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City of
Santa Clarita

Honorable Mayor and Members of the City Council:

It is my pleasure to present you the 1992-93 Operating and Capital Improvement Budget for the City of Santa Clarita. This document truly symbolizes the result of an extraordinary team effort among the various employees serving the City of Santa Clarita.

In many ways, this budget is different than any presented to you previously. Other budgets have included exciting new programs, new staff, increased service levels and new services. This budget, by and large, does not. Rather it does reflect the fiscal reality being faced by all governments at this time. It is a document that reflects significant reductions in the requests made by each and every department. It clearly ushers in a new stage in the financial history of the City.

As the effects of the recession progressed through fiscal year 1991-92, many cities were forced to take measures to ensure that they could continue to service their citizenry and remain financially strong. While Santa Clarita was not immediately impacted by the recession, in January of 1992, we began to see signs of Sales Tax slippage, declines in building and construction related revenues, as well as the impact of SB2557. This impact manifested itself in a \$1.3 million operating revenue shortfall. In order to maintain our policy of presenting and maintaining a balanced budget, appropriations were reduced accordingly at mid-year. As you will recall, the City reduced the appropriation for the loan due to the County of Los Angeles by \$700,000 and the contingency was reduced by \$600,000.

Other methods to shrink the appropriations included reductions in professional services, reduced travel and training, as well as equipment and supplies. Other items were eliminated or postponed until a subsequent fiscal year. While making reductions, all remained mindful of the need to continue to provide the same quantity and quality of service desired by the citizens of Santa Clarita. While reductions were made, services levels are not expected to decrease. City staff will raise to the challenge and continue to strive for excellence in all areas.

In the upcoming fiscal year, it is anticipated that the City will not rebound significantly from the revenue shortfall. Economic forecasters predict recovery will not begin until 1993. Given the continued recession for the first half of the fiscal year, the General Fund Revenues for 1992-93 are approximately 6% above 1991-92 adjusted budget figures.

BUDGET SUMMARY

The 1992-93 Total Budget is composed of the 4 primary categories for appropriations. These include Personnel, Operations and Maintenance, Capital Outlay, and Capital Improvements. The breakdown of appropriations for the upcoming fiscal year is as follows:

Personnel	11,554,900
Operations and Maintenance	28,882,200
Capital Outlay	315,800
Capital Projects	13,302,700

TOTAL BUDGET 1992-93	\$54,055,600
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Revenue

The General Fund is composed of a variety of revenue sources. The largest source, Sales Tax, is estimated at \$11,715,000 for 1992-93. This revenue source has been augmented for '92-'93 due to the anticipated Sales Tax increase occurring as a result of the Valencia Town Center and the Price Club. Revenue from the projects are estimated at approximately \$1 million. Without the addition of such high caliber projects, base Sales Tax reflects a mere 2.8% increase over 1991-92 estimated year end receipts. Prior years have exhibited 6 to 10 percent growth.

The Sales Tax estimate for 1992-93 is quite aggressive. As indicated, base Sales Tax is estimated at \$10.8 million. This is based on fiscal year 1991-92 actual receipts through March, coupled with the assumption the City will receive the same amount of Sales Tax in the 4th quarter of this fiscal year as the 4th quarter of last fiscal year. As you will recall, 1990-91 actuals reflect strong Sales Tax growth and was not victim of the beginning stages of the current recession.

The second largest source of General Fund Revenue is Motor Vehicle in lieu. This revenue, distributed to the City on a per capita basis, is estimated at \$5,200,000 for 1992-93 or 3.7% above 1991-92 year end estimate. While the State is again looking at this revenue to balance the State Budget, the presumption built into this budget is that this source will remain intact.

The third largest source of General Fund revenue is Property Tax. This tax is estimated at \$4,351,000 for 1992-93, reflects a 4.5% increase over 1991-92 year end estimates. For every dollar of Property Tax paid by the City's residents, the City receives only about six cents. Estimates for 1992-93 are based upon a 2% standard reassessment provided through Los Angeles County. Significant increases to this revenue source beyond the 2% have not been included due to relatively few home sales throughout Santa Clarita.

