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City of  
Santa Clarita

May 10, 1994

Honorable Mayor and Members of the City Council:

Again, it is my pleasure to present to you the 1994-1995 Operating and Capital Improvement Budget for the City of Santa Clarita. This one year fiscal plan balances available resources with the City's commitment to high quality services.

This Budget reflects the third year of relatively flat revenue trends clashing with increasing costs to maintain the same level of services. It reflects the sometimes difficult and often innovative decisions department heads and division managers are required to make to continue our standard of quality of services.

Although state and local economies are showing signs of improvement, we have yet to see these signs in the form of increased revenues. Despite this, I am pleased to be able to move forward, providing new programs and projects that, if not stalled by legal challenges, will provide over \$10.5 million in capital improvements to our City. The Budget works to address youth issues and includes a Community Center with Boxing, At-Risk Student Partnership, and Teen Adventures programs.

This Budget essentially reflects assumptions of no revenue growth. Staff was given the direction that their 1994-1995 requests should not exceed their 1993-1994 Mid-Year Budget appropriations. No new full time positions have been added to the General Fund. With the exception of the Sheriff's budget, City departments have submitted budgets without appreciable increases from last year. The Sheriff's budget reflects a \$600,000 increase over last year. This is due to an annual 5% cost of living increase for Sheriff's Deputies. This does not include increased levels of service.

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Although, this Budget is fiscally consistent with the previous year, it does present some rather significant organizational changes from last year. Due to the creation of the Community Recovery Agency (CRA), the divisions of Economic Development, and Housing and Community Development have been respectively moved from the Community Development and Parks, Recreation and Community Services Departments and into this new Agency. Additionally, the Redevelopment Division has been created and operates under the umbrella of the Community Recovery Agency. The CRA reports directly to the City Manager who also serves as the CRA's Director. The Community Recovery Agency's Budget is found in the last section of the City's Budget Document.

This organizational change, I believe, better serves the public by consolidating "like" services and, depending on the outcome of litigation against the Agency, will spearhead the fiscal resources necessary to take on and complete significant projects and programs which otherwise could not be undertaken.

#### BUDGET SUMMARY

The 1994-1995 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	\$1.8 mil
Personnel	11.2 mil
Operations and Maintenance	29.7 mil
Capital Outlay	.3 mil
Capital Projects	<u>24.0 mil</u>
<b>Total</b>	<b>67.1mil</b>

#### REVENUE

The City's General Fund is composed of 50 separate revenue sources. The largest source, sales tax, is estimated at \$12.4 million for 1994-95. This estimate represents a slight increase of \$348,000 over projections for 1993-94 .

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The second largest source is the category called "other taxes." Its \$9.7 million estimation increases by \$76,000 over the FY 93-94 Mid-Year Budget projections. This category includes motor vehicle in lieu fees, estimated at \$4.8 million, and franchise fees, estimated at \$3 million. Property tax, the third largest revenue source, is estimated at \$4.1 million. This is an increase of \$183,000, or 4%, from projected 1993-94. This revenue source maintains the relatively flat projection mainly due to the impact of the slow-down in the Real Estate Market.

Building permit revenues are projected to increase \$82,000 over 1993-1994 projections. This revenue, estimated at \$1,581,000, is dependent upon the construction/development activity occurring within the City. Given the stagnant economy, it is promising that this revenue should remain level.

The Parks, Recreation and Community Services Department user fee revenues, projected at \$1.3 million for 1994-95, reflects a slight increase of nearly \$50,000. Two recommended decision packages, Teen Adventures and Master's Swim Program, have the potential of not only funding their own way, but exceeding their costs.

