

CP Watsonville - 6011

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City budget spares social service grants

By CHELA ZABIN
STAFF WRITER

Ignoring the recommendations of a council subcommittee to reduce social service grants, the Watsonville City Council last night adopted a slim budget and considered several ways of doing with even less.

The council adopted a \$51.6 million budget presented to them by City Manager Steve Salomon at the beginning of the month. The budget allows each department to increase its operating budget by 3.6 percent to adjust for inflation and freezes \$320,167 in capital expenditures. Requests for additional personnel were denied and a policy of not automatically filling vacant positions was adopted.

Although the city's budget is now balanced, city officials are waiting for word from the state, which is expected to take between \$900,000 and \$1.5 million from the city to balance its own budget. While the city is required by law to adopt a budget by the end of the month, the state is not, and no one knows how long it will take. Whatever the state decides will be retroactive to July 1.

The money the state takes will come out of the city's general fund, which pays for general operating expenses. This year's general fund is \$16 million, and the reduction after the state takes its portion could be 10 percent to 20 percent.

The council discussed a number of ways to come up with that money (see related story).

The council had set aside more than \$230,000 in grants for social-service agencies earlier in the month. A subcommittee working on allocating the grants suggested last night that since the general fund was looking at a 10 percent reduction, the grants to social service be reduced by that amount as well.

That suggestion didn't sit well with the representatives of social-service agencies in attendance last night.

Clay Kempf, director of transportation for Food and Nutrition Services, called the recommenda-

tion "a good-faith effort." But, he said, "any added cutbacks are really tough in our situations."

Kempf said the social-service agencies provide the city with "millions of dollars worth of services" for the city's investment of \$230,000.

"The great return that you're getting does not warrant that kind of cut," he said.

Celia Organista, director of Adelante, an advocacy program for poor people and farm workers, thanked the council for a suggested increase to her program, but said she was unhappy that other agencies were getting cut.

Noting that a letter dated July 1

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City prepares for state to drop other budget shoe

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Last night, the council looked at several ways of further reducing its budget to make up for the money it is expected to lose to the state.

Eric Frost, the city's finance director, told the council there are three basic ways to pull together the \$900,000 to \$1.5 million the state is expected to take from the city's \$16 million General Fund: reduce expenditures, increase revenues and change

the way services are provided.

Frost and City Manager Steven Salomon presented the council last night with ideas they figure will make up for \$628,000 of the money the state will take.

Among the ideas on the revenue side were:

- An increase in business license fees, which have remained the same since 1985.

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and signed by Mayor Oscar Rios informing social-service agencies of the cut was included in the memo recommending the cut, Organista said she was getting the feeling that the move "was a done deal."

"It feels like deja vu, coming in front of a council that has already made up its mind," she said. "I didn't know anything about this until the last minute. ... The bottom line for me is that we can't take these cuts."

Organista said she's had to cut Adelante's hours, including the lunch hour, which is the agency's

busiest. She said she was going to put a sign on the door when Adelante is closed that says, "Go to City Hall for Help."

Blanca Tavera, the director of Defensa de Mujeres, a battered-women's program, urged the council to hold the line and look at whether programs that addressed the needs of Latinos were being funded in proportion to the large Latino population in Watsonville.

Several council members pleaded with the non-profit agencies to understand the tough position the city is in, and said it was only fair if city staff was going to be asked to take a 10 percent cut that the agencies do the same.

But Councilman Todd McFarren said, "I can certainly understand the subcommittee's rationale. However, it's not a correct analogy."

City staff is "being backed up against the wall," he said, "but the social services are already against the wall."

After several suggestions were tried, the council voted to fund all the social-service agencies at the same rate as last year — a total of \$230,000 — plus an additional \$8,000 for four agencies and to reduce the cultural organizations receiving grants by 10 percent.

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Due to inflation, the cost of the licenses has decreased by about 25 percent. Staff is proposing to change the fees annually by inflation, which would be about 4 percent this year. The fee change would bring in \$7,200.

- An adjustment for inflation in the cap on the utility-users fee. A rebate is now given to utility users of electricity and gas whose tax exceeds \$8,000. The proposal is to increase the cap by 13 percent this year to make up for inflation since the cap was adopted in 1989. This would bring in \$6,000.

- An "aggressive" review of fees. The city would take another look at fees for various services to bring them closer to paying for staff time and supplies. The staff figures another \$50,000 could be collected this way.

- Using Measure E funds to reimburse the city for building-permit fees it waived for earthquake repairs and rebuilds. This would mean a one-time infusion of \$250,000.

- Reinstate the cigarette tax by 10 cents a pack. This tax was suspended by the city in 1966, but could be reinstated. It could bring in \$98,000 a year.

The expenditure side suggestions included:

- Paying the salary of a maintenance worker from a special parks assessment district, and a street worker from the gas tax fund. This would remove \$67,000 from the General Fund but would mean "less parks ... and less asphalt," Frost said.
- Developing an early retirement program, which could save the city \$300,000.

- More freezes in capital expenditures for a one-time savings of \$271,187.
- Continuing to review the need for filling positions when they become vacant, for an annual savings of \$50,000.

- Continuing to look for ways to charge "enterprise funds" for work done by General Fund employees. Enterprise funds are those within the city that are self-supporting and self-contained, like the airport. This could save \$50,000 annually.

The various city departments will be reviewing their budgets to see how they could do without another \$271,000 to \$871,800. The council will continue these discussions in July.

As an example of how the city could save money by doing things differently, Frost said one of the city's janitors suggested a way of lighting the city buildings that could save \$5,000 a year.

— Chela Zabin