

Hapless SC County facing more cuts

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Somewhere between \$2 and \$3 million more will have to be cut from this year's \$73 million county budget as the county's fiscal position continues to erode.

Bringing the ax down on local revenues and programs are late property tax payments which jumped from 9 to 11 percent this year and interest rates that are going down.

Acting County Administrator George Newell told county supervisors this morning at a final budget session that he knows he'll have to cut anywhere from \$500,000 to \$2.5 million in order to balance the budget.

Specific program and work force cuts will have to be determined by the CAO and the board as the fiscal year unfolds.

In order to balance the budget at this time, so it could legally be approved, Newell wrote in a "paper cut" of \$500,000, and "borrowed" the county's \$1.7 million general reserve.

He said he doesn't plan to spend general reserve funds; rather, he'll make budget cuts.

If he does spend general reserve money "it would be the first step toward bankruptcy if the county were a private firm," County Auditor Art Merrill warned.

Newell said the cuts will have to be made during a "major mid-year reduction."

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At budget sessions in June, the board had to cut back over \$3 million and cut 150 positions out of county government.

"The June budget session may now be as nothing to the quarterly reviews we will have to do," Supervisors' Chairman Robley Levy said.

She noted the board and county government were in "an excruciating squeeze."

Newell said he's already tightened hiring controls, frozen fixed asset expenditures and is watching every purchase.

He said the only sign of hope in the financial picture was that the county and Watsonville are negotiating over \$1 million that Watsonville has taken in its redevelopment projects that otherwise would have gone to the county. Also, there is a possible dividend from the retirement system program that could amount to \$800,000.

The delinquent taxes reached 10.25 percent and that's \$5.7 million that is going unpaid to governments and school districts.

The tax delinquency factor has doubled in four years. This year in the school districts — which share the lost income — the delinquency is running: Happy Valley, 19.5 percent; Branciforte, 18 percent; San Lorenzo Valley, 14 percent; Scotts Valley 15 percent; Santa Cruz, 10.5 percent and Watsonville, 9 percent.

Merrill said some major companies aren't paying property taxes, and that one of the county's top 10 owners was delinquent.

County Treasurer Bill Murphy said that company was the Seaside Company which is delinquent by \$317,000 and the officials said that throws a burden on other taxpayers.

At the conclusion of the dismal budget session, Murphy said he believes conditions are worse than those expressed by Newell and Merrill. All officials said they didn't think it would be any better next year.