Building and Safety Fees for 1992-93 are estimated at \$1,250,000 or 2% below estimated 1991-92 year end estimates. In 1991-92, Santa Clarita realized over \$200,000 in revenue from permits and fees for the Borax Corporate Headquarters, Price Club and the Valencia Town Center. Projects of this caliber are not anticipated to occur during 1992-93, therefore, Building and Safety permit revenue reflects a decrease.

Interest Income is estimated at \$605,000 or 40% below 1991-92 year end actuals. This decrease is due to the reduction of General Fund Balance from \$10.4 million as of July 1, 1991 to an anticipated \$1.6 million for July 1, 1992. In 1991-92, approximately \$9 million in Fund Balance was applied to a variety of one time Capital Projects thus decreasing the amount available for cash investment capable of earning interest income. It should, however, be noted that the City now holds significant properties appreciating in value.

Parks and Recreation User Fees are anticipated to increase by 25% or \$300,000. This increase is based on the extraordinary response to our recreational programs and the addition of fee-based classes. In addition, a user fee increase of approximately 3% has been included.

Franchise fees for the City of Santa Clarita are estimated at \$2,599,900. While it is estimated that base franchise figures will remain at approximately \$1.6 million, an additional \$700,000 will be realized due to the establishment of Refuse Franchise Fees during the 1990-91 fiscal year. Franchise fees are received from cable TV companies, electrical, gas and water companies, oil companies and the refuse collection companies.

SPECIAL REVENUE SOURCES

By far the most significant source of Non-General Fund Revenue is Gas Tax. This restricted reserve is used strictly for road-related expenses. For 1992-93, the State Controllers Office has confirmed an allocation of \$3.2 million.

In addition to Gas Tax, designated for street and road activities, the City receives a variety of other Special Revenue Sources for restricted uses.

Another primary revenue source, Transportation Development Act Monies, are estimated at \$2,072,000 for this upcoming fiscal year which is \$200,000 or 11% below current fiscal year appropriations. This revenue, distributed on a per capita basis, is dedicated to our transit system as well as the 1992-93 Capital Improvement Program.

Other revenue critical to the 1992-93 Capital Program is approximately \$1.6 million in State Grants achieved through the diligent work of our Parks and Recreation staff. Such revenues will offset costs devoted to the Bouquet and South Fork Bike Trails.

Additional significant Special Revenue anticipated for 1992-93 include the Rental Income derived from tenants leasing the City Hall facility, as well as Common Area Maintenance Charges. For the upcoming fiscal year, this revenue is estimated at \$1.3 million.

**COMPARISON OF DEPARTMENTAL BUDGETS
1991-92 vs 1992-93**

	Estimated Year End Budget <u>1991-92</u>	Recommended Budget <u>1992-93</u>	<u>% + or -</u>
<u>ADMINISTRATIVE SERVICES</u>			
City Council	221,827	202,000	- 9%
City Manager	742,000	739,900	- 1%
City Attorney	370,700	345,100	- 7%
City Clerk	372,593	305,300	-18%
Personnel	337,052	344,300	2%
Finance Administration	938,729	864,200	- 8%
Information Resources	971,100	723,900	-25%
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TOTAL ADMINISTRATIVE SRVCES	3,954,001	3,524,700	-11%

COMMUNITY DEVELOPMENT

Community Development Admin	239,813	268,600	12%
Economic Development	471,839	269,400	-43%
Development Services/Code Enforc	682,396	673,900	- 1%
Advance Planning/Special Studies	1,006,703	930,100	- 8%
Engineering	2,245,000	2,222,400	- 1%
Code Enforcement	229,186	222,200	- 3%
Building and Safety	1,033,758	961,900	- 7%
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TOTAL COMMUNITY DEVELOPMENT	5,908,695	5,548,500	- 6%

PUBLIC WORKS

Public Works Administration	300,000	354,000	18%
Solid Waste Management	499,833	438,700	-12%
General Services	2,018,174	1,814,100	-10%
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TOTAL PUBLIC WORKS	2,818,007	2,606,800	- 6%