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**REVENUE SCHEDULE  
 GENERAL FUND**

	<u>Actual</u> <u>1991-92</u>	<u>Actual</u> <u>1992-93</u>	<u>Projected</u> <u>1993-94</u>	<u>Estimated</u> <u>1994-95</u>
Property Tax	4.4 mil	4.0 mil	4.0 mil	4.1 mil
Sales Tax	10.5	11.6	12.0	12.4
Other General City	9.3	10.6	9.7	9.8
Community Devel.	2.5	1.4	1.4	1.6
Parks & Recreation	.9	1.1	1.2	1.3
<b><u>TOTAL</u></b>	<b><u>27.6mil</u></b>	<b><u>28.7mil</u></b>	<b><u>28.3mil</u></b>	<b><u>29.2mil</u></b>

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## **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 reflect relatively little change from the prior fiscal year. Its \$8.5 million recommended budget contains the budget for the City Council and the divisions of personnel, information resources, city clerk, and city manager totaling 2.4 million with the remaining \$5.8 million for contingency, debt service, and self insurance.

### **CITY COUNCIL**

The Council's \$135,000 Budget this year is a hold-the-line Budget. However, it has decreased by over 16% in the professional services account. The bulk of these funds have been moved to the city manager's Budget to fund the city birthday celebration.

### **DEBT SERVICE**

The General Debt Service for 1994-95 is estimated at \$1.8 million. This amount remains consistent with last year and includes debt service payments from the General Fund for the Public Financing Authority Bond Payment, Home Depot, and Price Club. The Transportation debt, estimated at \$1.5, is for the rail station and buses, and are located in the Transportation Budget.

### **FINANCE DEPARTMENT**

The Finance Department reflects a 4.8% increase from last year. Although, *operation and maintenance are down compared to last year, for much of Fiscal Year 1993-94, the department was not fully staffed, and the increase represents a fully staffed department for FY 94-95.*

### **COMMUNITY DEVELOPMENT**

Community Development reflects organizational changes from last year. This includes the moving of code enforcement section out of the planning division and into the building and safety division. Also, the divisions of development services and advanced planning have been incorporated into one division, the planning division.

As a department, the department has increased its budget by over 9.6% from last year. Decision packages approved thus far are: an oak tree consultant and a Center City Circulation General Plan.

### **PLANNING DIVISION**

The planning division has been the division within Community Development that has been the most impacted by the slowdown in development activity in FY 93-94. In response to this, the Department has supported the transfer of planning staff to other departments within the City. This provided excellent growth opportunities for staff in addition to supplying significant salary cost savings. While work related to development activity has slowed, planning staff has been very involved in preparing special studies for the Council and City Manager, Environmental Impact Reports, as well as providing support for City department projects. Signs of an increase in development activity in the near term have appeared. In FY 94-95, planning will be freezing two unfilled assistant planner positions for one year and an associate planner for 6 mo. saving the General Fund \$119,000.

### **ENGINEERING**

The engineering division's budget request is nearly identical to the 1993-94 Budget. The division anticipates charging approximately \$300,000 of Personnel Category costs to several capital projects and thereby save the General Fund again.

The engineering division's budget request does not include the costs associated with the NPDES Stormwater Protection Program; funding for the program will be discussed during the budget hearings. If the program is funded with General Fund revenues, up to \$1,188,000 will need to be added to the engineering division's budget to cover the cost of the NPDES Program for FY 94-95.

### **BUILDING AND SAFETY**

The building and safety division will continue to operate much as it did in FY 93-94. The building and safety budget request does not exceed the 1993-1994 Budget.

### **PUBLIC SAFETY**

As stated above, the Sheriff's budget has gone up more than \$600,000. This is a direct impact to the General Fund. This is due to the final year of a Sheriff's Deputies' 5% COLA left over from previous labor contracts. This cost increase provides no increase to service levels.

### **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's total budget is estimated at \$12.9 million, an increase by \$1.1 million in the upcoming fiscal year.

The bulk of this increase is due to increased transportation costs, up \$625,000, street maintenance costs, up \$405,000, and property management, up \$76,000. With the exception of property management, these costs do not impact the General Fund and are fully funded by Transportation and Gas Tax funds. Below you will find why these cost have gone up and what we will receive in return.

