



June 22, 1999

Honorable Mayor & Members of the City Council:

I am pleased to present the City of Santa Clarita's Fiscal Year 1999/2000 Operating Budget and Five Year Capital Improvement Program. This budget represents the resources needed to continue providing exceptional services to the community. Furthermore, this budget reflects the City's commitment to our mission, management philosophy and value of quality service delivery by integrating the concepts of our strategic planning efforts into the budget process.

In developing this document significant attention was paid to the needs identified in the community strategic plan – Share the Vision III. In order for these identified needs to become a reality and to be successfully completed, specific budget actions had to be implemented. Attached to this transmittal letter is an outline demonstrating the commitment of the City to the ideas and desires of the community. Additionally, every effort was made to maximize existing allocation levels while addressing the evolving needs of the new Fiscal Year. Consistent with City policy, the adopted budget represents a balanced budget in which ongoing revenues exceed ongoing appropriations.

In addition to the objectives stated above, two major issues influenced the development of the 1999-2000 Budget:

1. The addition of 50 acres to the City's park system, which represents a 55% increase. This includes the completion of Phase I of Central Park and a community park in the Circle J area. Such an increase results in a corresponding commitment to funding maintenance, utility and staffing needs.
2. The community is experiencing substantial growth. This extraordinary level of commercial and residential development is reflected on both the revenue and expenditure sides of the budget. Such growth dramatically increases the workload for several of the City's departments. Fortunately, this growth also generates the revenues necessary to pay for the increases in staff to accommodate the workload.

The following information provides an overview of the 1999-2000 Fiscal Year Budget. This overview includes a summary of revenues, appropriations and the Capital Improvement Program.

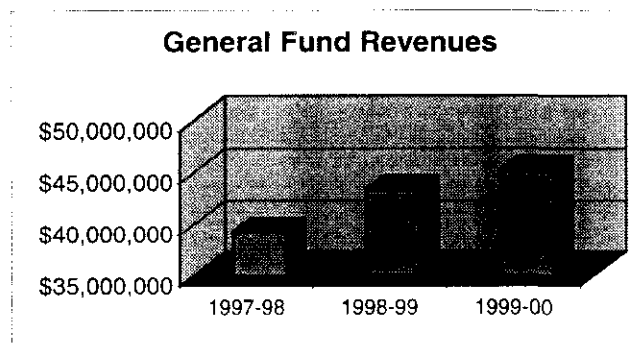
Revenues

A vital step in the budget process is estimating or projecting revenues for the upcoming Fiscal Year. This process is vital as appropriations are based on these projections. In order to ensure accuracy in our projections several factors are considered: historical trends, population projections/growth, known activities which affect revenues, and inflationary factors. With this information, the City can determine what revenues will be available for allocation.



Revenues for Fiscal Year 1999-2000 are projected at \$87,475,377. This represents an increase of 2%, or approximately \$1.7 million over last Fiscal Year. There are over 40 different funding sources which make up the City budget. Each fund or revenue source contains its own spending restrictions and as such can only be allocated towards specific projects or purposes.

The City's largest fund is the General Fund, which equates to approximately 51% of the total revenue picture, or \$45,251,480. The General Fund is expected to increase by \$1,874,427, or 4% over Fiscal Year 1998-1999. Sales tax continues to be the City's largest revenue source accounting for 38% of the General Fund, or \$17,300,000. Sales tax is projected to increase by 5%, or approximately \$800,000 over Fiscal Year 1998-1999. The General Fund is vital to the operation of the City as it is discretionary revenue, which the City Council can allocate toward any project or need within the community.



Development related revenues have grown at a tremendous rate. This year development related revenues are estimated to increase by 12% or \$700,000 over Fiscal Year 1998-1999. As mentioned earlier, this increase in revenue is offset by the demands for increased services related to growth.

In addition to General Fund revenues, there are several other key revenues that fund programs, projects, and services. These revenues are referred to as Special Revenues and include: Gas Tax; Community Development Block Grant (CDBG); Park Grants; Transit funds; and Stormwater Utility revenues. For 1999-2000, Special Revenues are estimated to increase by less than 1%. These revenues represent 49% of the City's total revenue picture, or \$42,760,647.

