

CITY OF SANTA CLARITA

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COUNCILMAN

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COUNCILMAN

Honorable Mayor and Members of the City Council,
Submitted herewith for your review is the revised recommended budget for fiscal year 1988-89. It is a balanced budget with a forward outlook. This budget is significantly different from the budget previously adopted. We do not, however, have a full year's experience with our revenues to provide you with a complete financial picture, nor have we the personnel to do the job on the budget we would like. Nevertheless, the budget offers a major step forward. It is comprised of five operating programs as follows:

<u>Program</u>	<u>Amount</u>
General Government	\$ 9,134,300
Community Development	1,116,075
Public Works	4,968,800
Public Safety	7,669,201
Parks and Recreation	<u>1,433,700</u>
Total Operating Budget:	<u>\$24,322,076</u>

Also included is a five year capital improvement plan broken into the same areas as above with the first of the five years' projected appropriations as follows:

<u>Program</u>	<u>Amount</u>
General Government	\$1,797,147
Community Development	500,000
Public Works	1,404,500
Public Safety	
Parks and Recreation	<u>1,000,000</u>
Total Capital Budget:	<u>\$4,701,647</u>

The total operating and capital budget for fiscal year 1988-89 is \$29,023,723.

This budget makes a statement. That statement is the City of Santa Clarita is a city on the move. When Santa Clarita was originally incorporated, there were skeptics who felt it would not be financially solvent. This budget makes it clear that not only is the City solvent, it is rapidly on its way to becoming a dynamic city with the ability to provide cost efficient and the highest quality services to the citizens it serves.

This budget message will provide a general overview of this document in the areas of Revenues, Operating Budget and Capital Improvements.

Revenue Overview

General fund revenues are estimated to be \$19,012,538. A full 73.9 percent of this total is comprised of only three revenue sources; sales tax, motor vehicle in lieu tax and property taxes.

The sales tax estimate is \$6,500,000. This is \$1,300,000 more than the amount included in the budget originally approved by Council. This estimate is based on the receipts through the first quarter of the current fiscal year in the belief that the local economy will continue to prosper throughout the remainder of the fiscal year. This increase in anticipated sales tax revenues speaks well to the robust and growing Santa Clarita economy. It may also be indicative of overly conservative revenue estimates originally performed by LAFCO.

The second largest source of general fund income is the State motor vehicle in lieu tax. This is expected to be \$4,830,462. This revenue is a subvention received from the

State and is based on the estimate of population in the City, prepared by the State Department of Finance. The City's official population is 147,223.

The third largest source of general fund revenue is property taxes. Property taxes are expected to amount to \$2,715,420. This is based on information provided by LAFCO. The County Auditor Controller's Office was not able to provide a revision to this estimate.

The remaining 26.1 percent of general fund revenue is comprised of other taxes; licenses and permits; fines, forfeitures and penalties; interest; intergovernmental revenues and charges for current services.

The revenue in the funds other than the general fund is largely for Public Works and Parks and Recreation purposes. These revenues are used to offset expenditures in those two programs.

OPERATING BUDGET

General Government

General Government is comprised of the administrative functions of the City Council, City Manager's office, City Attorney, City Clerk, Finance and General Services, self insurance and unallocated expenditures. The significant appropriations in this program include \$400,000 for the purchase of computer and word processing equipment. This large one-time expenditure is necessary for the City to purchase the equipment to provide the necessary information and technology to efficiently run a modern city. Also included is \$697,600 to cover the cost of moving into the new City Hall and Council Chambers. This covers the cost of furniture, telephones, sound system, chairs for the Council Chambers and other costs associated with moving into the new municipal offices. Virtually all of this

equipment will be able to be re-used when the City constructs its own City Hall.

Included in the General Government program is \$1,203,000 for self insurance. This amount is to cover the City's share of liability, workers' compensation and unemployment insurance. It is virtually inconceivable that anywhere near this amount of money would be required in this area during the current fiscal year. Many cities, however, face significant problems by having an underfunded self insurance fund. This appropriation seems prudent for a City the size of Santa Clarita and is consistent with the purpose of this recommended budget which is to build a strong foundation upon which the City can prosper.

Finally, included in the General Government program is \$1,000,000 for contingency. This amount of money is included to cover unforeseen needs which may arise after the budget is adopted. This amounts to 4.9 percent of the General Fund which is a propitious contingency for a new city of this size.

