

Funds may be on hold

Loan for East Palo Alto
not a deal yet, Hall says

By Mary T. Fortney
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A revised budget designed to help get East Palo Alto out of its financial difficulties was presented to the City Council Monday night by City Manager Stan Hall, but an expected \$800,000 loan from the city of Palo Alto apparently has been put on hold.

Hall removed the Palo Alto loan item from the agenda without comment. Later, he explained, he had discussed the loan with Palo Alto City Manager Bill Zaner but added, "We're not at a point where there's a deal — not at a policymaking level and not at a staff level."

A resolution on the proposed loan, included in Monday's agenda packet, called for a loan of \$800,000 to be paid in one installment on Dec. 11, 1987, at 8 to 9.5 percent interest. The loan would have been for 15 months.

The proposed loan represents the latest effort by East Palo Alto to borrow money to tide it over in a financial crisis uncovered in August. Earlier efforts to get an advance from San Mateo County on property tax payments and a loan from the East Palo Alto Sanitary District failed.

The city, however, is working its way through the financial crisis by reducing staff and cutting spending.

The latest step was the revised "realistic" budget for 1987-88, presented to the council Monday. It will replace the earlier budget, prepared before Hall became city manager, which overestimated revenues by \$1.9 million.

The council postponed action on the revised budget until a special meeting Wednesday at 7:30 p.m. in council chambers, 2415 University Ave.

The revised budget lists expenditures of \$4,716,564, representing a 27 percent reduction in previously approved expenditures. Income is listed as \$4,525,451.

The previous budget had shown an operating budget of \$6,492,000.

In other business, the council discussed, but delayed action until Dec. 21, on the purchase of a Brink's armored truck for the Police Department, consideration of an action plan to fight drug trafficking, formation of an East Palo Alto Community Foundation, and selection of a city attorney.

The meeting was marked by conflicts between Councilwoman Barbara Mouton and Councilmen Warrnell Coats and John Bostic. Mayor James Blakey and, to a lesser ex-

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tent, Vice Mayor Ruben Abrica, tried to defuse the hostility.

Mouton started off early in the evening by charging that Coats violated his oath of office not to damage the city when he released to the press information on the city's past-due debts. She asked City Attorney Tesfaye Tsadik to investigate her allegation.

Coats defended his action, declaring, "When the city has run up \$1 million in bills, it's my duty to let you (the public) know. I don't represent Coats or Blakey, I represent the people of East Palo Alto."

Bostic clashed with Mouton later in the evening when she moved to continue discussion of the armored truck purchase until Dec. 21. Bostic said he wanted the truck discussion put over until next month so the council would have time at the next meeting for a full discussion of the action plan proposed as a result of a drug symposium he chaired Nov. 20-21.

The city is considering buying a 1969 Ford armored truck from Brink's for \$2,100. Police Chief Dan Nelson indicated it could be useful in police work, but he was unsure about the cost of renovating the vehicle. Also, the interior was too small to stand in.

Blakey expressed enthusiasm for the idea, seeing it as a deterrent in high crime areas. Three residents who spoke opposed buying the truck and urged spending money instead for police dogs or routine police work.

The truck proposal will come up again, as will the proposal for a community foundation, which came before the council for a second time Monday. Blakey, Mouton and Abrica favor the foundation idea, Coats is opposed and Bostic abstained. The staff will come back Dec. 21 with more information on the foundation proposal.

The council also on Dec. 21 will consider the appointment of a city attorney, with two firms applying for the position. Stuckey & Johnson, which has had the contract since the city was incorporated, has submitted a proposal for a full time attorney at \$110,000 a year and part time (24 hours a week) at \$87,360.

Wilson, Becks & Pyfrom, San Jose, proposed charging \$90,000 for a full-time attorney and \$70,000 for a part-time one. In both cases, there would be additional charges for excess hours and litigation.

The council delayed action until Hall can come back Dec. 21 with additional information.