PUBLIC SAFETY

Police Services	8,174,534	8,419,700	3%
Fire Protection	35,000	35,000	0%
Miscellaneous Public Safety	3,500	3,500	0%
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TOTAL PUBLIC SAFETY	8,213,034	8,458,200	3%

PARKS AND RECREATION

Parks and Recreation Admin	360,641	486,900	35%
Recreation	1,903,979	2,263,900	19%
Parks Maintenance	2,440,538	2,615,600	7%
Aquatics	478,113	512,200	7%
Emergency Preparedness	117,596	113,200	4%
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TOTAL PARKS AND RECREATION	5,300,867	5,991,800	13%

*TOTAL OPERATING GENERAL FUND 26,194,176 26,130,000 - 2%

Proposed increases in Parks and Recreation are primarily due to anticipated offsetting revenue from contract classes.

*This total does not include contingency funds nor debt service.

MANAGEMENT SERVICES APPROPRIATIONS

The Management Services Department reflects the changing needs of the City to consolidate many of the internal services into a cohesive unit. Personnel, Budget, Information Resources, Graphics, Risk Management and the City Clerk's Office are within this Department.

Proposed in the Personnel budget for FY 1992-93 is the reclassification of the current Personnel Technician to Personnel Analyst. This reclassification has been recommended due to the increasing level of responsibility of the present Technician position.

Information Resources is again oriented toward providing the necessary tools and training needed to effectively service both the employees and the citizens of the City. Included within the Division for 1992-93 is the addition of an Information Assistant position. The proposed position will primarily focus on training employees throughout the City on various software programs and equipment functions. The addition of this position will result in net cost savings of over \$50,000 in contractual service costs for the City. Finally, \$75,000 has been allocated for the purchase of additional hardware and software required to ensure our investment in our computer. This anticipated allocation for equipment is approximately 77% less than the funds allocated in prior fiscal years.

The proposed City Clerk's budget does not reflect major increases over the prior fiscal year. In 1992-93, this division will focus on implementing records management and indexing legislative histories. A total of \$50,000 is recommended to ensure that the Clerk's Office has the tools to adequately address these critical functions.

UNALLOCATED RESERVE

The unallocated reserve reflects funds allocated for debt service as well as the contingency monies. It should be noted, however, that this Department now includes \$1.9 million in debt service necessary to cover the General Fund's portion of the Public Facilities Bond, as well as public infrastructure associated with the Price Club venture. In addition, the contingency account reflects \$800,000 budgeted for the upcoming fiscal year. However, additional monies unexpended for 1991-92 will be carried into this account to provide for the total \$1,500,000 contingency for 1992-93.

FINANCE

The proposed operating budget for the Finance Department in 1992-93 has decreased by 8.6% over year end 1991-92 estimates. Additional positions are not recommended for the upcoming fiscal year.

COMMUNITY DEVELOPMENT

The Community Development Department includes Community Development Administration, Advance Planning, Development Services, Code Enforcement, Economic Development, Engineering, and Building and Safety.

Community Development Administration reflects an anticipated increase of 3% over 1991-92 year end estimates. This addition is primarily due to the proposed addition of an Administrative Assistant. This Administrative Assistant would aid the Director in providing organizational and administrative needs department-wide. It is recommended this position be funded through cost savings attributed to the deletion of the Assistant City Engineer position from the Engineering Division.

The Economic Development Division of Community Development has decreased by 76.9% from 1991-92 year end estimates. This significant decrease is primarily due to one time costs for Redevelopment Services and Economic Development Studies funded during the 1991-92 fiscal year. Additional studies have not been recommended for 1992-93. However, \$5,000 has again been recommended to fund the successful SHOP LOCAL Program and \$33,000 has been proposed for continued funding of the Small Business Development Center.

The Division of Advance Planning reflects a decrease of 9% from 1991-92. This decrease is primarily due to a reduction in professional services once required for preparation and implementation of the City's first General Plan.

