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City of
Santa Clarita

May 11, 1993

Honorable Mayor and Members of the City Council:

It is my pleasure to present to you the 1993-94 Operating and Capital Improvement Budget for the City of Santa Clarita. This document continues our commitment to quality public service while responding to the ever decreasing revenues and increased demands from the Federal and State governments.

As in 1992-93, this budget reflects the fiscal realities facing cities throughout our state. Again, you will not see the significant expansion experienced in earlier years. Rather, you will see the results of difficult decisions made following months of discussion, negotiation and analysis.

This budget reflects significant reductions in each department and division throughout the City. As in 1992-93, positions have not been added. In fact, 11 positions, currently vacant, are not funded for the upcoming fiscal year. In addition, no cost of living increase is recommended.

Like many cities, in 1992-93, Santa Clarita saw the continued impacts of the recession. In January of 1993, a mid-year adjustment, which decreased General Fund revenues and appropriations by \$637,000, was necessary.

Still, as staff began to prepare the 1993-94 budget, knowing the uncertain economic conditions, it was apparent that additional adjustments would be necessary if a balanced budget was to be presented to the City Council.

Initially, it was determined that requests for 1993-94 operations exceeded estimated General Fund revenues by \$2.8 million. This began the long and arduous process of reconciling our revenues and expenditures and developing the document before you. All involved in the budget process knew that decisions needed to be made which would present challenges in the upcoming year. Yet, I am confident that all will rise to this challenge and continue to strive for the quality service provided in prior years and make 1993-94 one of the best years ever for our City.

BUDGET SUMMARY

The 1993-94 budget is composed of five primary categories for appropriation. These include: Debt Service, Personnel, Operations and Maintenance, Capital Outlay, and Capital Projects.

The breakdown for the upcoming year is as follows:

Debt Service	\$3,966,500
Personnel	9,833,200
Operations and Maintenance	24,706,100
Capital Outlay	201,100
Capital Projects	<u>11,050,000</u>
TOTAL BUDGET	\$49,756,900

REVENUE

The City's General Fund is composed of 45 separate revenue sources. The largest source, sales tax, is estimated at \$12.8 million for 1993-94. This estimate represents a \$1 million, or an 8%, increase from that projected for 1992-93 year end. The increase can be attributed to the success of the Valencia Town Center and the Price Club.

The second largest source, Motor Vehicle in Lieu, is estimated at \$5.1 million for the upcoming fiscal year. This money, received from the State, is distributed to cities on a per capita basis. While this revenue appeared to be in jeopardy, the State has recently given no further indication that this revenue will be used to offset the State's budget deficit.

Property Tax, the third largest revenue source, is estimated at \$3.2 million. This is a decrease of \$700,000, or 22%, from projected 1992-93. This significant reduction is a direct result of the State's action to balance its budget. The City has received notice that approximately \$886,000 may be diverted to the State. Given the current condition of the State and County budgets, it is unknown if the \$886,000 may increase or decrease. Since the State typically does not adopt a budget prior to the close of the fiscal year, some estimate had to be made.

Building permit revenues have experienced a decline of \$200,000, or 9%, from 1992-1993 projections. This revenue, estimated at \$998,000, is dependent upon the construction/development activity occurring within the City. Given the continued lag in the economy, it is not surprising that this revenue has decreased at this rate. As a whole, revenue related to community development activity, such as subdivision maps, improvements, certificates of compliance, zone change fees, as well as building permits, are anticipated to decline by \$1 million in the upcoming year.

The Parks and Recreation use fee revenues, projected at \$1.1 million for 1993-94, reflects a slight increase of 3%. This is primarily due to consistent participation in the programs offered through our recreation division, as well as a nominal fee increase designed to offset the rising cost of service. This percentage increase is consistent with the CPI.

Interest income for the General Fund has decreased by \$100,000, from 1992-93, and over \$700,000 from 1991-92. Projected at \$400,000 for the next fiscal year, this revenue reflects the decrease in the General Fund balance utilized in prior years for significant capital improvements and land acquisition.