### **SOLID WASTE MANAGEMENT**

The budget for solid waste management is anticipated to decrease by \$30,000 from 1993-94 levels. This reduction is primarily due to decreased costs for professional services required. This budget does however include substantial funding for continued opposition to the proposed Elsmere Canyon landfill. Specifically, \$335,000 has been recommended to fund consultants, attorneys, and the public relations campaign associated with this effort. In addition, an audit of the residential trash haulers for \$20,000 is recommended in the upcoming year. I have also set aside in the Management Services budget \$575,000 as an Elsmere Legal Reserve.

### **GENERAL SERVICES**

This division's budget represents an increase of \$18,000 from the 1993-94 estimate. This slight increase is due to the recommended purchase of a used forklift and a maintenance truck to assist in the service of other City facilities.

### **PROPERTY MANAGEMENT**

This division's budget reflects an increase of \$10,000. 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. The bulk of items within property management have been reduced. Tenant improvements have increased by approximately \$40,000. This increase is recovered through offsetting revenues utilized strictly for this purpose.



## TRANSIT

The transit budget has increased by \$620,000, or nearly 9%. The increase is due primarily to a full year's expansion of new service routes, which include the Santa Clarita Valley Downtown Shuttle and Century City service. Additionally, the increase is due to a built-in 5% contractual cost for bus operations and setting a portion of the funds aside for the purchase of the rail station located on the old Bermite property. The entire transit program is funded through restricted revenues, such as Prop A, Prop C, and TDA funds.

## PARKS, RECREATION AND COMMUNITY SERVICES

The Parks, Recreation and Community Services 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, and emergency preparedness. A 4.1% decrease compared to last year. However, decision packages totalling over \$424,000 have been approved with an emphasis on youth. This includes refunding the Anti-Gang Task Force at \$40,000, starting a new Boxing and Community Center at \$120,000, funding an At Risk Youth Program at \$50,000, and Teen Adventures at \$10,000. My desire is that the relatively small amount of money we pay here will reverse the ever increasing cost of fighting crime. The increase of more parklands and increased cost of utilities have had significant impact.

## RECREATION

During the 1993-94 fiscal year, the recreation division experienced continued growth as the demand for services remained strong despite the flat economy. The Recreation budget is anticipated to not only maintain service levels, but in the area of Youth, increase service.

This budget also includes funding for the Cowboy Music and Poetry Festival (\$120,000). All monies spent on the Festival will be recouped from revenues it will generate. This successful event, seen as both a recreational and economic development activity, will continue to enhance our identity and generate revenues community-wide.

### PARKS

The parks division has continued to grow in size and responsibility despite a lack of funding for acquisition in 1993-94. The newest additions to the park system maintenance function were Bouquet Canyon Park, Begonias Lane Park, weed abatement responsibilities for several municipally owned properties, and an expansion in landscape services for street medians, City Hall, and the Metrolink Station.

Also experiencing significant growth in 1993-94 was the park planning section. Two new employees were added this year, funded via transfers from Community Development. The addition of these positions has accelerated the capital improvement and grant acquisition programs significantly. The City continues to lead the way on a statewide basis in the acquisition and development of a multi-modal trail system. Other responsibilities of the park planning section will be initial acquisition and development of a \$2.48 million river park, over \$1 million in discretionary funding for improving existing parks through Proposition A, and participation in a competitive grant process for several million dollars of available grant monies for park development and design.

The urban forestry section was faced with an extremely difficult 1993-94 budget year when half of its existing operations and maintenance funds were cut. The urban forestry section responded with increased section wide efficiencies and established an extremely innovative and aggressive volunteer tree planting program. This program has been refunded to levels consistent with previous years.

### EMERGENCY PREPAREDNESS

Not to mention what an outstanding performance this division did during the January 17, 1994 Earthquake would not be appropriate. This budget reflects emergency supplies and training necessary to prepare for the next major event. Requested decision packages address the emergency communication needs as identified in the City's recent earthquake response. There is a heightened interest in the SECURE program by residents, business, and industry. I am recommending a \$575,000 reserve to anticipate possible earthquake related costs which may be challenged and disallowed by FEMA.

