

S.C. still facing \$652K budget gap

^{Budget}
Panel sought
to detail how
to cut costs,
boost revenue

By SHANNA McCORD
SENTINEL STAFF WRITER

SANTA CRUZ — Just how bleak is the city's financial picture?

"Our budget situation is so bad, we can't go six months without looking at it," Mayor Mike Rotkin said.

Facing a \$652,000 deficit, city officials will receive a budget status report today from city Finance Director Dave Culver and City

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■ Scotts Valley is looking how to trim spending and increase revenues to eliminate a \$676K budget deficit.

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Manager Dick Wilson at a special council meeting.

The city's money problems have wors-

ened in the past four years, leading to the elimination of 70 positions and \$7 million in across-the-board cuts, including closing Harvey West Pool for three months and scaling back the hours of the Loudon Nelson and Beach Flats community centers and the Teen Center.

Nearly every department has been affected by the shortfall.

The budget, set to expire June 30, started \$1.1 million in the red, but has received

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some unexpected reimbursements from the state, Culver said.

State contributions of \$400,000 in jail booking fees and \$58,000 in police officer standards training have helped trim the deficit, he said.

"When the state adopted its budget, a couple of things happened we didn't anticipate," Culver said. "They came after we

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adopted our budget."

A costly issue affecting the budget, Rotkin said, is a promise made in December by city officials to not cut any positions for six months.

That promise was part of a deal negotiated with members of the Service Employees International Union Local 415 when a new contract was signed for the city's 500 service workers.

"They didn't want us to do any major slashing in the middle of the year," Rotkin said.

Plus, the city saw a 3 percent decline in sales tax revenue during the last quarter compared with the same period last year, Rotkin said.

Also adding pressure to the city's ongoing struggle to balance expenses with revenue is the exorbitant cost of the state-mandated workers compensation insurance, a program for people injured on the job.

The city has seen its workers compensation costs jump from \$2

Special budget session

WHAT: Special City Council meeting discussing the city budget.

WHEN: 2 p.m.

WHERE: City Council chamber, City Hall, 809 Center St., Santa Cruz.

INFORMATION: On the Web at www.ci.santa-cruz.ca.us.

million in 2004 to \$3 million this year, which means "we need to talk about additional increases for next year and beyond," Culver said.

"The city is facing increased costs in workers comp because we have large estimations of future liabilities out there," he said.

Councilman Ed Porter will propose at today's meeting the creation of a budget review committee made of three council members to develop a list of recommendations to help address the city's revenue shortfalls when a new budget is adopted in June.

Porter worries that if the planned hotel and conference cen-

ter on West Cliff Drive prevails, the city stands to lose an estimated \$600,000 to \$1 million during its construction phase of two to three years, when no transient occupancy tax would be collected at the hotel.

"We don't have a cakewalk on our budget as it stands, so we have to look at other ways to get our budget in balance," Porter said.

"It's potentially irresponsible if we don't have a committee look at these things."

Contact Shanna McCord at smccord@santacruzsentinel.com.