**REVENUE SCHEDULE
GENERAL FUND**

	<u>Actual</u> <u>1990-91</u>	<u>Actual</u> <u>1991-92</u>	<u>Projected</u> <u>1992-93</u>	<u>Estimated</u> <u>1993-94</u>
Property Tax	3.4 mil	4.4 mil	3.9 mil	3.2 mil
Sales Tax	11.4 mil	10.5 mil	11.8 mil	12.8 mil
Other General City	9.7 mil	9.4 mil	10.0 mil	10.7 mil
Community Development	2.2 mil	2.4 mil	1.4 mil	.9 mil
Parks and Recreation	<u>.8 mil</u>	<u>.9 mil</u>	<u>1.0 mil</u>	<u>1.0 mil</u>
<u>TOTAL</u>	<u>27.5 mil</u>	<u>27.6 mil</u>	<u>28.1 mil</u>	<u>28.6 mil</u>

APPROPRIATIONS

The following represents highlights of many of the key changes in appropriations within the various City divisions for the upcoming fiscal year:

MANAGEMENT SERVICES DEPARTMENT

The appropriations for Management Services reflects a decrease of \$1.6 million from prior fiscal years. This decrease is primarily due to the \$1.5 million payment to the County for services provided at incorporation. March of 1993 marked the final payment, thus relieving this obligation.

CITY COUNCIL

The budget for the City Council is recommended to hold constant. Special studies monies, formerly presented, are proposed to be eliminated. Should the Council require special studies, it is anticipated that the contingency reserve will be utilized.

DEBT SERVICE

The General Debt Service for 1993-94 is estimated at \$1.8 million. This amount includes debt service payments from the General Fund for bond payments, the Public Financing Authority, as well as the second year commitment of funds for the Price Club project.

PERSONNEL

The Personnel Division's budget is anticipated to decrease by \$14,000, or 10%. This decrease is primarily attributed to reduction in programs and services associated with lack of staff increases

INFORMATION RESOURCES

This budget has decreased by \$60,000, or 12%. This decrease is primarily due to the reduction in professional training consultants realized as a result of providing this service with in-house staff.

FINANCE DEPARTMENT

The Finance Administration budget reflects a potential increase of \$30,000 over the 1992-93 year end estimates. This increase is primarily due to the additional need for audit services and other special studies. In addition, a clerk typist position has been added. However, the position will not require additional funds due to the fact that two interns and a part time clerk position have been combined to create the new position.

COMMUNITY DEVELOPMENT

The Community Development Department, which includes Economic Development, Development Services/Code Enforcement, Advance Planning, Engineering, and Building and Safety, exhibits significant changes from prior fiscal years. This department is dependent upon development related revenue to subsidize operations. Given that development/construction related revenues have decreased by approximately \$1 million, it was necessary to enact a corresponding decrease in appropriations. With this offset, development/construction related revenues fund 30% of the total Community Development Budget.

ECONOMIC DEVELOPMENT

The budget for Economic Development is anticipated to decrease by \$265,000, or 82%. This is primarily due to a reduction of funds dedicated to one time costs for redevelopment activities. Included within this budget, however, is \$74,000 for the second year of the City's three year commitment to its marketing/retail program. Additional economic development funds are budgeted in Parks and Recreation for a regional event that would bring tourist dollars into Santa Clarita.

DEVELOPMENT SERVICES/CODE ENFORCEMENT

The Development Services and Code Enforcement budgets have been combined for the 1993-94 fiscal year. Both divisions' expenditures have remained within prior year funding levels.

ENGINEERING

The Engineering budget reflects a \$400,000 decrease from the prior fiscal year. This decrease is directly tied to decreases in development activity. In order to reduce appropriations, several positions are recommended for freezing in the 1993-94 fiscal year. These positions include two Associate Engineers and an Engineering Aide. These positions are currently vacant. Further reductions in this division include a transfer of \$360,000 in salaries to capital projects. This transfer relieves the General Fund of the full cost of salaries and allows for appropriate tracking of full project costs.

Enhancements to this division include \$120,000 to address Federal regulatory requirements associated with implementing the Storm Water Pollution Control Program. In addition, \$149,000 has been included to address various signal modifications in the upcoming fiscal year.

BUILDING AND SAFETY

The Building and Safety Division is anticipated to decrease by approximately \$200,000, or 29%. This decrease is primarily due to the recommended freezing of two Assistant Engineer and one Permit Specialist positions. Due to the decrease in building activity, it is anticipated that the positions will not be needed in the upcoming year. Each position is currently vacant.

PUBLIC SAFETY

The budget level for Public Safety, specifically Police Services, will remain level for the upcoming fiscal year. Several changes have been proposed to minimize the impact of Los Angeles County budget increases, while continuing to provide for the City with the optimum level of Police Services.

As you are aware, in 1993 Los Angeles County began placing a surcharge on Police Services in order to offset losses in the County Municipal Liability Fund. This surcharge was directly passed on to the contract cities. It is anticipated that in 1993-94, liability charges for Police Services will reach \$483,000. This is an increase of \$200,000 from 1992-93. This liability line item represents 4.6% of the total \$9 million police budget. In addition to the increase in liability charges, the police budget anticipates a 5.75% cost of living increase negotiated and imposed by the County.

