

### Weather Report

Temperature for 24-hour period ending at 8 a.m. today — Maximum 52, minimum 28.

Monterey Bay Area — Variable cloudiness early tonight with a chance of sprinkles; fair tomorrow.

# SANTA CRUZ SENTINEL-NEWS

Santa Cruz County Since 1856

100th Year—No. 307

SANTA CRUZ, THURSDAY, DECEMBER 29, 1955

5c Sunday and Daily Excepting Saturday

# 20

## Flood Pictures In Today's Sentinel-News

TWENTY-SIX PAGES

# May Replace Flood Wrecked Areas

## Water Does Not Have To Be Boiled

Tap water is safe to drink without boiling, city water users were informed this morning.

A joint statement issued by County Health Officer Dr. Russell Ferguson and City Manager Robert Klein said all sanitary restrictions clamped on the domestic system for six days have been erased.

The text of the statement: "The county health department, with the assistance of the state department of public health, bureau of sanitary engineering, has carefully tested water throughout the city of Santa Cruz water system, and as a result of these tests we have found no evidence of gross contamination and laboratory examination reveals that the water from the city system is now safe for human consumption without boiling or other special treatment.

"Also, as indicated in the press yesterday, we have released the restriction on use of water, and although the city water facilities and pumping plant still require considerable repair work, we have sufficient water coming into the system to supply the city during the winter months, and we hope that emergency plans and repair work now in progress will restore the system to adequately care for the increased population during the summer season."

## Streets' Cleanup Is Begun

Santa Cruz began taking a badly-needed bath this morning.

Traffic was excluded from the area between Center and Front streets as businessmen and city crews hosed down the business district.

Streams of water were applied to the coating of mud and filth deposited on Pacific avenue and

## Knight Inks Million Dollar Pact



Governor Goodwin J. Knight, who made an inspection of the flood-damaged areas in Santa Cruz county, puts his signature on the one-million dollar agreement for initial federal aid to the area. Watching Knight sign the pact is Philip D. Batson

(left), regional administrator for the federal civil defense administration. The agreement is an initial allocation for clearance of debris and restoration of streets, bridges and other public facilities.

### SBA Will Send Two Field Men To Santa Cruz

### Soquel Mass Meeting Is

## Federal Urban Residential Renewal Program Is Offered If 'Santa Cruz Wants It'

"Santa Cruz' flood-wrecked residential districts may be replaced completely under the federal urban renewal program if the city wants it," M. Justin Herman, regional head of the federal housing and home finance administration, declared today.

Heading a team of high ranking federal officials here to offer federal aid on residential flood damage, Herman said that if the city decides to ask for federal urban renewal aid, the government will pick up two-thirds of the net cost. The remaining one-third must come from local sources—"but there are technical ways of easing the burden of that one-third," Herman explained.

Meeting at the Pasatiempo clubhouse for luncheon with city and county leaders, Herman and a dozen other federal officials heard the local men describe the ravages of last week's flood.

The federal officials outlined the avenues of aid open to local homeowners who suffered losses, including repairs, reconstruction and mortgages.

"It might be relatively cheap to renew some of these flood-stricken areas rather than to repair individual buildings," Herman said. "There is a whole battery of resources available if that is the course to be taken."

Herman said it is up to the city to initiate a request for an urban redevelopment program to be administered by the federal urban renewal administration, which was represented at the meeting by Regional Director Richard Ives.

"If the city wants it we're ready to go," Herman said. "We'll start work on it this afternoon."

It appeared likely the question of urban renewal will be laid before the city council when it meets in emergency session tomorrow.

Among those who drove down from San Francisco with Herman were executives of the federal housing administration, federal national mortgage association, community facilities administration and urban renewal administration.

Local business leaders and bankers also sat in on the meet-

ing. bank heads and Assemblyman Glenn Coolidge.

Governor Goodwin J. Knight and federal Civil Defense Administrator Val Peterson toured Santa Cruz flood sectors yesterday and Knight declared what he had seen "the worst business damage of any of the stricken areas" in California.

Knight signed a one million dollar agreement for federal aid with Philip D. Batson, regional FCDA head. Batson said the area may begin drawing on the money whenever Knight requests it.

The money may be drawn all at once or in chunks, Batson said.