Although revenues continue to be strong for the upcoming Fiscal Year, there are two potential issues which could affect our overall fiscal condition: the elimination of the State Motor Vehicle In-Lieu fee and Internet Sales.

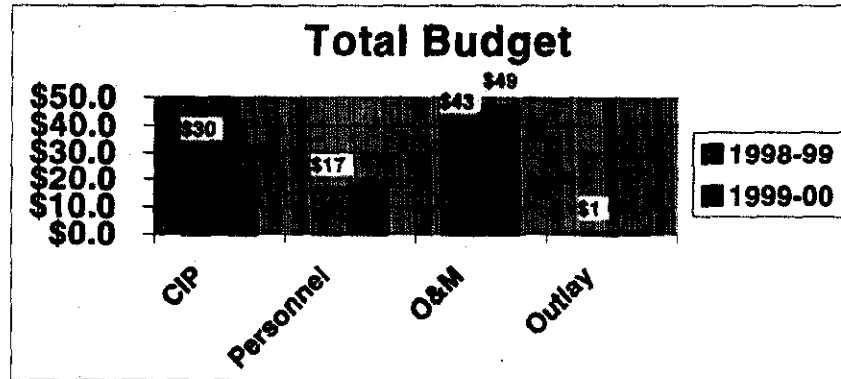
1. The elimination of vehicle registration fees first surfaced as an issue last Fiscal Year. Through the legislative process a backfill provision was included to offset any potential loss to local governments. There is a potential threat on the horizon that a ballot measure may be introduced in 2000 to eliminate the fee altogether. It is still unclear on whether or not the State would, or has the ability to, backfill the entire loss of revenue.
2. Internet sales have increased significantly over the past two years. It is estimated that sales over the Internet will reach into the hundreds of billions of dollars. Recent legislation exempted the Internet from taxation for a period of three years, until such time a commission could study the issue and provide recommendations. Although it is

difficult to quantify, sales tax revenue to the City could be drastically impacted by the transition of sales from main street businesses to the Internet.

Appropriations

The Fiscal Year 1999-2000 Budget totals \$97,562,338, an increase of \$6,664,861, or approximately 7% more than the Fiscal Year 1998-1999 adopted Budget. The City's appropriations are within the Prop 4 (Gann) Appropriations Limit and are projected to remain within these limits over the next several years.

The operating Budget, totaling \$68,870,840, includes Personnel, Operations and Maintenance, and Capital Outlay. The Capital Improvement Program budget includes over 40 capital projects totaling \$28,691,498.



City Manager's Office

The recommended budget represents the resources needed for the City Manager's staff to continue to provide administrative services to the organization and the community. The City Manager's Office is a service-oriented department that provides services to the City Council, the community, businesses, other agencies, and staff. The following areas are represented within the City Manager's Office budget: City Council, Public Information, Risk Management, Human Resources, Economic Development, Intergovernmental Relations, and City Clerk.

The proposed budget contains several key allocations, including \$169,000 for the April 2000 municipal election, \$32,000 for recruitment advertising in Human Resources, and \$15,000 for the Saugus community outreach effort. The only ongoing increase to the City Manager's Office budget is the recommendation to hire a part-time Receptionist in the Human Resources Division in order to provide better service to the public.

Administrative Services

Functions of the Administrative Services Department include Finance, Technology Services, Purchasing, Grant Administration, and Community Development Block Grant (CDBG). The Department supports all divisions within the City, while serving as a key department in external delivery to our local merchants and vendors.

A key addition to the Department is a van, to be used for the delivery of materials and mail between City Hall, the Field Services Facility, and the many other remote offices occupied by City staff. In the area of technology, the proposed budget represents the City's ongoing dedication to technology as a method to increase efficiency and increase the flow of information. More than \$200,000 has been added in one-time outlays in the following areas: upgraded Recreation registration software, traffic control hardware, field technology, a new web server, tree management software, enhancements to the building inspection program, several new printers and many more items. In addition, \$30,000 has been added to lease T-1 phone lines to increase staff's productivity and the community's access to information at nine of the City's park sites. The CDBG grant process will be improved by the addition of \$25,000 to fund a contractor whose function will be to monitor the sub-recipients of CDBG monies.