Recommended adjustments to the police budget to offset a portion of the cost of liability charges include the elimination of a Community Relations Officer position (\$109,000), as well as the conversion of three 56 hour traffic cars to three 40 hour cars (\$208,000).

PUBLIC WORKS

The Public Works Department, comprised of Administration, General Services, Property Management, Transit, Waste Management, Vehicles and Street Maintenance, represents the largest portion of the City's operating budget. This department, estimated at \$10.7 million, is estimated to increase by \$100,000 in the upcoming fiscal year.

SOLID WASTE MANAGEMENT

The budget for Solid Waste Management is anticipated to decrease by \$30,000 from 1992-93 levels. This reduction is primarily due to decreased costs for professional services required. This budget does however include substantial funding for the continued opposition to the proposed Elsmere Canyon landfill. Specifically, \$370,000 has been recommended to fund consultants, attorneys and the public relations campaign associated with this effort. In addition, a rate review for \$50,000 is recommended in the upcoming year.

GENERAL SERVICES

This division's budget represents a decrease of \$400,000, or 39%, from the 1992-93 mid-year estimate. This decrease is primarily a result of decreases in professional and contract services accounts, as well as decreases in equipment maintenance supplies. In addition, unlike prior fiscal years, no capital equipment has been proposed for purchase in the upcoming year.

PROPERTY MANAGEMENT

This division, created in the 1992-93 budget to record building costs, reflects a slight decrease of \$20,000. Funds within this account are designated for the overall maintenance of the City Hall facility and service to the tenants. This division is, in effect, comprised of two units. The first is reimbursable by the tenants through building operating expense and includes items, such as salaries, building maintenance supplies, services

and utilities. The second set of expenses is paid solely by the landlord (City) and includes tenant improvements, professional services and legal services.

TRANSIT

The Transit budget has increased by \$220,000, or 5%. The increase is due primarily due to the addition of \$87,000 for commuter rail security services, as well as a full year's worth of costs for the Transit Analyst. The entire transit program is funded through restricted revenues, such as Prop A and Prop C monies.

PARKS, RECREATION AND COMMUNITY SERVICES

The Parks and Recreation budget represents a hold-the-line approach to appropriations, while continuing to respond to the varied leisure, cultural and social needs of a diverse community. Divisions within this department include Administration, Recreation, Parks Maintenance, Aquatics, Emergency Preparedness and Community Development Block Grant.

PARKS ADMINISTRATION

The Administration budget reflects a projected decrease from the 1992-93 budget. This division does, however, include \$30,000 to fund the Summer Youth Work Program, \$10,000 for DAPEC, \$50,000 for Seniors and the reinstatement of \$50,000 for the Community Service Grant.

RECREATION

During the 1992-93 fiscal year, the Recreation Division experienced continued growth as the demand for services remained strong throughout the lingering economic recession. Like many City divisions, however, the Recreation budget is also anticipated to decrease in the upcoming year. Due to economic constraints, a Coordinator position, currently vacant, will remain unfilled.

This budget, does however, include funding for the Gang Task Force program, as well as the first year of funding for the proposed Western Heritage Festival (\$83,000). Most of this will be recouped from revenues it will generate. This event, seen as both a recreational and economic

development activity, is designed to capitalize on the heritage of Santa Clarita, enhance our identity, and generate revenues community-wide.

PARKS

The Parks Division, which successfully obtained over \$5 million in grant funding in 1992-93, will continue its enhancement of the City's parks, trails and river environment in the upcoming year. While monies devoted to this budget from the General Fund have decreased by \$200,000, there are proposed enhancements as a result of grant funding. Included are the purchase of various tools, a vehicle, as well as funding for the Parks Master Planning Study.

Decreases to the Parks budget are found within the tree-spraying contracts. In order to address the overall decrease in General Fund revenues, tree trimming has been reduced to providing for emergency tree prune and minimal clearance pruning.

EMERGENCY PREPAREDNESS

The primary objective in preparing the 1993-94 budget was to continue to provide quality emergency preparedness through the SECURE programs for our residents. Therefore, no significant decreases have been proposed to this budget for the upcoming year.

CDBG

The City's anticipated Entitlement Grant for the Community Development Block Grant Program, for 1993-94, is \$717,543. This is a 21% increase over the 1992-93 funding levels.

