

\$6 Million Short

A nearly \$6 million shortage has been discovered through an audit of the County government's revenues and expenditures during the first quarter of the 1982-83 fiscal year.

Additional budget cuts that might keep the government afloat until the end of June will be considered by the Board of Supervisors during the next few months.

All parts of the County government appeared headed toward having to operate on 6-10% less money in the first six months of next year.

The county needs well over \$5 million to pay the local share of the cost of repairing roads damaged during last January's storm. Money shortages created in large part by the 1978 Jarvis-Gann tax initiative, have already led the county to an uneasy compromise on the storm repair problem.

Most of the normal road maintenance budget was diverted to the storm repair fund during the June budget session. Despite this move, most of the roads that were damaged or destroyed by the storm will be virtually untouched when the rains begin again this winter.

The latest major shortfall will slow even further the reconstruction of the roads.

The growing crisis in public health is also about to become

even deeper. Last June the State Legislature decided to turn over major parts of the Medi-Cal program to the counties. But the state will only be providing 70% of the money needed to run those programs.

The Supes are already scheduled to decide next month on a balance between increasing local government's financial burden and reducing the quality of health care available to the medically indigent in the County. With the most recent unexpected money shortage, that choice will become even more difficult than had appeared.

The potential \$5.8 million shortage from the projected 1982-83 budget is a result of numerous trends that have cost the County money. While the continued decline in the economy has led to lower sales tax revenues, lower interest rates have brought a decline in the return on the County's reserves. The final budget passed by the State Legislature provided even less support for local governments than had been anticipated.

On the more local front, the heavy costs of homicide trials and the increasing bills caused by the storm have helped create the latest shortfall.

But the extraordinarily high number of people who do not pay their property taxes is the one cause of the shortage that has the Board of Supervisors particularly perplexed.

County Auditor-Controller Art Merrill has projected a property tax delinquency rate of 11% in Santa Cruz County this fiscal year. That would be one of the highest delinquency rates in the state. In 1980-81, the last year for which figures are available, Santa Cruz was fifth highest in the state with a delinquency rate of 8.2%. The state average was 4.6% and neighboring Monterey County had a 3% delinquency rate.

Last month County Treasurer-Tax Collector Bill Murphy published the list of delinquents on 1981-82 property taxes. That list included numerous people who have been actively involved in the affairs of the City government recently.

City Councilmember Spiro Mellis still owed more than \$4300 in taxes on his home and his market on Laurel and Mission Streets.

Insurance salesman Doug Austin, the landlord who led the campaign against rent control, owed more than \$2000 in taxes on property in the City. And realtor Bill Schweringen, who led the petition drive against the just cause eviction law, was in arrears more than \$6000.

Local developer Don Fultz, a longtime activist and former President of the Chamber of Commerce, was in partnerships that owed the County more than \$19,000 in property taxes.

Eventually the County will receive the money owed by the thousands of local delinquents. But the extraordinarily high number of people who don't pay their taxes has worsened the County's cash shortage problem. If the 11% delinquency rate holds, local governments in Santa Cruz County will be

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owed around \$12 million in late taxes at the end of the fiscal year.

When the Board meets on November 16, County Administrative Officer George Newell will give a report on what — if anything — can be done to lower the local delinquency rate.

At that meeting, the Board is also scheduled to make the first round of cuts designed to balance the 1982-83 budget. Newell's preliminary recommendation calls for a cut of \$350,000 in funds for the medically indigent program, \$900,000 from the solid waste program, \$180,000 from the planning department and \$350,000 from all other departments. A further slowdown in storm repair will also probably be approved at that meeting.