Transportation & Engineering Services

The Transportation and Engineering Services Department is comprised of Engineering, Special Districts, Traffic, Transit, Capital Improvement Projects, and Geographic Information System (GIS). This is one of the departments that is significantly affected by the rapid growth occurring in the community.

Key, one-time allocations in the proposed budget include \$35,000 for a Citywide Speed Limit Survey; \$35,000 for a Traffic Counts Map; \$120,000 in transit bus refurbishment funds; and, \$216,000 to place security cameras on a large portion of the City's bus fleet in an attempt to curb vandalism. Added to the budget to address the increased demand for services brought on by development are three positions in the Engineering Division: a Permit Specialist, an Engineering Technician, and an Associate Engineer. This budget also represents the City's commitment to develop a quality, cutting-edge GIS, which will be used for analysis and development mitigation.

Field Services

The Field Services Department includes most of the field and maintenance functions within the City including Urban Forestry, Street Maintenance, Vehicle Maintenance, Facilities Maintenance, and Stormwater Field Services. The Department primarily serves the citizens of Santa Clarita. However, Field Services must also ensure that the facilities and amenities maintained for employees of the City are safe and aesthetically pleasing.

The City is building several new facilities for the community, and the proposed budget reflects the need to maintain those facilities. A total of \$115,750 has been budgeted for the Jan Heidt Metrolink Station in Newhall, and \$117,550 is proposed for buildings in the two new park sites: the Central Park and the community park in the Circle J area. Due to recent annexations, the lane and curb miles that the City maintains have increased substantially, and the proposed budget includes two new Street Maintenance Worker positions to mitigate the impact. Additionally, to address the 28% growth in the quantity of trees maintained by the City over the past two years, two positions are being added to the Urban Forestry Division.

Planning & Building Services

The Planning and Building Services Department contains such functions as Planning, Annexations, Building Permits, Code Enforcement, Building Inspection, and Environmental Services. The extraordinary level of building that is facing Santa Clarita places this department in a growth mode similar to that of Transportation and Engineering Services.

The level of impact caused by this growth is illustrated by examining Building and Safety revenues which have jumped 118% over the last two years, from \$1.86 million in 1996-1997 to a projected \$4.05 million in 1998-1999. To provide effective customer service in this area, three positions are being added, and an additional \$100,000 is being allocated towards professional services for the outsourcing of some work. To combat the ever-present threat of a landfill in Elsmere Canyon, \$50,000 has been budgeted in the Environmental Services Division.

Parks, Recreation & Community Services

Functions of the Parks, Recreation and Community Services Department include Landscape Maintenance Districts, Parks Maintenance, Median Maintenance, Park Development and Planning, Recreation, Emergency Preparedness, Cultural Arts and other community services.

The Parks Division will experience the largest growth in park acreage in a single year since the incorporation of the City. With two new parks scheduled to open in spring 2000, the City will be adding approximately 50 acres of new park space. The proposed budget reflects more than \$400,000 for additional staffing, equipment, utilities, and contractual services to maintain the new park sites consistent with the City's high standards. There are also some much needed and exciting improvements to the Landscape Maintenance Districts reflected in the proposed budget. Afterschool programming is an area that was closely examined through this budget process. The budget includes \$100,000 for a pilot program, which will be offered to children at two elementary schools and one junior high school. Key additions to the Community Services budget include two positions funded by the Job Training Partnership Act (JTPA) to be added to serve in that area.

Public Safety

This section of the budget represents the cost of contracting for police services with the Los Angeles County Sheriff's Department. The total contract cost for Fiscal Year 1999-2000 represents an approximate increase of 2% over Fiscal Year 1998-1999. This year's budget totals \$10,348,740 and includes the addition of one service unit, which is partially funded through the Community Oriented Policing (COPS) program. This year's budget also includes the continuation of a grant-funded investigator who is dedicated to the prevention, intervention, and prosecution of domestic violence.

Five Year Capital Improvement Program

The Capital Improvement Program is a key component of this document and the community as a whole. It represents a balanced approach for meeting the community's future needs. It

accomplishes the City's major goals for projects, while maintaining critical ongoing maintenance.