Accompanying Knight were top-level state and federal representatives and high-ranking officers of the army engineers who had flown from Washington with Peterson and who flew back with him from Watsonville airport yesterday afternoon.

Ellsworth Bunker, president of the American Red Cross, was scheduled to land at the high school athletic field in a helicopter at 3 p.m. today for a personal tour of the flood-stricken areas.

With him were to be ARC vice presidents John Wilson and Ramone Eaton and Walker Millner, Pacific area manager. Local chapter Chairman Robert Lemmon was making arrangements.

Parks air force base, whose trainees have been visiting Santa Cruz on weekend "Operation Visit" for over six months, yesterday sent a planeload of clothing and blankets. The C-47 landed at Watsonville airport and the relief supplies were trans-

ported to the local Salvation Army northern Santa Cruz county is 10 million dollars.

The downtown Santa Cruz clean-up was facilitated by a police blockade of the area between Center and Front streets. Water flowed freely from hoses and crews scraped the six-day-old coat of mud from the business district.

Cross-river traffic was restricted to the Water street bridge and it backed up in long lines on both sides of the San Lorenzo.

The FCDA will weave together the efforts of all federal agencies involved in rehabilitation work and in administering the "blank check" program authorized by President Eisenhower.

FCDA Administrator Batson said he would assign one of his engineers to go over public facilities—roads, bridges and public buildings—damaged by the flood in Santa Cruz to estimate the cost of repair and replacement.

## Sheriff's Party Rescues Pair From Trailer

Yesterday afternoon and night Mr. and Mrs. Jack LaBrea were brought to safety from an isolated trailer home high in mountains above Corralitos.

Sheriff "Bud" Hendrick, Bob Mondelle, Deputies Raoul and Al Bachtel, a Co. store owner, Fred Benic and Mrs. Harold Burdette, and a Soquel fire engine comprised the rescue party.



the other streets west of the river when the San Lorenzo jumped its banks one week ago tonight. Voluntary rationing of water was relaxed this morning by Water Superintendent Weston Webber as coastal sources fed water into the flood-damaged city system at a rate of five million gallons daily.

The downtown clean-up was taking water from the Bay street reservoir at exactly the same clip. Webber said this should continue for a couple of days and then the rate of consumption will taper off. Meantime, the reservoir held 25 million gallons at 8 a.m. Webber was so confident that the need for strict conservation is past that he informed all industrial water users they may resume production.

Among large users shut down by the shortage were the Inglis and Birds Eye food processing plants, which resumed freezing sprouts today.

Far less bright was the outlook at the river pumping plant, knocked completely out of action when it was inundated.

The army engineers who had been helping to get the wells across the river from the plant back into the distribution system were withdrawn yesterday when it was learned federal law restricts their post-flood activities to clearing of debris and temporary repairs.

The army's plan had been to secure heavy-duty pumps to raise water from the wells and throw it directly into the east side distribution system. Their withdrawal scuttled that plan.

Webber now plans to repair a 14-inch hole in the line connecting the wells with the plant — if the river goes down sufficiently to enable workmen to get at the pipe.

If emergency repairs can be effected, the water will be pumped into the plant and thence into the system.

Plant personnel today were assembling the switching gear and one motor thus far dried out and cleaned. Four additional motors will be cleaned and assembled as the men get to them.

In the Live Oak area Webber's men were preparing to lay a quarter-mile pipeline from the end of the city-fed system at Capitola road and Rodeo gulch to the privately-owned Beltz water company line, which ends at Thompson avenue.

Beltz-supplied water will supplement the Live Oak supply and the connecting pipeline will provide a link between the two systems that will be mutually beneficial in case of another emergency.

"We should have a connection in case anything else happens," Webber said. "They (Beltz) might need our water next time."

The Beltz company supplies the Pleasure Point area from wells.

Webber observed that the heavy rainstorms which brought on the flood will prove indirectly beneficial by assuring a good water supply during the dry months of the coming year.

He also thanked users of city water for keeping consumption to a minimum during the water emergency.

## Vital To Get Data On Flood Losses For Tax Refunds

Santa Cruzans, who suffered flood losses, may be able to obtain considerable aid in applying as soon as possible for federal income tax refunds, the firm of A. M. Ackerman & Company reported today.

Following is a summary on tax information compiled by the firm which includes A. M. Ackerman, P. A., Sam C. McNeely, P. A., and C. W. Houlahan, C.P.A.