Projects recommended for the upcoming fiscal year include, but are not limited to:

• Homeless Assessment	\$ 2,500
• Fair Housing	\$ 12,000
• Senior Education	\$ 48,000
• Handyworker Program	\$150,000
• Rehabilitation Loan Program	\$ 41,000
• Homebuyers Opportunity Program	\$ 30,000
• Infrastructure Improvements	\$165,000

CAPITAL PROJECTS

Fiscal year 1993-94 marks the final year of the City's first five year Capital Improvement Program. Thanks to the diligent efforts of staff in securing grants and enhancing restricted revenue sources, a \$14 million Capital Improvement Program is recommended for the 1993-94 fiscal year. This represents a \$1 million increase from the 1992-93 adopted budget. The General fund commitment to Capital Projects for 1993-94 is \$950,000. Given the decreasing amount of General Funds dedicated to projects, it becomes increasingly crucial to rely on grants and keep restricted revenue sources intact. In 1993-94, 93% of the recommended Capital Improvement Program will be funded through restricted sources.

PARKS AND RECREATION

Parks and Recreation capital projects recommended for 1993-94 are funded solely through grant funding and other special revenue funds. Projects for the upcoming year include Phase I of the Bouquet Canyon Trail; Canyon Country Park Picnic area; Commuter Rail Trail; North Oaks Park play area, ball field lighting; playground upgrades; Phase I of Santa Clara River Park; as well as sport court rehabilitation.

COMMUNITY DEVELOPMENT

Projects proposed for the 1993-94 fiscal year include the annual overlay and slurry programs, median striping, widening of Soledad Canyon Road and the Via Princesa extension.

In an effort to relieve the General Fund of the full cost of salaries, the department has passed along over \$360,000 in salary costs to the restricted funds utilized for capital projects.

GENERAL CITY

Unlike 1992-93, several General City projects are presented for the City Council's consideration. These projects include Commuter Rail Land Purchase; City Yard Phase III; City Hall Parking Structure; Land Acquisition and the City Hall Design Contract. The City Hall Design Contract, estimated at \$700,000, will take the City through full design of this unique facility and fulfill our \$1.7 million contractual obligation to the architecture firm selected.

A detailed listing of all capital projects proposed for funding in 1993-94 may be found on pages 113 - 118 of the Budget.

HIGH PRIORITY UNFUNDED NEEDS

Each year a number of requests are submitted to the City Manager's Office for review and potential inclusion in the document for the City Council's approval. The following represents a list of some of the many items requested and not recommended for funding.

Requested:

	<u>TOTAL</u>
City Attitude Survey	\$10,000
Valley Master Plan	80,000
Comprehensive Growth Report	100,000
Downtown Newhall Implementation Study	100,000
Accident Software	6,000
Computer Hardware	50,000
Computer Position	50,000
Solid Waste Intern	10,000
Loader	20,000
Elsmere Coordinator	47,900
Window Caulking	50,000
Paint Corp Yard	35,000
City Hall Recycle Program	9,300

Eliminated:

	<u>TOTAL</u>
Crossing Guards	\$30,000
Tree Spray Contract	100,000
Community Relations Department	109,000
Hours of Traffic Cars	209,000
Recreation Coordinator	45,000
Noontime Concerts	7,000
Engineering Positions	150,000
Building and Safety Positions	100,000

This listing may be of interest to the City Council should additional funding become available in the course of the fiscal year.

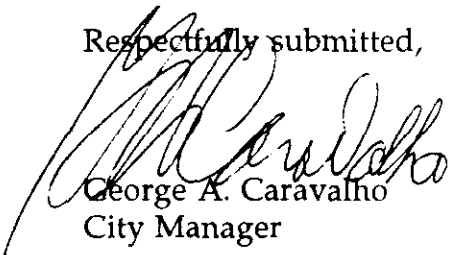
SUMMARY

This budget, more than ever before, was truly a team effort with which representatives from each department came together to address a critical \$2.8 million shortfall and present the best possible budget document to the City Council for review. Each and every department rose to this challenge and assisted in preparing the document before you. I wish to extend my personal thanks and gratitude to each of the Department Heads and Budget Officers who worked diligently throughout budget preparation. Special thanks go to Terri Maus who spent countless hours pulling together and preparing the actual Budget document.

As always, throughout the budget process, utmost consideration was given to providing the optimum level of service to the citizens of Santa Clarita. They expect and deserve the best that we can offer! Consideration was also given to the long term fiscal and budgetary stability for the City of Santa Clarita. Thus, as is the City's policy ongoing revenues match ongoing base appropriations. While the upcoming fiscal year holds little hope for growth and requires significant reductions to the base budget, City staff will continue to strive for excellence in all programs and services provided.

I recommend the adoption of the 1993-94 Budget and look forward to discussing this with you throughout the budget hearing process.

Respectfully submitted,



George A. Carvalho
City Manager