

## Hearing Draws Large Crowd

# Congressman Wants SBA To Regain Its Clout

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A two-stage solution to aid victims of January's devastating storm including possible changes to the often-criticized federal Small Business Administration's disaster relief program will be instigated by U.S. Rep. Parren T. Mitchell of Maryland, chairman of the House Small Business Committee.

The magnetic Mitchell, chairman of the 40-member House committee, made no false promises to a large audience at a special hearing in Santa Cruz Thursday afternoon.

"I will not contribute to any further loss in credibility of government that I am not certain I can follow up on," he said.

The three-hour-plus hearing had all the makings of a disaster movie — death, desperation and hopelessness — as Love Creek, Felton and Soquel residents testified about the storm's aftermath and their dealings with the SBA loan program. Unfortunately, it was only all too real for them.

Mitchell did commit his committee to immediately convene in a series of emergency meetings when he gets back to Washington, D.C., with federal emergency agencies, such as the SBA and the Federal Emergency Management Agency.

He also told The Sentinel afterward that his "highest priority" is to get legislation passed to reinstitute SBA groundrules that were in effect prior to last August's budget-cutting moves.

His optimistic timeline included the conclusion of Congressional hearings on the matter by April 29 and "moving it to the floor" by the first week of May.

"There is no question it is absolutely necessary to get the program back operating the way it was," he said. "It is our duty and responsibility to raise so much hell that we can make the changes."

Unrealistically high 16 percent interest loan rates compounded by extremely low \$50,000 loan maximums were the two harshest changes in the SBA program, reiterated by local county supervisors.

Fifth (San Lorenzo-Scotts Valley) Supervisor Joe Cucchiara described the changes as having "torn such massive holes in the federal safety net that the myth of relief no longer exists in Santa Cruz County."

Supervisors' Chairman Robley Levy, Second (Aptos) District, added, "Balancing the federal budget on the backs of disaster victims appears to me to be a wrongheaded, mean spirited, unequitable and unjust approach."

Mitchell agreed with recommendations by Levy, Cucchiara and First (Live Oak-Soquel) District Supervisor Dan Forbus which included a return to the low interest, 3 percent loans of the former SBA program, raising the maximums to \$200,000 to \$300,000 and making the changes retroactive to aid local storm victims.

Such changes already have been proposed in legislation jointly sponsored by Rep. John Burton, D-San Francisco, and Rep. Leon Panetta, D-Monterey. It was Panetta, who was in attendance at the hearing, who was responsible for asking Mitchell to come to Santa Cruz for a first-hand look at the operation of disaster programs.

What he heard was not pleasing. Mitchell said afterward, "I'm just sick, I really am. Government is supposed to help its people, not make them permanent disaster victims."

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The most moving testimony of the five-panel discussion came from Clarissa Blount of Love Creek. She not only lost her home, daughter and future son-in-law in the massive slide, but also had to fight for her life throughout the night while injured.

In a 30-minute touching and terrifying story, Blount explained how she was sure she was going to die after she found herself some 100 feet away from where her house once was, lying on a small ledge of roofing in a downed redwood tree. "My beloved redwoods were all gone, all broken," she said. "No house, no houses, only roaring creek."

Mitchell's reaction — "I just wish to God those who made that 10 percent (budget) cut were here. I just wish that once, by God, they could see the real people so they'll realize what they've done."

He recalled that his worst fear of last year had obviously come true. "Last year Congress and the Reagan administration were in the mood to make cuts wherever they could. Now we're paying the bitter price for that foolishness."

Mitchell told the audience later that he, personally, would be in favor of a direct grant program to storm victims.

"I would be less than honest if I would say there would be more than a remote possibility," he quickly added. "There's a meanness of spirit in this Congress. It's just

not going to happen given the present mood of Congress and the administration."

Story after story of horrors in dealing with the SBA and FEMA were told by speakers. Whether it was Love Creek Homeowners Association President John Pizzuti or Soquel Chamber of Commerce President Dave Tunno — the stories of misdealings and misinformation were the same.

Tunno maintained, "You can take an airplane and get to foreign disasters in 24 hours, but cannot come to Soquel in three, four or five days and bring the necessities of life. Here it is April, and I still do not know of a businessman in Soquel who has received an SBA check."

"My future was in that business," added Pete Carlino of Felton Deli. "I don't want a grant or gift. I just want to be treated fair, and 16 percent interest is not fair."

Carlino, who is president of the Business Association in Felton, also explained he hadn't taken up Panetta's offer to investigate his case for fear of repercussions from the SBA. Mitchell expressed shock at such intimidation, asking, "What have we come to in this country?"

Other testimony came from Patrick Trujillo, a liquor store owner in Soquel, who maintained he was turned down by the SBA because he was not in business long enough.

William Frye, longtime owner of Maddock's Bakery in Soquel, brought up the \$5,000 incremental payments the SBA is offering on his loan "although they're afraid I'm going to run with the money," he said.

Majority Counsel Tom Powers, in answer to Mitchell's question, replied such installment payments were not standard and rather SBA participants should get their loans on a lump sum basis.

Mitchell promised to look into all charges and even invited several speakers to go to Washington. "Hopefully your testimony today will be our weapon to make changes," he said.