"At this time consideration should be given to the Federal income tax position of those incurring losses; of either real property, personal property, inventory or any other.

"Losses fully compensated for by insurance are not deductible whether the insurance is received in 1956 or not. However, if the insurance does not completely cover the loss or if there is no insurance the amount not covered will constitute a deductible loss.

"Business interruption insurance presents a special problem and those clients should consult experts for advice on the tax effect.

"One of the most important matters to keep in mind is the possible loss carry-back available to taxpayers who have suffered a net loss in 1955. This loss can be carried back to reduce 1953 income and then 1954 income and a tax refund received. Any unusual loss may then be carried forward for the succeeding five years until fully exhausted. We are advised that these refunds will be processed promptly.

"In order to secure the highest tax refund it will be necessary to accurately determine your allowable loss. Substantial damages can be proved by pictures. The following paragraphs set forth the various circumstances which we feel will most frequently arise and the steps which should be taken.

**Trade or Business Losses:**  
**A.—Inventory Losses—No Insurance:**

"We recommend that inventories be taken at their regular value without regard to flood damage and then reduced to their salvage value. This will give a clearer picture of the amount of the loss and may be helpful in obtaining replacement loans. The inventory should be as detailed as possible.

**B.—Fixtures, Machinery and Equipment**

"A careful estimate of the damage should be made and the salvage value determined. The amount of the loss for tax purposes cannot exceed the adjusted value (generally cost less accrued depreciation). Again, however, detailed records should be maintained.

**C.—Repairs to Buildings, Equipment and Machinery**  
"Expenses required to rehabili-

tate damaged buildings, equipment and machinery which do not constitute capital additions will normally be written off directly. If desired a separate account may be maintained to accumulate the expenses relating to flood damage.

**D.—Land or Land Improvements**  
"Damage to land such as destruction of grading, bulkheads, retaining walls where substantial damage exists should be appraised by a competent appraiser. The appraisal should state the value prior to the flood and the value subsequent to the flood. The loss thus determined will be pro-rated to the depreciated value of the property.

**None Business Losses**  
"Losses not connected with a trade or business such as damage to residence, trees or shrubbery, personal automobile, personal property, etc., are deductible as a casualty loss. A careful inventory of these items should be made and pictures of damage taken, if possible.

"It is apparent that considerable additional work will be required to maximize any income tax refunds."

Two representatives of the federal small business administration, instead of only one as originally planned, will be in Santa Cruz tomorrow to grant loans to businessmen who have been hit by the flood.

Ralph Ring, secretary-manager of the chamber of commerce, said this morning that the head of the regional office in San Francisco, Edward Turkington, informed him that two field men will be sent as a result of Governor Goodwin J. Knight's appraisal of the business district.

The representatives, who will be here for approximately two months, are Mason Hamm, a financial specialist from the regional office, and Frederick Savage, an appraiser from the district office.

Their office will be in Room 4 of the County Bank building.

### CHESSMAN WOULD DISQUALIFY JUDGE

San Francisco (AP).—Convict-author Caryl Chessman today sought to disqualify Federal Judge Louis E. Goodman from hearing his case January 10 for a writ of habeas corpus, charging bias.

### BRITAIN CALLS ENVOYS

London (AP).—Foreign Secretary Selwyn Lloyd has summoned home Britain's envoys in the turbulent Middle East for consultations next week, the foreign office announced today.

## Set Tonight

A mass meeting of Soquel citizens has been called for tonight at 7:30 o'clock in the Capitola school cafeteria to discuss the problem of the Soquel creek bridge and elect a spokesman to appear before the board of supervisors.

The meeting has been called at the request of the board of supervisors.

