

R.B. SANTA CRUZ - Budgets

Supervisors' somberly question budget plan

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SANTA CRUZ — County supervisors opened their budget hearings today on a somber note, in stark contrast to the optimistic picture painted by County Administrator George Newell.

Newell's record \$129-million budget calls for reinstating many employees who were laid off during the past two years because of back-to-back devastating winter storms and a state fiscal crisis — both of which ate into the county's trim budget.

But Supervisors Dan Forbus and Gary Patton, who usually sit on opposite sides of the political fence, together questioned the wisdom of that approach.

"What bothers me is the Jarvis bill, plus the (national) economy and the presidential election," said Forbus, in his opening budget remarks.

Forbus said he would probably be a "stumbling block" to adding a lot of employees to the tax rolls, and added that one of the last things he wants to go through again is having to fire workers.

The uncertainty over the impact of the latest Howard Jarvis initiative and the traditional economic election cycle that "92 percent of the time sends the economy into an upturn one year and a downturn the next year" worried the First District supervisor.

Both Forbus and Patton sat on the board in 1978, when Proposition 13, the initiative that cut property taxes in half, passed overwhelmingly.

They said they see a repeat developing

with the latest Jarvis initiative, which will be on the November ballot. And they worried that the CAO did not weigh that factor heavily enough in writing the draft budget.

The Jarvis initiative would eliminate "special district" taxes, such as those for sanitation and lighting fees, and could cost the county nearly a million dollars, Newell told supervisors.

Patton said it was wise to assume that the county would face a funding crisis, given the citizenry's support of reduced taxes.

"Mr. Forbus' comments resonate my own feelings," Patton said. "It did appear to me that throughout the budget, we were adding on much-needed staff ... but I question the wisdom of that."

Patton was particularly alarmed at the amount of money Newell had proposed the county borrow, under its certificate of participation program, among the other proposed expenditures.

According to Auditor/Controller Art Merrill, the certificates are similar to bonds in that they allow the government to purchase equipment.

However, Merrill said that if these funds are not managed wisely, it can lead to a heavy debt four to six years later.

To avoid that, Merrill urged supervisors set aside a large sum for the reserves. The money for the certificates could earn interest until it has to be re-paid.

Patton said that borrowing "gives us a false sense of our lifestyle in Santa Cruz

Please see back of section

Budget

Continued from Page A1

County. Our entire society has succumbed to the failure of refusing to set limits."

He said, "It's very, very difficult to get out of debt once you get into it."

And he worried that the kind of deficit we're seeing at the federal level is leading the United States and the world into "financial disaster."

"I'm willing to use creative financing tactics, but not to mortgage the future," said Patton.

Supervisor Joe Cucchiara said the mentality that "we're out of the woods" is just simply not the case.

"This is a year we should look at the budget as though there's no (revenue) increase," said Cucchiara.

He was troubled by the fact that nowhere does the budget mention Gov. George Deukmejian's threat to slash an additional \$500 million to \$900 million from the state budget, recently passed by the Legislature.

"We are going to inherit the cutbacks (in state funding) with or without 'Jaws 3' passing," said Cucchiara.

Cucchiara indicated his general support of the borrowing techniques, saying they had apparently worked well in the private sector.

Chairwoman Robley Levy said she was convinced the budget picture was better than the clouds which hung over the past two years of discussions, but promised to keep a weather watch on spending.

The only truly optimistic chord was struck by Supervisor E. Wayne Moore, who said he disagreed with the suggestion that the Jarvis initiative would pass.

"My feeling is that the tax revolt has passed," said Moore.

Moore also said he supported reinstating "front-line positions," such as for law enforcement and public works.

"Perhaps I'll see myself in a somewhat different role as a liberal," adding new jobs, Moore said.

By all accounts, it appears the budget talks will be difficult.