

Santa Cruz projects large deficit

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Projected expenditures of the city of Santa Cruz outweigh revenues by \$1.1 million for the 1987-88 fiscal year, City Manager Richard Wilson told the City Council Tuesday night.

And in an interview yesterday, Wilson said the projected financial health of the city is the worst since 1982 and 1983.

Expected revenues are \$21.5 million, whereas expenditures for maintaining the present level of city services are expected to be about \$22.6 million. The preliminary city budget will be released tomorrow and further details will be available then.

"The major reason (for the revenue shortfall) is that we've added a half million dollars in Police Department services in the last three years since the utility tax," Wilson said.

"Then there have been other increased expenditures," he said. "The revenue base has not been able to keep up with increased expenditures."

Wilson said outlays have been gradually increasing over the past few years, but this year the city may have to consider cutting back services.

"My recommendation is to have a group look at a service reduction program," he said. "I think we will need to study what type of expenditures we can decrease."

Wilson said that plan may not be ready to be implemented until Jan. 1, 1988.

Meanwhile, the City Council heard the pleas of 33 community service groups vying for city funds.

City Finance Director Robert Shepherd has recommended the city fund 28 of the groups to the tune of \$789,792. Under Shepherd's recommendation, most groups funded last year would receive a 3 percent cost-of-living increase, but no new groups would be funded. Five new groups applied.

Most of the money, about \$700,000, is expected to come from revenues from the newly implemented 5 percent entertainment admissions tax.

However, about \$100,000 of the spending recommended by Shepherd would have to come from the city's general fund.

Karen Delaney, a member of the Human Care Alliance, which developed a package proposal from community-service groups, said Tuesday night she had nothing but praise for Shepherd's recommendations.

"The loss of federal revenue-sharing funds threatened to be devastating," she said. "But the city of Santa Cruz came up with a strategy where seniors were not pitted against children... The city of Santa Cruz deserves all the praise in the world."

A stream of other representatives pleaded their cases in the standing-room-only council chambers. Many, especially those supporting child-care groups, brought small children. At times, the screaming of babies was so loud that the speaker at the microphone could not be heard.

The council will make no decision on funding for community-service groups until it adopts the final budget.

Hearings will go on all day June 15 and 16 in the meeting room of the main branch of the Santa Cruz Library, where the council will hash out final details of the budget.