

City facing budget trims

Budget

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DRAGGING ECONOMY, FEWER TOURISTS MAY MEAN SERVICE CUTS IN SANTA CRUZ

By Ken McLaughlin
Mercury News

Faced with a daunting \$3.9 million budget deficit, primarily because of a sour economy and fewer tourists, Santa Cruz city officials are recommending slashing the equivalent of 25 full-time jobs.

The city Parks and Recreation Department will take the biggest hit under recommendations submitted to the city council Friday, meaning that Surf City residents might be headed for dirtier, less-maintained parks.

The department would lose seven of 466 positions paid for by the general fund, while the police and fire department budgets will be mostly untouched.

The two most controversial budget items — the possible closure of Harvey West pool for nine months of the year and spending \$93,000 on a "peace park" — remain in doubt.

At the direction of the council last year, city staff members recommend closing the pool for nine months, saying it would save \$186,301 a year. But pool supporters are hoping to raise money to put in a solar heating system, keep down the cost and persuade the city council to

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BY THE NUMBERS

\$3.9 million

Estimated Santa Cruz budget deficit

25

Equivalent of full-time jobs that may be cut

\$93,000

Cost of proposed Doug Rand Peace Park

\$186,301

The amount saved if the Harvey West pool closes for 9 months of year

IF YOU'RE INTERESTED

The city council will begin budget hearings at 1 p.m. June 12 in the city council chambers.

■ For details, see www.ci.santa-cruz.ca.us.

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keep the pool open year-round.

The \$93,000 price tag for the Doug Rand Peace Park remains in the budget because it was approved last year and the council never told staff members to take it out. The council is expected to decide whether to ax the park after June budget hearings.

One thing is clear from the telephone-book-thick budget document, however: Santa Cruz is facing lean and hungry times, and things could get worse if residents vote to repeal a 7 percent tax on city utilities in November — which county residents did in March.

"We have entered a new era, in which a scarcity of money will dominate," City Manager Dick Wilson said in his budget message.

Wilson cited two main rea-

sons why the city was in such awful fiscal shape. Because of a series of voter-approved initiatives beginning with Proposition 13, the 1978 landmark measure that dramatically cut property taxes, "The financial destiny of California cities is in the hands of the political leadership in Sacramento."

City Finance Director Dave Culver said the city already stands to lose about \$600,000 in revenue from the state this year.

The other main reason for the city's hard times, Wilson said, is the local economy, which depends on tourism. Both hotel and sales tax revenue plummeted after the dot-com bust and Sept. 11.

The recent closure of Texas Instruments and the takeover of the Holiday Inn by the University of California-Santa Cruz for student housing were "serious blows to the city's tax

base," Wilson said.

"It is impossible to know what might be proposed in the future, and what might be acceptable," Wilson said. "But rescue is not in sight."

The loss in state revenue, however, pales in comparison to the potential loss of utility tax revenue — \$8.4 million, said Culver and Assistant City Manager Martin Bernal.

"We're talking about losing 100 jobs," Culver said.

Tax-opponent Steve Hartman and other critics say the city wastes money on providing freebies to the homeless and other social services. Culver said the city spends about \$2 million annually, about a quarter of the amount that would be lost if the utility tax is repealed.

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