

# Capitola agency's finances scrutinized

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**CAPITOLA** — The Santa Cruz County grand jury has scolded the Capitola Redevelopment Agency for loose financial management.

The jury's findings add another critical voice to recent charges of poor accounting by the city agency responsible for shaping and improving the area around 41st Avenue.

Financial tracking and reporting for the redevelopment agency was inconsistent, according to the report released Wednesday.

"No two sets of numbers provided to the grand jury, the auditor-controller and the public were the same," said the report. "Very few documents provided had any dates or names on them to indicate when and by whom they were prepared."

Similar criticism has been voiced by the city's own independent auditors, the county auditor and most vocally by city Treasurer Glenn Hanna. Hanna could not be reached for comment Wednesday.

Since the charges surfaced a year ago, city officials have taken the stand that they are making improvements in the city's accounting practices and that there has been no criminal

activity.

The grand jury agreed by saying "there is nothing to support intentional misinformation or wrongdoing on the part of the Capitola RDA."

The panel, however, recommends that the agency be monitored for at least three more years and has arranged for an independent audit.

There is hope that improvements will be made as a result of changes in city management and the grand jury's investigation, according to the report.

In February, Susan Westman replaced long-time City Manager Steve Burrell as Capitola's top administrator.

Westman said she is pleased that the jury has arranged for an audit because it will help resolve questions about city finances. That audit is expected to be available to next year's grand jury.

City leaders are expected to prepare a formal response to this year's report in the next 60 to 90 days.

"I think the council will respond how we have been responding for the past year," said Mayor Margaret Fabrizio. "We will look at ev-

ery comment very carefully and direct staff to make the appropriate responses."

The council has adopted an attitude of making sure that the city is fiscally responsible, Fabrizio said.

"We are implementing as many modern financial practices as we can to make sure that it takes place," she said. "That is the goal of the council. That is a goal of mine."

Westman added that it will be important for the city to clarify some of the statements made in the grand jury report.

For example, the grand jury says the city was not notified by its bond trustee of a required payment from a 1986 bond project and that the city neglected to inquire about its debt.

According to Westman, the city was told that that it did not need to make a payment. She added that city officials were in constant contact with the trustee to determine its debt payments.

The grand jury chides the redevelopment agency, which is under the direction of City Council members acting as the redevelopment board, for not having an adequate budget or public hearing process for their decisions.