

# Cities express relief over final budget

## ■ Top story:

Santa Cruz and Watsonville are not hit hard.

BY PAUL ROGERS  
Mercury News Staff Writer

In Santa Cruz and Watsonville, the state budget deal left a feeling of grudging relief among municipal number crunchers.

"It's not as hard-hitting as we had feared possible," Santa Cruz City Manager Dick Wilson said.

"The cuts won't be drastic like they could have been," echoed Watsonville finance director Eric Frost.

The cuts will cause some belt-tightening, but city councils had

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The cities will have to do some belt-tightening, but earthquake recovery will go forward.

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planned for worse. Better yet, the shortfalls are not expected to seriously affect earthquake rebuilding efforts.

Major public projects to replace downtown streets, trees and underground pipes in both cities are nearly completed and already have been paid for through a 1990 sales tax increase, Measure E.

It will be harder next year, however, to attract new businesses and "anchor" stores to the

still-struggling downtowns. Santa Cruz expects to lose \$125,000 in redevelopment funding, Wilson said. That was part of a \$1 million fund to recruit major new downtown businesses.

The story is much the same in Watsonville, which will lose between \$100,000 and \$300,000 of redevelopment money, Frost said.

Gov. Pete Wilson early Wednesday signed a state budget that requires \$1.3 billion in service cuts to local governments. Coun-

ties took the biggest hit, receiving \$525 million less in state funds. Special districts, which include fire districts and county libraries, lost \$375 million. Cities were cut by \$200 million and redevelopment districts by \$205 million.

Scotts Valley and Capitola, which have smaller redevelopment agencies and had almost no damage in the 1989 quake, are expected to be less affected than Santa Cruz and Watsonville.

Overall, there will be additional cuts to the operating budgets in all four cities because of lost property tax revenues. Vacant city jobs will go unfilled, buildings will not be painted and maintenance for parks and streets will be done less frequently.

Santa Cruz will lose about \$500,000 from next year's \$32.1

million general fund. Watsonville will lose about \$250,000 from a \$16 million budget. Capitola will lose about \$45,000 of a \$6.5 million budget, and Scotts Valley will lose about \$40,000 from a \$4.8 million budget.

The cities were spared agonizing cuts because of the way they make their money. Property taxes took a hit — but none of the four cities in Santa Cruz County relies on property tax money for a major percentage of the overall budget.

Sales tax from tourism and the Capitola Mall, hotel occupancy taxes, entertainment admissions taxes and utility taxes account for a larger chunk of city funding in the region than in inland "bedroom communities" that have a larger ratio of homes to businesses.