Costs for the Engineering Division have decreased by 1% for the upcoming fiscal year. This decrease is due primarily to the potential reduction of contract costs for Project Development, Traffic, Subdivision and Construction Management Services traditionally provided by Willdan & Associates. In 1991-92, the City began hiring City staff to perform a variety of these services. The upcoming fiscal year will represent a full year of the cost savings realized by providing such services in-house.

The Building and Safety Division has decreased by 9% from 1991-92. A portion of this decrease is attributed to the proposed deletion of a Civil Engineer position, as well as Senior Supervising Building Inspector positions. It is recommended that the cost savings resulting from the deletion of these two positions be allocated to fund a Senior Building Engineer position. This position would primarily be responsible for providing the Building Official with supervisory support.

PARKS AND RECREATION

In 1992-93, the Parks and Recreation Department will continue to provide high quality programs and services desired by our community. In prior fiscal years, the City Council has generally added staff, equipment and programs to enhance our Recreation services and refurbish our parks.

While 1992-93 does not reflect significant additions, we are confident that we can continue to provide quality level of service and continue to strive for excellence in all programs and services provided throughout the Department.

In order to assist the Recreation Director, and its growing need for clerical assistance, an Administrative Clerk has been added. In addition, to assist Parks Maintenance in the upkeep of the new Begonia Lane Park, the position of Groundskeeper I has been added. Other additions to the Parks and Recreation Department for 1992-93 include \$10,000 for the establishment of effective Gang Prevention Program, \$5,000 for scholarship assistance to disadvantaged families, \$4,000 to recognize our high caliber volunteers, as well as one 3/4 ton pickup to assist the Parks Division.

PUBLIC WORKS

The Public Works Department reflects a 6% decrease from 1991-92 year end estimates. As is the case with other departments, significant staffing, equipment, or program additions for 1992-93 are not proposed.

One addition to Public Works Budget for 1992-93 is the establishment of the Building Fund. This fund allows the City to effectively track all costs associated with the present City Hall facility, as well as record all income associated with the tenant leases. As evident in the budget summary, the incoming revenue from the leases from City Hall will in fact cover the bulk of the costs associated with the facility for the upcoming fiscal year. Included within the costs of the Building Fund are all employee salaries associated with maintaining and operating the building, as well as \$634,000 of debt service on the acquisition of the City Hall facility.

The Division of Solid Waste Management is proposed to decrease by 12% from estimated 1991-92 expenditures. This decrease is primarily due to the reduction of the professional services, or Elsmere account, by \$50,000. It is anticipated the City will continue to maintain the level of commitment desired for this project by the City Council.

The General Services Division has decreased by 10% from year end 1991-92. In 1991-92, a one-time cost of approximately \$200,000 was allocated for additional vehicles and heavy equipment to the Streets Maintenance and the Parks Maintenance Divisions. This level of investment is not suggested for 1992-93. In addition, General Services now carries all costs associated with Crossing Guard Services and Animal Control previously listed in prior years within Public Safety.

Also within the Public Works Department for 1992-93 is the Vehicle Maintenance Division. This division has been added to track the City's funding of vehicles and vehicle maintenance services.

Also proposed in the Public Works Department is a Receptionist to assist the Department, \$3,000 for a Team Building Session, as well as a van to assist the Materials Clerk with deliveries between Field Services and City Hall.

PUBLIC SAFETY

Providing high caliber law enforcement as well as traffic and special services to the public has always been a primary goal of the City. With the addition of the Mall, as well as various annexations, the City must now reprioritize the various services provided through the Los Angeles Sheriff's Department. It is anticipated that Police Services will increase by 4.7% or \$400,000. This increase is primarily due to negotiated salary increases across the board provided to L.A. County Sheriffs' personnel. Given that this level of increase is mandatory as part of the base contract services, it became necessary to review enhancements to the Police Service Contract and reprioritize these items to ensure that increasing General Law Enforcement and traffic needs are met. In order to meet this objective, the following areas are proposed for elimination from the Sheriff's Budget:

Special Problems Deputy	\$144,000
Safety Deputy	94,000
Traffic Team Leader	149,000
Community Enforcement Officer	144,000
DUI Car	144,000
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	\$675,000

While it is proposed that such items be eliminated, the following items are proposed to ensure that the City's needs are effectively met:

2 General Law Cars (for the mall)	\$342,000
1 Traffic Car (for the mall)	150,000
1 General Law Car - Increase from 5 to 7 days (Saugus area)	48,900
School Resource Deputy	75,000
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	\$615,900

It is believed that this reprioritization of L.A. County Sheriff's will continue to effectively service our citizens in the upcoming fiscal year.

