

No deficits in Capitola

By KEITH MURAOKA

Sentinel staff writer

CAPITOLA — Even as the cities of Santa Cruz and Watsonville are tightening belts to deal with debt-ridden budgets, their mid-county neighbor, Capitola, keeps rolling along.

No new taxes, no need to cut spending or forgo capital improvements, and city employees don't even think of going without pay raises in sales-tax rich Capitola.

Like its bigger neighbors on either side of them, Capitola's general fund expenses are up — some 10 percent to run the city alone. But, unlike both Santa Cruz and Watsonville, Capitola's general fund revenues are also up approximately 8 percent, thanks, in part, to increased sales-tax from Capitola Mall, which is undergoing expansion.

City Manager Steve Burrell conceded that "things are flattening out" as the commercial areas — namely, 41st Avenue — become built-out. However, he said the fiscal picture is "certainly not bleak."

Burrell is proposing additional city staff in several departments "to meet increased service demands." Increased hours will be budgeted for city records, finance, public works and planning departments, said Burrell.

Another \$100,000 is projected for a new computer system. Negotiations have begun with city employees, including police, on pay raises.

Several street improvement projects are planned, including repaving in the Rosedale neighborhood and Wharf Road.

Burrell said the city's challenge is to continue providing services to residents despite a projection of a leveling off of revenues.

That prediction may come true as commercial areas are built-out.

However, Capitola Mall is in the midst of an expansion. The expanded mall will generate an estimated \$800,000, or \$200,000 more than what it's currently generating. And, Burrell said the "biggest impact" of mall expansion will actually be next fiscal year when the new stores will be open for the entire year.

Total sales-tax revenue is estimated at \$2.6 million, up \$250,000. Total general fund revenue is estimated to be \$4.5 million, up from \$4.2 million.

At the same time, general fund expenses are projected at \$4.5 million, up from \$3.9 million this year. The general fund consists of money that is needed to run every-day city functions.

Of the city's 15 general-fund expenditure categories, all but one are up. Most increases are small.

The single-biggest category, as always, is in the Police Department budget. It is projected at \$2 million, up from \$1.8 million. The next-biggest category is in the Public Works Department, which includes street maintenance. It stands at \$547,865 compared to this year's \$477,643.

The only category going down is in city hall expenses — from \$491,500 to \$465,200.

Other budget categories, with this fiscal-year's expenses in parenthesis:

City clerk department, \$31,945 (\$20,931); finance, \$136,120 (\$106,035); City Council, \$31,600 (\$26,808); City Manager department \$151,332 (\$142,488); Planning Department \$229,099 (\$163,406); Building Inspection department \$159,329 (\$139,024); Government building \$154,000 (\$128,000); Animal Control department \$84,679 (\$81,394); Parks and Recreation department \$173,637 (\$147,736); Beach safety \$126,451 (\$123,550); Capitola-Soquel Joint Powers Authority (community activities program) \$111,089 (\$101,416).

The council will be holding a series of budget study sessions over the next few weeks. The public is invited.

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