## By-Pass Damage About \$65,000

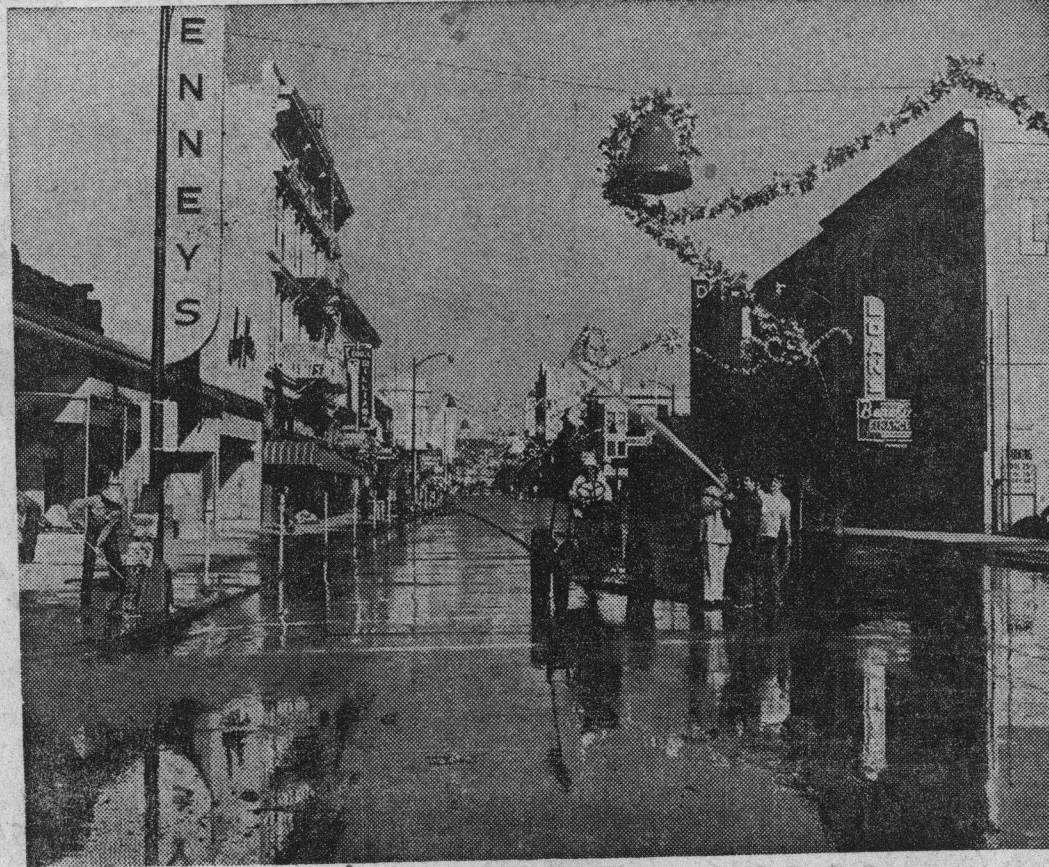
Damage to construction work on the "Business District By-pass" may run as high as \$65,000 or \$70,000, according to District Superintendent George Wagner.

Wagner said that two of the piers from the river crossing were knocked out by the flood waters, presumably from being hit by heavy logs. A third pier may be damaged.

They had little damage to the fills with the exception of minor settling, which was expected during the winter rains, Wagner stated.

Reconstruction work will be started as soon as possible although it will be necessary to wait for the river water level to drop before any of the bridge work can be started, Wagner said. Thus, that part of the work will probably have to wait until late spring.

## Pacific Avenue Gets A Wash Job



City street workers made a thorough clean-up on initial mud and dry dust on Pacific avenue this morning with the

release of restrictions on the use of water. It will take several drenchings to completely

clean up the downtown district, but the appearance is fast improving as Santa Cruzans rush their rehabilitation program.

Herman said increased valuation—which means higher taxes—is one of the ways in which the city's cost of an urban renewal development would be offset. He said tax revenues could increase "as much as five times."

Federal urban renewal projects are handled in a "packaged concept" that includes mortgage and insurance protection, Herman said.

Nineteen New England communities hit by floods last summer have decided to renew riverside areas rather than restore them to their former condition, Herman said. He indicated Santa Cruz is entitled to all federal benefits received by the New England communities under the president's "disaster area" declaration.

Ralph Ring, secretary-manager of the local chamber of commerce, said he has been informed two U. S. department of commerce representatives will be in Santa Cruz Saturday to survey the area and to determine whether assignment of federal contracts here will aid in economic rehabilitation.

If federal contracts given to local industries can cut unemployment caused by the flood, the government will take such action, Ring said.

Representatives of another federal agency, the small business administration, were expected in Santa Cruz this afternoon.

The team which came here with Herman represent federal agencies which in general cover housing, planning, engineering and community work.

The members of the team arrived amid the greatest wash-up task in Santa Cruz history.