CAPITAL PROJECTS

Fiscal year 1992-93 is the fourth year of the City of Santa Clarita's first Five Year Capital Improvement Program. Typically, the City of Santa Clarita has had the luxury of financing capital improvements from a variety of sources including General Fund, specific revenues such as Gas Tax and Transportation Development Act funds. This year, as the City's General Fund revenues work towards recovery, I am not recommending we commit General Fund revenues to the Capital Improvement Program. As you may recall, in 1991-92 approximately \$8 million of General Fund money was dedicated to a variety of Capital Projects.

PARKS AND RECREATION

Parks and Recreation Capital Improvement Projects proposed for the upcoming fiscal year include the Santa Clara River Trail, Bouquet Canyon Bike Trail, South Fork Trail, and Street Tree Planting along portions of San Fernando Road. Descriptions of the various projects may be found in the Capital Improvement Project section of the Budget.

COMMUNITY DEVELOPMENT

Projects proposed to be slated for the 1992-93 fiscal year for the Community Development Department include additional funding for the Annual Slurry Seal and Overlay Programs. Additionally, funding is suggested for the Soledad Canyon and Santa Clara Bridge Widening, as well as the Design for the Bridge Widening on Haskell Canyon Road.

The most significant project proposed for the upcoming fiscal year is the Design and Construction of the Commuter Rail Station. This project, budgeted at \$4.3 million, will serve as a critical transit link for Northern Los Angeles County, and allow our citizens to further benefit from our Transit Program.

HIGH PRIORITY AND UNFUNDED NEEDS

Each year a number of requests are submitted to the City Manager's Office for review and possible presentation in the Budget document for City Council review. This year, requests were submitted, however not recommended, for over \$2,151,000.

The following is a prioritized list of those items which were not recommended for funding in the proposed 1992-93 Budget, but were requested by the various departments. All projects are presented in an A, B, C priority listing. This listing recognizes A as top priority items should additional funding become available during the course of the fiscal year.

UNFUNDED OPERATING LISTING

A

Groundskeeper II 63,800
 Registration Assistance 20,000
 Grants Coordinator 50,000
 Building Maintenance II 63,000
 Friday Night Live 25,100
 Vehicle - City Manager 20,000
 Minutes Clerk 21,200
 Computer (Interns) 2,500
 SANE Deputy 14,000
 Narcotics Deputy 91,000
 Traffic Model 55,000
 Growth Management Study 75,000
 Bid Resource Study 35,000
 Clerk Typist 27,400
 Mechanics Equipment 81,700
 Part-Time Day Porter 9,000
 FAX Machine 3,500
 Copier 8,125
 PC for PW Director 3,500
 Team Building Session 3,000

TOTAL \$671,900

B

Cellular Command 13,500
 Cultural Arts 5,400
 Earth Kids 8,100
 Generator 5,000
 Sr. Pride Program 20,000
 Emergency Drill 20,000
 Care Media 6,500
 24 hour City Hall 122,000
 City Video 10,000
 Telewise Town Hall 2,000
 Parking Control Officers 72,000
 Paseo Patrol 52,400
 Engineer Intern 25,000
 Redevelopment 350,000
 Bldg Maint Software 10,000
 Forklift 17,000
 P/T Materials Clerk 10,000
 Carpet at City Hall 5,000
 City Hall/Yard Recycling 8,000
 PC for SW Coord 3,500
 PC for Transit Mgr 3,500
 Phone System 200,000
 Energy Mgmt System 120,000
 Field Svcs Ext Lighting 15,000

