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# City Officials Discuss Salary Negotiations—Tight Budget Forecast

By Don Righetti  
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The Santa Cruz City Council and top city staff members gathered in closed session Wednesday night in their first strategy session for the upcoming city employees salary negotiations.

A state law passed last year allows the closed-door sessions, since another new state law requires the city to negotiate with any bonafide organization representing the city workers.

After the session, City Manager Dave Koester said, "There will have to be some wage increases. There's no doubt about it."

Koester continues to maintain, however, that the city staff will present a balanced budget calling for no tax rate increase to the city council in early June.

Assistant City Manager Joe Ringrose and Personnel Director John Donlevy have been appointed by the council as its salary negotiation representatives. They will deal with two separate organizations — the International Association of Firefighters and the Santa Cruz

City Employees Association. Another union which previously represented some city workers, The American Federation of State, County and Municipal Employees, has withered and now is defunct in Santa Cruz.

The city employees association again is in the forefront of worker representation. It has hired William Dick, who also represents Santa Cruz County employees, as its negotiator.

Koester reported the city is now well into its budget work. All requests from various departments have been received and have been given preliminary review. Asked to describe the budget, the city manager replied simply, "Tight."

He explained the city has operated without a tax rate increase for seven years, and will attempt to do so again in 1969-70. "But cities are affected by inflation just like everyone else," he continued. He noted city costs have been rising at an average rate of 5 per cent a year.

There will be no new sources of revenue this year, Koester predicted, so increased costs will have to be squeezed into the existing budget framework.

There won't be much additional assessed valuation of property to work with, because building activity has slowed due to the tight money situation.

Thus, Koester explained, new personnel and services will be held to an absolute minimum. He said salary adjustments of existing personnel will be given first priority. Salaries make up some two-thirds of the city budget.

If there is a tax rate increase this year it probably will come from the sale of the \$600,000 in bonds to finance the city's storm drain project. That would be a hike of seven cents in Santa Cruz' over-all tax rate from \$2.10 to \$2.17.

But that might not even happen this year. The council is considering a delay in the sale of the bonds in the attempt to secure a better interest rate.

The municipal bond rate currently is a sky-high 5.5 per cent. And, Koester pointed out, there are some signs that point to a lower rate in the foreseeable future. So the council may hold the bonds until that lower rate is available.

The last general obligation bonds sold by the city went at only 3.6 per cent.

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