

# Santa Cruz has some ~~Santa Cruz~~ <sup>Santa Cruz</sup> <sup>BUDGETS</sup> good budget news

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3-21-88

**SANTA CRUZ** — Although the city's general fund is running in the red, there is some good news on the budget front. The city's enterprise funds did a booming business last year, and the city's general obligation debt is the lowest in 25 years.

The enterprise funds, six city departments that are run like independent businesses, increased their average earnings by a healthy 22 percent last year.

The city runs its water, sewer, parking and garbage services as individual businesses, as well as the Municipal Wharf and the De-Laveaga Golf Course. The funds are set up to be self-supporting from their rates, and profits are used for capital improvements and upkeep.

The funds may also borrow money for improvements, and the loans are paid off by ratepayers. The major difference between the

city's enterprise funds and private business is that policy decisions for the enterprises are ultimately in the hands of the City Council.

Despite the earnings increases, expensive capital improvements at the city landfill, the sewer-treatment plant, water-treatment plant and wharf mean much of the extra income will go toward paying off \$37 million in revenue bonds and certificates of participation.

However, the city's general obligation debt level is lower now than it has been since voters approved a major library-construction bond in 1965. The city's net bonded debt has declined from \$60.50 per-capita in 1978 to only \$2.79 in 1987.

General-obligation bonds must be approved by a two-thirds margin of city voters, and the payments are levied on property owners. The bonds may be used for constructing public buildings, purchasing land or open space, or other projects.