

Watsonville's financial picture is bright

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WATSONVILLE — Watsonville is continuing to bounce back from the October 1989 earthquake.

Finance Director Terry Stigall has presented evidence of that economic recovery, reporting that city revenues are \$247,000 higher than budget projections at this midpoint of the 1990-91 fiscal year.

While six months remain in the fiscal year, Stigall estimated that the city's general fund could exceed the budget by \$429,400 if current financial conditions continue.

"I feel honored to be able to give some good news," Stigall said Wednesday, pointing to recent publicity about devastating financial

problems with Santa Cruz City Schools. "It's rare to say that a city is in decent financial condition, but I have the pleasure of saying just that," he added.

Watsonville's increased revenue is a result of an almost across-the-board increase in the city's general-fund revenue classifications.

City-tax revenue, for instance, which includes sales tax from stores, is already at \$2.6 million. The budget had projected \$3.5 million for the entire fiscal year. Property taxes also are higher than budgeted. So far, property taxes are on a pace to bring in \$2.3 million by the end of the fiscal year, Stigall said, which would be up approximately \$300,000.

"No one category really stands

out (as the reason for the increased revenue)," he said.

Stigall did note that sales tax has rebounded since the October 1989 earthquake to the point where revenues are almost exactly the same as before the earthquake. This comes despite the fact that downtown Watsonville lost 239,900 square feet of retail space in the temblor.

"We really didn't lose a lot of business after the earthquake," he said.

Instead of shopping out of town, Watsonville residents apparently shifted their shopping to stores in the Green Valley Road and Freedom Boulevard areas.

"And now, as businesses begin to rebuild downtown, shoppers are

also filtering back," Stigall said. "As downtown comes back, things should be even brighter."

Mike Conlon, an economic consultant the city hired, pointed to the rebuilding of Ford's department store as a key. Ford's has already broken ground on a two-story, 74,550-square-foot store at the exact location it occupied at Main and West Beach streets. It is expected to be completed by October.

Despite the bright outlook, however, Stigall warned, "The (city's financial) picture could change if the recession continues."

Stigall doesn't foresee the local financial picture changing suddenly, though. "I hope things will remain as they are at least through this (fiscal) year," he said.

The estimated \$429,400 increase for the entire fiscal year still represents only 3.4 percent of the city's total \$12.4 million general-fund budget. City Manager Steve Salomon also said that the city is "lagging behind" hiring for some posi-

tions, and that subsequent hirings would decrease the general fund.

And yet, good news is good news.

"I'd much rather give this good news than say that finances are down \$40,000," Stigall said.