

# Council favors new tax

East Palo Alto fights \$750,000 budget deficit

By Mary T. Fortney  
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Four East Palo Alto City Council members Thursday supported the idea of a tax override to help the city recover its financial health, while rejecting "nickel and dime" emergency measures proposed by the city staff.

The council members also favored some form of a utility-users' tax, which the staff estimated could raise about \$500,000 annually.

The council is working against a June 30 deadline for adopting a balanced budget for 1988-89. The prospects appear dim because the city staff is projecting a \$750,000 deficit, even after recommended cuts are made.

Thursday's special meeting was scheduled to consider emergency ordinances for a batch of special taxes that City Manager Stan Hall proposed as a way to help the city meet the legal requirement for a balanced budget.

But the council decided to only discuss the items, postponing any action to a special meeting scheduled at 7:30 p.m. Monday in the council chambers at 2415 University Ave.

The four council members present Thursday — Mayor John Bostic, Vice Mayor Warnell Coats, Pat Johnson and Barbara Mouton — generally favored Hall's proposal for placing a tax override measure on the ballot. Council member William Vines was absent.

Hall noted that a tax override, to be in effect for four to five years, would enable the city to provide services until future development brings in extra income for the city.

The city is still struggling to recover from a fiscal crisis that surfaced last summer. However, acting Finance Director Russell Boulligny told the council Thursday that the city had been living beyond its means since incorporation in 1983.

Work done on Ravenswood High School between August and October 1986, which had not been budgeted, tipped the city into its financial crisis, he explained.

Boulligny will review an audit of previous years' budget on Monday to help the City Council understand why city finances are in their present state.

Bostic supported both a tax override and a utility-users' tax, but stressed they must include sunset clauses.

Coats said he believed voters would support a tax override and suggested putting it on the ballot as soon as possible, rather than in November, as the staff had suggested.

Mouton, however, argued that a November date would give the city more time to build up support for the measure.

"I'm not for nickel and diming this to death," Coats said, referring to the numerous emergency taxes

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that had been proposed. "If we go for each one of the itty-bitty pieces, in the long run they might do more harm than good."

Johnson also protested the "nickel and dime" taxes, while supporting the concept of a tax override.

But Johnson and the other council members emphasized that the city would need to have specific figures on how much money is needed and how the money will be spent. Police services, street improvements and economic development headed the list of areas where funds obtained by a tax override might be spent.

The proposed utility-users' tax called for a 5 percent tax on telephone, gas, sanitation, sewage, electricity, garbage and television cable for residents and a 3.5 per-

cent tax for business or commercial users.

The council asked staff for more details on projections if the tax were on specific utilities rather than the complete list, and for the effects of placing a cap on payments. Council members also were undecided about whether a dual rate system should be instituted.

Of the proposed emergency ordinances, the only one that got much support was an 8 percent tax that would be paid by people renting space in a public storage facility. The city staff estimated such a tax would bring in \$132,000 per year. It won some support because the tax would be paid by outsiders who benefit from the facilities without contributing anything to the city.

At the end of the meeting, the council observed a minute of silence in memory of Joel Davis, the East Palo Alto police officer who died Wednesday after he was shot while chasing a gunman.

The fire broke out at 12:20 a.m. at the home of Trish and Richard Girbing at 144 Carmel Way. Three engine companies brought the flames under control after 40 minutes, according to Capt. John Dellinges of the Woodside Fire Protection District.

Although neither resident was injured, one firefighter cut his hand while fighting the blaze, Dellinges said.

Dellinges said that the one-story house did not have a smoke alarm, and the Girbings were only alerted to the fire when their dog's barks woke them. The couple left the burning house out a back sliding door.

After preliminary investigations, it was determined that the probable cause of the fire was a faulty television set. However, the matter is still under investigation, Dellinges said.