

City enters fiscal year on upbeat note

Budget features \$15.1M reserve

Budget
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SANTA CRUZ — City leaders sounded an upbeat tone Monday as they combed through details of the nearly \$78 million 2013-14 general fund budget, which has a healthy surplus with enough left over to catch up on overdue maintenance projects and help employees who have faced pay cuts and increased benefits costs.

The head of each of the city's 10 departments presented a list of their expenses and revenue sources during a budget hearing with the City Council that started at 8:30 a.m. and ran to nearly 6 p.m. Budget hearings continue Tuesday with the council considering funds for social programs and services.

A final budget will be approved in July.

"We're on the road to recovery," City Manager Martín Bernal said Monday. "We've built up our fund balance, and we're not cutting here or there. It's one of the more optimistic budgets we've had in years."

Doris Henry, president of a Service Employees International Union chapter that represents about 400 city workers, led a rally outside City Hall that started about 6:30 a.m.. And she spoke to the council at the beginning of the meeting, trying to impress upon them that having a big reserve shouldn't come at the expense of employees.

"We're hopeful we gave them suggestions on different ways they could build up reserves slowly," she said. "If we do it overtime they might be able to help out workers a little more."

Bernal expects to have a \$15.1 million fund balance by June 2014, which amounts to 20 percent of expenditures. On Tuesday, he will ask the

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city council to approve a minimum reserve level equal to two months worth of city operations, or \$13 million.

The extra \$2 million would be used for employee bonuses, capital projects and other measures such as prepaying what it owed into the state-run retirement system for city workers, known as CalPERS. Henry has said the proposed bonuses are small compared to the increased costs to workers for pension and health care.

City officials say they are trying to be careful with how the general fund cushion is spent and don't want to add too many new positions or take on projects that might have to be pulled back if rev-

enues don't pan out. The need for major infrastructure improvements continues to linger over the city's roads, parks and storm drain systems, about \$100 million in all, Bernal said.

NEW PLANS

But one of the new efforts under way within city government is the focus on improved communications and public outreach. Three new communications positions were identified in the budget to hone the city's engagement with the public, Bernal said.

Such positions will be added to the city's manager's office, as well as the water and public works departments, he said.

"One of our main goals is to enhance communications," Bernal said. "It's a skill set we don't really have

at the city."

A spike in new business and residential developments around the city, including a renewed proposal to overhaul La Bahia, could spark additional revenue for the Planning Department, which has seen a significant increase in permit applications for high-valued projects, according to Planning Director Juliana Rebagliati.

Fees the city charges for those planned developments trickle down to the Parks Department to use for building new parks throughout Santa Cruz, including a park

near the Ken Wormhoudt Skatepark on San Lorenzo Boulevard, Bernal said.

With a higher hotel tax set to begin in July, the Economic Development Department is looking to help hotel and motel owners improve the exterior of their buildings with matching funds from the city. The funding will come from Measure Q, which voters approved in November to set the transient occupancy tax 1 percent higher at 11 percent.

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