

# Santa Cruz scratches for revenue

By KATHY SALAMON  
STAFF WRITER

With a budget deficit projected at \$1.2 million for the upcoming fiscal year, the city of Santa Cruz will face no easy answers as it tries to grapple with unbalanced figures.

At a City Council meeting last night, council members outlined a plan that they will consider at budget meetings in June.

Among its measures are higher and additional taxes, new assessment districts and the selling off of city-owned property.

Possibilities mentioned by council members were:

- An increase in the transient occupancy tax on all overnight lodging bills from 9.5 percent to 10 percent.
- An increase in the city's utility tax from 5 to 6 percent.
- An increase in the city's admission (entertainment) tax from 5 to 6 percent.
- The selling of concessions at city parks such as Harvey West Park, DeLaveaga Park and the city beach.
- Contracting out of mainte-

nance work, such as in the new Lighthouse Field Park, to an outside company.

- Forming a street-light assessment district throughout the city.

- Restructuring of the city's business license fees, including a possible requirement for business licenses for rental property.

- Increasing the cost of certain services such as lap swimming at Harvey West pool.

- Increasing the cost of a building permit.

- Putting on the ballot a tax override for increased costs of the city/county library system.

- Looking into developing the 13 buildable lots on the city-owned Swanton property north of Santa Cruz. The city would be expected to raise more than \$1 million in this property transaction, but that is expected to go into the development of affordable housing at Neary Lagoon.

- Exploring the sale of the Pelton property, which could be worth \$1.4 to \$1.6 million.

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- Selling off of city-owned property at Prospect Heights at the corner of Pacheco Avenue and Prospect Heights Boulevard. The one buildable lot on this property would raise about \$90,000 for the city.

In addition, the City Council must decide whether to transfer \$600,000 in capital improvement funds to the city's strapped general fund.

Last year, the city transferred \$400,000 out of the Capital Improvement Program and \$200,000 out of the gas tax fund — which goes to road repair — to balance the city budget.

City Manager Dick Wilson said the city could make the same transfers again this year, but noted the capital improvement budget is at a bare minimum.

Councilman Joe Ghio expressed disapproval of such budget transfers.

"The infrastructure must be maintained," Ghio said. "To transfer money out of the (capital improvement program) is a poor idea."

But the tightness of the city budget may leave no choice.

Council members expressed little interest in cutting services.

Wilson said this morning, however, that city service cuts could still be an option.

For instance, he suggested cutting back lifeguard services on the beach to summer weekends and holidays only, reducing staffing and hours at the city museum and reducing or eliminating city general fund contributions to Harvey West pool and the Civic Auditorium.

City staff will take over the next step of budget planning. Wilson will take into account the council's considerations and prepare a budget package for all-day budget meetings to be held in June.

Santa Cruz Mayor John Laird also requested an outline of city revenue-raising measures for the future.

He listed five elements of the economic plan — the program at the Pacific Garden Mall, the beach area plan, the plan for the eventual sale or development of city-owned Skypark Airport in Scotts Valley, development of an auto plaza and the river restoration plan.

"It's time to tie all of these together," Laird said. "In the budget hearings, I would like to see staff come back with what we might expect to pull out from each of these elements and a plan on how we are going to go ahead with these five processes."