

SM County may not help East Palo Alto

By Janet McGovern
Times Tribune staff

San Mateo County supervisors are interested in helping East Palo Alto out of its financial bind but may not be able to do so, for legal and financial reasons, board president Tom Nolan says.

Four years ago, San Mateo County shed responsibility for East Palo Alto when the city incorporated. But the problems of the new city will be back before the Board of Supervisors Tuesday when it considers East Palo Alto's request for help through a major fiscal crisis.

The city is asking for as much as \$600,000 as an "advance" against property tax payments that will be coming in December. City Council members held a special meeting with their new city manager last week to discuss what Councilwoman Barbara Mouton called a

"cash-flow problem." Among the emergency measures that were approved are 10 percent salary cuts for staff members and a loan of \$600,000 to \$800,000. The city expects to receive \$1.3 million in property tax revenue in . . . Please see HELP, A-10

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December and is negotiating for a loan from three banks, as well as from San Mateo County.

"Contingent on the availability of the funds, we would take that amount out in December; plus interest," Nolan said. But he added that questions have been raised in the district attorney's and controller's offices about whether such an advance could be made.

If it can, the consensus among the other supervisors seems to be that it should be a one-time only bailout, according to Nolan. He noted that the county cannot afford to advance loans to all 20 cities.

Whatever the district attorney and controller recommend, Nolan said he wants the report made publicly so no one can accuse the county supervisors of holding out for spite.

The East Palo Alto City Council upset supervisors during the recent voting on whether to place a half-cent sales tax increase on the November ballot to raise funds for transportation improvements. East Palo Alto voted "no," despite intensive lobbying by Nolan and other supervisors.

Nolan said East Palo Alto's city manager should meet with the county manager's staff to discuss how the fiscal crisis occurred and what can be done about it.

"They described it as a cash-flow problem," he said. "If that is the case, that (cash advance) ought to take care of it. I don't know what's brought them to this problem."

Joe Horwath, an Atherton businessman who owns apartment buildings in East Palo Alto, said a contingent of landlords will attend the supervisors' meeting to explain what they consider the real reasons for the crisis.

"It has mighty much to do with rent control and adverse effects on property values and the tax base," said Horwath, who opposed incorporation of the city and has bitterly fought East Palo Alto's rent control law.

"This city administration has done it to themselves by shooting themselves in the foot by diminishing the only real viable industry in the city — apartments," he said.

While East Palo Alto faces its crisis, county officials are looking at a somewhat improved outlook for the 1987-88 budget, which the supervisors are to adopt on Tuesday.

County Manager Dave Nichols said assessed values have been greater than anticipated when budget hearings were held last month. The county will have an additional \$1.5 million from that source.

Meanwhile, in Sacramento, the final allocation formula has not been decided for some block grant funds for counties. The county had budgeted for receiving another \$1.5 million but may get even more, Nichols said.

At the end of the budget hearings in July, District Attorney Jim Fox, complaining that his department was understaffed and swamped with work, took the unusual step of holding a press conference to blast the supervisors for refusing to give him three more positions.

Asked whether Fox will get more money, Nichols said any extra will go into the contingency reserve. In September, the supervisors will discuss whether to spend some of it. A four-fifths vote of the board would be required, he said.

Fox said Friday that his office had received several calls and letters of support from police chiefs and others.

Although some supervisors were angry at Fox, the district attorney said he has no regrets.

"I think the public has a right to know that we have a (staffing) problem," he said.

Board President Nolan said it would be unwise to take money out of the reserves until the county knows how much it will receive from the state.

Nolan said he had received several letters after Fox's salvo at the board, some supportive of the district attorney and two in opposition.

"There was not a huge outpouring," Nolan said.

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