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# UCSC stuns SC officials with demand for refunds

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UC-Santa Cruz officials are asking the city of Santa Cruz for a multi-million-dollar refund and an immediate cut in sewer-rate charges.

The university has demanded that the city immediately reduce the university's water and sewer rates so that they do not reflect any capital costs for improvement to the system — and that the city refund the university all capital costs paid over the past 25 years in water and sewer rates.

In a letter to Santa Cruz City Manager Dick Wilson, F. Louis Fackler, assistant vice-chancellor of campus facilities and services, said the university is not required to pay capital costs in its water and sewer bills.

Every residential, commercial and industrial user of the Santa Cruz water and sewer system pays a portion of the capital costs for improving and expanding the system in each bill.

Santa Cruz Mayor John Laird this morning called the letter "outrageous."

"I'm just incredulous about this," he said. "I can't believe the university understands the ramifications of all this. Basically, they are asking the businesses and residences of Santa Cruz to subsidize water and sewer services to the university."

If the university were to get a 25-year partial refund on all its water and sewer bills, or even if it just received the reduction in current water and sewer rates, the rates for all other users of the Santa Cruz system would rise substantially.

Although water users are mainly within the boundaries of the city of Santa Cruz, those households and businesses that use the Santa Cruz sewage system stretch from Santa Cruz to Seascape.

Laird said it's too early to tell how much of a rate increase the university's demand would entail. He said it's also too early to determine what a 25-year refund to the university would be, but it would be in the "millions and millions of dollars" range.

"It would be a massive calculation job to figure the refund out," Laird said.

Fackler could not be reached for comment, but Bill Robinson, executive assistant to the chancellor, said that not only is the university not required to pay capital costs, "under our contracts with the city and under state law, we are not allowed to pay capital costs."

Laird said this comment was not true. In its agreements with the city, Laird said, the university agreed to be charged the rates comparable to other large, industrial users within the city. Those industrial users pay capital costs, he said.

As for state law, Laird said Robinson was probably referring to a recent court decision that exempted state agencies from capital improvement costs from local jurisdictions.

"The university has voluntarily agreed to pay those costs in the past, and I believe it could do so in the future," Laird said.

The university's demand represents a stiff blow to the much-touted "new era of cooperation" between the city and UCSC which was declared last month by Chancellor Robert

Stevens.

Although Laird said the demand letter did not end the era, "It sure shakes the new era a lot," he added.

"What gets me is that it just arrives in a letter one day," Laird said. "We had no clue before this. No one talked to us about it."

Santa Cruz City Councilwoman Mardi Wormhoudt, who plays a key role in city and university issues, said she was "incredibly dismayed" on reading the letter.

"The tone of the letter was a real slap in the face," she said. "To me, it is fairly ludicrous that the university, as one of the largest users and the user most interested in growth of the system, would demand that it not pay any capital costs to expand the system."

Wormhoudt said the city will explore legal options to avoid reducing the university's water and sewer rates. She noted that any reduction for the university would result in "staggering" rate increases for all other users.

Robinson downplayed the effects the demand will have on town/gown relations.

"I don't think our cooperative arrangement would mean that the city would expect us not to follow the legal agreements that we have established," Robinson said.

Meanwhile, Laird said he will discuss the matter tonight when he meets the chancellor in an informal dinner set up before the letter was received by the city.

"This letter will be the one item of business I intend to bring up at the meeting," Laird said.