TOTAL \$1,131,300

C

Radios 1,500
 Vehicle 14,300
 Pre-Reading Program 3,500
 Painting Parks 16,000
 Pest Control 3,000
 Parenting Resource 2,500
 Cassette Duplicator 4,500
 Electric Gates 15,000
 Solid Waste Tech 37,700
 Solid Waste Analyst to Coord 5,600
 Solid Waste Coord to Mgr 3,100
 Tech Asst Center 8,500
 Inventory System 10,000
 Solid Waste Outreach Coord 46,200
 Field Svcs Paint 32,000
 3 Pick Up Trucks 41,400
 Hazardous Waste Specialist 43,000
 Grant Reimbursement 60,000

TOTAL \$347,800

UNFUNDED CAPITAL PROJECTS

Soledad and Anne Freda (Signal)	\$ 175,000
Sand Canyon Road and Los Canyon Road (Signal)	200,000
Avenue Scott and Rye Canyon Road (Signal)	125,000
Wiley Canyon Road North of Lyons Ave (Sidewalk)	75,000
Wiley Canyon Road Widening - Lyons Ave to Calgrove	6,250,000
16th Street Extension - Newhall Ave to San Fernando Road (Design and ROW Engineering only)	200,000
Parking Structure - Construction	1,200,000
Pull Back Hill @ Canyon Country Park Entrance	200,000
Additional Modifications @ City Yard	600,000
Miscellaneous Sidewalks and Disabled Ramps	100,000
Decoro Drive Pedestrian Bridge Construction	175,000
Haskell Canyon Bridge Design and Construction	750,000
Begonia Lane Park (Master Plan)	50,000
Athletic Field Lighting	125,000
Park Rehabilitation	150,000
North Oaks Play Area	100,000
Valencia Blvd Bikeway	110,000
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	\$10,585,000

SUMMARY

As indicated, this year more than ever, the preparation of this budget document was truly a team effort among the various departments. In the face of the potential \$2 million shortfall, the departments worked together admirably to devise means to reduce base budget, yet continue to provide the high level of service desired and expected by the citizens of the City of Santa Clarita.

As evident throughout the budget message, significant additions have not been proposed for the upcoming fiscal year. However, the following listing of items are presently included within the proposed 1992-93 Budget which may be considered optional items by the City Council. These items include enhancements proposed for 1992-93, as well as items which were traditionally part of base budget.

OPERATING

Small Business Development Center	\$ 30,000
Shop Local Campaign	5,000
Film Liaison	30,000
Community Service Grant	75,000
Water Study	40,000
Property Tax Audit	10,000
Graffiti Abatement	7,000
Rehabilitation of Park Buildings	25,100
Volunteer Recognition	4,000
Security (Parks)	5,500
Scholarship Assistance	5,000
CAD System	25,000
Valley Center Master Plan	10,000
Team Building	3,000
Van	13,000

\$287,600

I wish to express my personal thanks to each of the Departmental Budget Officers, as well as Department Heads, who worked diligently to prepare this document. A special thanks goes to our Budget Officer, Terri Maus, as well as Jennifer Jones, who worked arduously in the preparation of this critical document.

As is the City's policy, throughout the budget process, utmost consideration was given to insure ongoing revenues match ongoing expenditures. In addition, this budget was prepared with an eye towards long-term fiscal and budgetary stability for the City of Santa Clarita. In prior years, the budget presented to the City Council reflected significant increases in the areas of personnel, programs and capital. This year, 1992-93, reflects little growth, a hold-the-line perspective and, of course, necessary reductions of budgets. While significant increases are not evident, City staff will continue to strive for increased excellence in all of the program services provided to the citizens of Santa Clarita. The adoption of the 1992-93 Budget will bring the City ever closer to the goals and wishes envisioned by our citizenry and incorporation. I recommend the adoption of the 1992-93 fiscal year proposed budget and look forward to discussing this with you throughout the budget hearing process.

Respectfully submitted,



George A. Carvalho
City Manager