

# Hotel-tax hike OKd by council

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The Watsonville City Council voted 6-1 last night to raise the city's hotel tax from 8 percent to 9.5 percent, but postponed splitting the increase with social services agencies.

Mayor Betty Murphy asked for the postponement until the effect is known of the city's loss of a \$600,000 housing-rehabilitation grant for Senior Network Services.

Watsonville was recently notified by the state that its application for the federal grant was denied. A portion of the Community Development Block Grant would have gone to Senior Network Services for its shared-housing program.

Councilman Rex Clark said he intended to lobby heavily for the Volunteer Bureau and the Pajaro Valley Children's Center when it came time to divvy up the extra hotel-tax money.

The transient-occupancy tax, as it is formally called, is levied on hotel, motel and vacation rentals. Watsonville's policy has been to split those tax monies with social-services agencies.

Clark cast the dissenting vote against the hotel-tax increase. The council also received a letter of protest from the Santa Cruz County Lodging Association, a consortium of 58 members in the hotel, motel and bed-and-breakfast trades.

Gerald Eidam, president of the association, said the city and county of Santa Cruz have 9.5 percent hotel-tax rates and Scotts Valley has 10 percent. He asked that Watsonville keep the tax down to 6 percent, near what said was the 6.3 percent state average.

"A higher rate is acceptable if it is used for services to the visitor and visitor promotion," Eidam wrote. "A rate of 8 percent should have 2 percent (25 percent of 8 percent) going for visitor services and promotion."

Assistant City Manager Chuck Comstock estimated the city would be able to collect \$10,780 through the rest of the year with the increase, meaning \$5,390 would go to social-services agencies.

Councilman Dennis Osmer had suggested in June, when the council heard funding pleas from numerous agencies, that council members consider raising the hotel tax by 1.5 percent to raise more money for social

services. (It was incorrectly stated in Monday's paper that Osmer advocated giving the entire increase to those agencies. In fact, he proposed adhering to policy and splitting it with the city).

While the council agreed to Murphy's request to hold off on allocating the extra money, it did dole out to the social services \$59,000 the city has already collected.

The largest amount, \$24,000, went to the YWCA Child Care Center. Another \$14,000 went to the Family Service Association of the Pajaro Valley, with \$1,000 going to that agency's Santa Cruz chapter.

Youth Services received \$9,000, the Pajaro Valley Children's Center got \$6,000, \$3,000 went to the Cabrillo College Stroke Center and \$2,000 went to the Watsonville office of the Volunteer Center of Santa Cruz County.

Murphy suggested giving the largest amount to Family Services of the Pajaro Valley and the YWCA Child Care Services because those agencies have few funding sources.

"I feel our first concern should be with those agencies that are completely relying on the city of Watsonville to help them out," she said.

Councilman Vido Deretich suggested splitting the money among more groups, but Murphy objected to giving small amounts.

"I'll never forget — one year, a lady whose agency was going to get \$750, by the time she filled out all the applications, it wasn't worth it," Murphy said. "And that's why I don't like to give 25 cents to 50 agencies."

Osmer suggested certain criteria be set for applying for the city's money. It doesn't help the frustration factor to decide so arbitrarily on where the city should spend its money, he said.

Murphy pointed out that the city already has guidelines, but urged Osmer to present any new criteria if he comes up with anything.

REFERENCE