

Is incorporation good for

Proponents of incorporating Aptos have many hurdles to surmount before they achieve cityhood. Not least of these will be convincing the Santa Cruz County Board of Supervisors to relinquish its control over the sprawling area of upscale homes with its smattering of fancy shops.

Financially speaking, at least two supervisors see nothing but loss for the county if it has to give up its claim to Aptos property-tax dollars and whatever sales tax is generated there.

"It (Aptos incorporation) definitely would injure the rest of the county," said Supervisor Gary Patton. "In other parts of the state when there has been a similar incorporation, it has crippled services for everyone else."

Supervisor Joe Cucchiara concurred.

"Anything that would take revenues away from county government I would look at with some question," he said.

Patton and Cucchiara argue that the county, though it would no longer have to provide sheriff's patrols for the new city, or process its planning and zoning permits, would still come out on the short end of the financial stick.

The county would continue having to pay to prosecute Aptos criminals, foot the costs of incarcerating Aptos residents sentenced to county jail, hold state and national elections in Aptos precincts, and provide the county share of payment for any welfare cases residing within the new city limits.

Meanwhile, to fund its own city operations, Aptos would capture what is now the county's share of the sales tax generated at Deer Park and

Rancho del Mar shopping centers and other businesses within the proposed city limits. The loss of an estimated \$364,000 in annual sales tax would be a significant blow to the county, most observers agree.

Most costly of all, the county would lose about \$500,000 in property taxes paid on Aptos land, according to a consultants' feasibility study of the proposed city.

Patrick McCormick is the executive director of the Local Agency Formation Commission (LAFCO), which, among other things, supervises annexations within Santa Cruz County.

He said Patton and Cucchiara's fears of losing money if Aptos incorporates demon-



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strate a typical "suspicion of the agency losing turf."

"The reasoning is, if somebody wants this, it must be a revenue plum," McCormick said.

On the other hand, proponents of Aptos incorporation may be living in a dream world if they think they can operate a city with existing property and sales tax revenues, he said.

The recent history of California cities, particularly Santa Cruz in this county, has been to affix taxes to whatever activity or item they will stick to. With federal funds for cities drying up and property taxes not keeping pace with inflation, the municipal financial climate has generally grown increasingly bleak.

In instances where it is not so bleak, as in Capitola, the warmer climate is usually connected to high sales-tax generation within city limits.

Supervisor Robley Levy, whose district encompasses

Aptos?

Aptos as well as Capitola, questioned how realistic the proposed city's budget is.

"Can they really run a city of 18,000 people on a \$3 million budget? This sounds suspiciously like a free lunch," Levy said.

She dodged the question of whether or not she supported Aptos incorporation by saying, "I'm not sensing an overwhelming desire on the part of Aptos residents to become a city."

Supervisor Sherry Mehl also questioned the proposed city's financial feasibility.

"They really need to be sure they're going to be sound economically," Mehl said.

Mehl said she had not made up her mind whether or not she supported Aptos incorporation, because she didn't think adequate economic analyses had yet been presented.

"If it would lift a burden on the county, I would be in favor of it," she said.

Supervisor Dan Forbus was the only one who saw incorporation as "a neutral thing for the county."

"It's a wash if Aptos incorporates," he said. "I don't think it will hurt us that bad."

If incorporation proponents do collect enough signatures from Aptos residents to earn official consideration for cityhood, Aptos and the county could end up in a dogfight over what territory is included in the new city. Specifically, the proposed city boundaries now include the Wingspread site, where Ryland Kelley wants to build his proposed hotel-conference center-performing arts complex.

McCormick said Capitola, which has taken an official position opposing Wingspread, had already made a bid to nab the Porter Sesnon property for itself a few years ago, which the county rejected.

County officials want to keep that land for themselves, with the \$1 million in annual hotel occupancy taxes Kelley has promised them.

By proposing to incorporate, Aptos residents are joining a statewide trend, said Peter Detwiler, a consultant to the state Senate Local Government Committee.

"There have been three dozen new cities since Proposition 13," he said. "The principal issues behind these incorporations have been local land use control and keeping local dollars local. I think the trend (to incorporate) will continue. I see no end to that trend at all."

—Katharine Ball