With water restrictions removed, city crews and businessmen hosed the downtown area between Center and Front streets of the mud left by the flood which has given up five bodies and which caused possibly another dozen deaths.

Mayor Tom Polk Williams Sr. called the city council into emergency session at 11:15 a.m. tomorrow to take emergency measures necessary to expedite relief work.

One of the actions the council will take will be to declare that rehabilitation workers have the right of entry and trespass on private property to remove debris.

The army engineers, who will probably play a major role in debris-clearing under assignment from the federal civil defense administration, will need the right of way clearance.

Among the survey team officials expected at Pasatiempo were: M. Justin Herman, regional administrator for the federal housing and home administration; Joseph Cassidy of the FHA's main office in Washington; state CD director Stanley Pierson, Jerome Mieldazis, regional head of the federal community facilities administration, and others.

Local officials included the mayor, city manager, supervisors, building department head Walter Keller, city and county planning commission chairmen, representatives of the realty board, three

referred to local business headquarters by truck.

The air base also sent a truckload of clothing and bedding supplies.

Army engineers announced awarding a \$20,000 contract for clearing the San Lorenzo channel to A. J. Raisch Paving company of San Jose.

A \$50,000 contract announced the previous day was for clearance of San Lorenzo creek in Alameda county—not the river of the same name in Santa Cruz, as had been originally stated.

Before he left Santa Cruz to fly back to Washington yesterday, FCDA head Peterson gave this statement to The Sentinel-News: "The town has suffered a severe blow, particularly in the business area. But I am greatly impressed with the fine attitude of the people and officials."

Peterson expressed confidence the "situation will be cleared up reasonably soon and you will continue to have a splendid and beautiful community."

In a meeting in the city council chamber with city and county officials, Peterson and Knight pledged every resource at their disposal in the rehabilitation effort.

Peterson told the local jurisdictions to make their needs known to the FCDA.

City Manager Robert Klein has handed the office opened here by army engineers a \$27,000 bill for city clean-up expenses to date. The city expects to be repaid from federal funds and is keeping close tabs on expenses in order to render a full accounting when federal money is available.

The toll of known dead has reached 40 in California and 12 in Oregon with between 20 and 30 persons still missing.

Early estimates on total damage—still preliminary figures—are 150 to 170 million dollars. The early and conservative figure for

An eyewitness account of a tremendous fortitude by Mrs. LaBreacht, 63, stammina of Sheriff He appear tomorrow in the News.

## GI Who Fled Quit East Ger Is Sentenced

Frankfurt, Germany soldier from California serving a two year prison at hard labor today fled to East Germany. German girl friend to a just military treatment. Pvt. Kenneth D. M. Box 1231, Walnut Cree, was convicted yesterday by a trial that deliberated on the matter.

The 23-year-old private of the 4th Infantry said the "unjust" treatment included his commanding disapproval of his going to see his wife. Mrs. Irma Bamberg became was already married.

Russian troops arrested April 21, 1954, as soon as Miss Bamberg crossed Germany. The soldier was allowed to work in a man auto factory but the West September 3 but didn't like conditions in Germany.

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## FHA Eases Mortgage Credit Curbs In Flooded Areas

Washington (AP).—The federal housing administration today relaxed its mortgage credit curbs for families who have lost their homes in the California and Nevada flood disaster areas.

The agency also will give flood victims, who are unable temporarily to meet payments on FHA-insured mortgages, more time for repayment "when necessary and feasible." FHA Commissioner Norman P. Mason said similar relief is available to borrowers making payments on FHA property improvement loans.

To help homeless families obtain new dwellings to replace those damaged or destroyed in the designated "disaster areas," Mason said, the FHA will insure mortgages for terms of up to 30 years, instead of 25.

Down payment standards will be restored to the level prevailing before credit tightening occurred last summer. For medium priced

housing the down payment on new homes will be 7 per cent, the first \$9000 of appreciation and 25 per cent on the excess of \$9000. The requirements now are 10 per cent and 27 per cent.

If an existing home is sold instead of a new one, down payment will be of the first \$9000 and 10 per cent on the rest of the mortgage instead of 12 per cent.

Mason announced also is calling into immediate effect a special emergency provision of the national law which permits loans with no down payment on officially declared disaster zones.

He said that a special representative, M. Joseph flying to the flooded area, will have headquarters in the San Francisco FHA district office in San Francisco.