

CF WATSONVILLE SEP 26 1992 P.1  
R.P. - GOVT. & POLITICS

# The squeeze is on

## City seeks ways to cover budget shortfall

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Watsonville businesses will probably pay more in utility and business license taxes and city library patrons will be paying extra for overdue, lost and damaged books — all in an effort to cover parts of the city's \$300,000 budget shortfall.

The City Council will hold a spe-

cial meeting Tuesday night to consider City Manager Steve Salomon's recommendations to cover approximately \$181,000 in general fund revenue shortfalls for the current fiscal year.

The council will meet at 7 p.m. in the City Council Chambers, 250 Main St. Tuesday night.

The city has already cut its general fund budget by \$132,000 this

year. Salomon wants to see the cutbacks total \$300,000 and predicts that the fiscal crisis may worsen if the state's and the city's economy doesn't improve soon.

The city has been struggling with the lingering impacts of the Loma Prieta earthquake and the recession, but the current fiscal crisis is largely due to the state legislature appropriating local tax

revenues to solve its own budget problems.

"The state's budget problems are not over," Salomon warns the council in a memorandum. "The recession is not over. While the state budget was adopted with a great deal of pain, it is probable that the state will again look to the

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cities to help solve its problems for the 1993/94 fiscal year."

This is because the state relies heavily on sales and income taxes.

Salomon also noted that the \$10.7 billion deficit covered by the current budget may be far greater because the state's economic situation worsened while the legislature struggled to adopt the budget.

And the state hasn't made any real structural reforms in the way business is conducted in California — particularly in the worker's compensation reform system.

The council has already approved a number of items that increased the city's general fund revenues by \$132,000 this year.

The newest recommendations from Salomon include:

- Adjust the present \$8,000-a-year per-customer utility-users tax for inflation. This will raise another \$12,000 this year, Salomon estimates. When the utility tax was first imposed, the council put an \$8,000 a year ceiling per customer on the tax. Although utility bills have risen over the years because of inflation, the ceiling has never been raised — in effect

meaning that large users are now paying proportionally less than they originally did.

- Beginning July 1, 1993, raise business license fees annually, according to the Consumer Price Index. This would generate about \$7,600 annually.

- Raise the fines and fees for lost and overdue library materials by \$13,650 a year. Currently, says Library Director Vivian Hurley, the library collects about \$25,000 a year in fines. She is proposing that the adult's fine on overdue books be raised from 10 cents a day to 20 cents. Children's fines would not change. The charge to replace lost adult library cards will increase from \$1 to \$3, to \$2 for children; and the cost of reserving a book will increase from 25 cents to 50 cents. The library would also charge, for the first time, a \$5 processing fee for lost materials — in addition to the replacement cost of the missing item.

- Raise building and development fees by \$22,500 a year. Salomon is recommending a public hearing on that proposal that may be held Oct. 27.

Salomon is also recommending that two employees be transferred from positions paid for by the city's General Fund to other, re-

stricted-purpose funds. A street maintenance position would be shifted to the gas tax fund, saving the general fund \$33,500 a year.

Another \$33,500 in general fund expenses would be saved by shifting a park maintenance position to the city's Lighting and Landscape Maintenance Fund.

- Save another \$58,300 by reducing non-personnel costs in the various city departments.

Salomon is also recommending that the council consider an early retirement program for non-public safety employees paid from the General Fund. Salomon is not making a specific recommendation now, but notes that state law allows local agencies to encourage the retirement of senior employees in some classification by offering an additional two years of service credit. A bill now sitting on Gov. Pete Wilson's desk for signature allows up to an additional four years of service credit if the governor also issues a statewide executive order.

The city manager also wants the council to reaffirm its support for the current attrition and vacancy review program. Currently, budgeted positions are left vacant or underfilled if a restructuring can occur that reduces general fund expenditures.