Community Development

The most significant item in the Community Development section of the budget is \$300,000 set aside for the preparation of the City's first General Plan. This document will be the blueprint which will guide Santa Clarita into the future. Funds are also budgeted in this department for current and advance planning, code enforcement and economic development.

Public Works

Public Works is now separated into its own program in the budget. Funds are budgeted here for engineering, maintenance, traffic, drainage, transportation, traffic signals and other related public works services. The funds

to pay Willdan Associates, who will be performing the majority of the City's public works services, are budgeted in this program. Included in this program is \$540,000 for street service maintenance, \$270,000 for street cleaning, \$638,000 for local bus service and \$275,000 for Santa Clarita Valley downtown commuter service.

Public Safety

Included in the Public Safety section of the budget are all police and fire services, crossing guards and emergency preparedness funds. It is estimated that the City will pay \$6,332,803 for services provided by the Sheriff's Department.

Our property tax receipts are expected to be decreased by almost \$6.4 million for services provided by Los Angeles County Fire Department. This is equal to 16.5 cents of each dollar of property tax we are due. In addition, \$753,325 is budgeted for wildlands protection. It now appears that this full amount will not be needed.

Parks and Recreation

This program provides funds for all of the City's parks, the recreation program and the maintenance of the related items. The highlights of this program include \$232,000 for contractual services for recreation, \$345,000 for contractual services for aquatics and \$323,400 for contractual services for parks maintenance.

This would provide sufficient funds to allow five swimming pools to remain open, to have a recreation leader at each of the parks during the summer months and to maintain the City's parks and parkways.

CAPITAL IMPROVEMENTS

The Capital Improvements section of the budget includes projects that constitute major one-time expenditures for the City. The capital projects presented in this document span five fiscal years from 1988-89 through 1992-93. The first year of the recommended program amounts to \$4,733,647. The total five year program is \$27,326,500.

The Capital Improvement program is a long-range planning tool as reflected in its format. When the General Plan is adopted, it will undoubtedly be revised considerably to ensure consistency.

General Government

Included in the General Government program area are two projects; City Hall and a City Yard out of which the Public Works and Parks and Recreation Departments would eventually function. A total of \$11 million is budgeted for these two projects. This number could change considerably as a site is selected and plans are drawn. In the current budget it is proposed that \$1.3 million be set aside for City Hall and \$500,000 for the City Yard. This amount of money would be augmented in future years until Council feels it is the appropriate time to begin construction of these projects and sufficient funds have accumulated to make these projects feasible.

Community Development

A total of \$500,000 of General Fund money has been allocated in each of the five years of the plan for an economic development project. A city is often required to cover the costs of a certain part of a project to entice private sector operation to locate in a particular area

Public Works

The Public Works program includes \$2,876,500 of specified road projects. These projects would be funded with gas tax, Federal Aid Urban, Aid to Cities and Bridge and Thoroughfare District funds. The portion of the money which is budgeted for fiscal year 88-89 is \$1,436,500.

Parks and Recreation

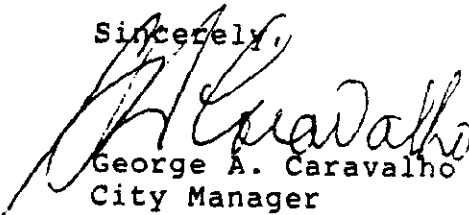
Included in the Parks and Recreation program is \$10,000,000 for the purchase of the Saugus Rehabilitation site. It is recommended that this project be funded with certificates of participation. The debt service on these COP's would amount to approximately \$1 million per year. Amounts are also included in each of the future years for miscellaneous Parks and Recreation projects. These numbers are based on estimates calculated by the County.

SUMMARY

This budget offers a fresh perspective on our revenues, operating expenses by program and a capital improvements program. Since the primary cost of a service organization is personnel, a complete assessment of our staffing expenses is provided. Currently we have 17 people working for the City. It is anticipated that by June 30th we will have 49 positions at a cost of \$1,746,400. With improved data by the end of this fiscal year, we will provide a more complete and comprehensive budget in May 1989. Through the General Plan study we will have a detailed project-by-project capital improvements program for our 1990 budget.

I want to extend my sincerest thanks and appreciation to Ken Pulskamp, Andrea Daroca, Marilyn Creighton and many other dedicated City employees for making this budget possible.

Sincerely,



George A. Carvalho
City Manager