### CAPITAL PROJECTS

Fiscal year 1994-95 marks the first year of the City's second five year Capital Improvement Program (CIP). Our capital projects staff continue their diligent efforts of securing grants, enhancing restricted revenue sources, and leveraging the proposed availability of tax increment funds. This year's recommendation proposes a \$34.5 million Capital Improvement Program. The General Fund commitment to Capital Projects for 1994-95 is minimal, \$85,000. This continues our previous actions of eliminating, where possible, the use of General Fund monies for Capital Projects. To continue providing needed Capital Projects to our community, it becomes increasingly crucial to rely on grants, keep restricted revenue sources intact, and implement the Community Recovery Agency.

The new five year Capital Improvement Plan organizes projects into eight categories: Beautification and Landscaping, Circulation, Community Recovery, Resource Management and Conservation, Facilities and Buildings, Parks and Recreation, Streets and Bridges, and, finally, Trails and Transit. The following lists the proposed budget for these categories.

Beautification & Landscaping	\$780,000
Circulation	1,542,000
Community Recovery	10,693,333
Resource Mgmt. & Conservation	796,000
Facilities & Buildings	500,000
Parks & Recreation	1,120,000
Streets & Bridges	15,662,223
Trails & Transit	<u>3,492,000</u>
Total	\$34,585,556

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A detailed listing of all capital projects proposed for funding in 1994-95 may be found in the Capital Projects section of this Budget.

Of special note, I would like to highlight the Community Recovery category of the Capital Projects section of the 1994-1995 Budget. Nearly 50% of the 1994-95 CIP projects require financial assistance from the Recovery Agency.

**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 totaling near \$1.7 million of some of the many items requested but not recommended for funding due to fiscal constraints.

Requested:	TOTAL
Building Inspector	\$48,000
Santa Clarita Infrastructure Master Plan Phase I	43,000
1994 Sphere of Influence Study	20,000
Central Receiver for Radios	1,200
Solid Waste Technician	28,000
City Hall Recycling	9,000
Integrated Waste Management Fee Study	75,000
General Service Worker	12,900
Live Cable TV Broadcasts	116,000
Spay/Neuter Rebate Program	5,000
Big Screen TV for Council Chambers	6,000
Bus Monitors	22,000
Vehicle Porter Position	18,900
Vehicle Technician Position	33,000
Electronic Message Board	36,000
Street Superintendent Position	97,000
Shop Welder	7,000
Motor Pool Vehicle	16,000
Two Additional COBRA Deputies	212,000
School Resource Deputy 1/2 Item	44,000
Old Town Newhall Storefront Operation	148,000
DUI Enforcement Unit	166,000
Bicycle Patrol for Trails System (6 months)	118,000
Traffic Team Leader	173,000

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Commercial Enforcement Unit	166,000
Parks Administration Filing System	17,000
North Oaks Fence Expansion	4,000
Bleachers, North Oaks and Santa Clarita Pools	2,000
Vandalism and Graffiti Account	10,000
Parks 3/4 Ton Pickup Truck	27,000
Haunted House	<u>5,000</u>
	\$1,695,000

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

**SUMMARY**

Again, City staff has pulled together to build a budget which will continue to maintain the degree of high quality programs, services, and projects our community deserves and commands. Each and every department worked very hard through the months of February, March and April under unusual conditions to bring this document before you. I wish to extend my personal thanks and gratitude to each of the Department Heads, Division Managers, and Budget Officers who worked diligently throughout the budget preparation process. A special thanks goes to Barbara Boswell, Senior Accountant, and Dennis Luppens, Administrative Assistant, whose cooperative efforts contributed to actually creating the Budget document.

Finally, many of the decisions made during the budget preparation process took into consideration the long term fiscal and budgetary stability of the City of Santa Clarita. Thus, as always, the City's policy of having ongoing revenues match ongoing base appropriations continues.

I recommend the adoption of the 1994-1995 Budget and look forward to working with you during the next month to create the best possible Budget for the 1994-95 fiscal year.

Respectfully submitted,



George A. Carvalho,  
City Manager