.9 million in expenditures and \$55.5 million from various revenue sources and debt financing. The \$3.4 million shortfall will come from special funds, such as redevelopment.

It proposes that personnel should not be increased unless new, long-term funding sources are available; that the operating costs of city departments remain the same as they were last year; and that there is no increase in the money given by the city to various social-services agencies.

Expenses will be higher in the solid waste department, however, and the budget does recommend an increase of 15 percent in garbage pickup rates to cover them.

With the increase, the monthly cost for two-can pickup would increase to \$12.82. That rate is still lower than rates charged in the rest of the county. Santa Cruz has the second-lowest rate at \$14.70 a month for two cans; the highest, in Scotts Valley, is \$23.80.

Most of the new funds will be

used to cover costs associated with closing the current landfill and opening a new one.

Other departments that will expand include the police department, which will gain two new officers. Half of the officers' salaries will be paid by a three-year federal grant. The remainder will come from Measure E (earthquake recovery) money.

The recreation department will see an increase in spending, because of the opening of the youth center. About one-third of the cost will be covered by a federal grant.

The city will have an additional \$500,000 for economic development, including a loan program for small businesses, thanks to Measure E funds.

The city budget has grown increasingly tighter over the past few years, as the state has attempted to solve its own financial crises by taking a bigger and bigger share of local money.

City Manager Steve Salomon estimates that the city is short \$800,000 this year, thanks to Sacramento, although final figures won't be known until after the state has passed its budget.

In a memo to Salomon, city Finance Director Eric Frost notes that the budget is flawed because it doesn't have money set aside for any sort of contingency. Should the state decide to take an even bigger chunk of city revenues, the city would have to carve that much more out of its operating

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expenses.

Salomon hopes to cushion the city from an additional financial blow by freezing \$200,000 of the funds set aside for capital expenditures, a technique the city has used for the last two years.

City revenues from property taxes have also fallen dramatically in relation to rising costs. In fiscal year 1958-59, the \$330,000 the city received from property taxes more than covered police department costs of \$228,000. In 1976-77, two years before the passage of Prop. 13, the department's costs of \$758,000 were still adequately covered by \$853,000 in property taxes. This coming year, property taxes of \$2,280,000 will cover just under

half the department's cost, \$4,694,000.

Despite the decrease in revenue, Watsonville has managed to maintain its level of services in large part because of an employee campaign to find more efficient ways to work. While no one has been laid off, vacated positions have gone unfilled, and in some cases city workers are now doing two or more jobs. Salomon credits the employees' efforts with a savings of about \$800,000 a year.

In his foreword to the proposed budget, Salomon notes with pride that city service levels have been maintained.

"Our library remains open the same number of hours that it was open a number of years ago and is one of two libraries in the Monterey Bay region which remains open six days a week," he said.