The Capital Improvement Program for 1999-2000 totals \$28.7 million. The capital program is broken down into the following eight project classifications:

Project Category	Amount
Beautification & Landscaping	\$1,398,000
Circulation	\$594,406
Emergency	\$32,685
Facilities & Buildings	\$8,385,960
Maintenance	\$4,642,329
Parks	\$1,757,563
Streets & Bridges	\$8,775,114
Trails & Transit	\$3,105,441
TOTAL	\$28,691,498

The Capital Improvement Program represents a decrease of \$1,058,725 from the program adopted by the City Council at the beginning of the 1998-1999 Fiscal Year. This year's program will fund the completion of the Valencia Boulevard Median Landscaping; the construction of Via Princessa Extension; the design of Santa Clarita Sports Complex Phase III; the construction of Building No. 1 at the Sports Complex; partial funding of the Canyon Country Library; partial funding of the College of the Canyons Performing Arts Theatre; design of Pamplico Park; the acquisition and design of the Transit Maintenance Facility; the final phase of West Newhall Improvements; the continuation of the Annual Overlay and Slurry Program; as well as many other important projects.

The entire Capital Improvement Program represents a proactive and tangible effort towards enhancing the quality of life of our residents, while continuing to address priority issues expressed by the community. A detailed description of all projects contained within the 1999-2000 CIP, as well as corresponding location maps, can be found in the Capital Projects section of this document.

Unfunded Needs

Each year requests are presented through the budget process, however not all are funded. The following list represents many of the items not recommended for funding.

Priority Unfunded Decision Packages:

Video Conferencing	\$35,000
Administrative Analyst	\$59,000
Dump Truck	\$66,500
CIP Engineering Aide	\$51,000
Engineering Aide	\$51,000
P/T Clerk Typist	\$20,000
Ford Tractor	\$48,000
TOTAL	\$330,500

Priority Unfunded Capital Projects:

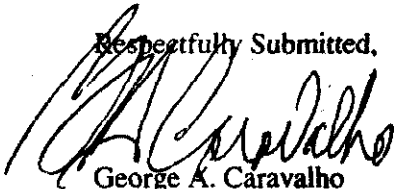
Overlay and Slurry Program	\$1,000,000
Scherzinger Lane	\$1,200,000
Transit Maintenance Facility	\$ 764,000
Via Princessa/Magic Mtn.	\$ 800,000
Annual Park Rehab.	\$ 110,000
Haskell Canyon Bridge	\$ 700,000
Via Princessa Metrolink	\$ 349,000
TOTAL	\$4,923,000

Conclusion

This budget has been established to enable the City to meet a myriad of challenges over the next Fiscal Year. The Community Strategic Plan has provided a fundamental planning document outlining the community's needs and has enabled the City to focus on those projects and services which are priorities to the citizens. The economy continues to remain strong and as such provides the City with a solid tax base from which to allocate resources towards strategic priorities.

Without the dedication and unending commitment of the City Council, Commissioners, and City staff we would not be able to provide the citizens of this City with such high quality municipal services. The combined effort of these individuals truly results in an ever-increasing quality of life for the residents and business of our City. I would like to recognize the countless hours spent by all departments in creating a budget, which strives to allocate resources based on the community's needs. In addition, I would like to commend the efforts of each department whom, year after year, are responsible for the continued improvements in cost-effective service delivery. I look forward to the challenges of the upcoming Fiscal Year and the completion of yet another successful year of cityhood.

Respectfully Submitted,



George A. Carvalho
City Manager

Attachment

Meeting the Needs Expressed by the Community!

SHARE THE VISION III

Action Items

City Commitment (Budget Action)

• **Transportation**

Develop an integrated transportation system addressing present and future needs.

✓ 1999-00 CIP Budget includes over \$10 million for Streets & Bridges and Trails & Transit.

• **Economic Development**

Expand, preserve and market businesses.

✓ 1999-00 Budget includes over \$500,000 for economic development activities.

Equitable resources for large and small business.

✓ \$100,000 contract with Chamber of Commerce to promote and market film, tourism and small businesses within the City.

• **Growth Outside the City**

Growth outside the City limits impacts our infrastructure despite our lack of influence and control regarding this growth.

✓ \$95,000 allocated in the 1999-00 Budget for annexation services and Sphere of Influence.

✓ Consistently working with the County on projects being developed along City periphery.

• **Newhall Revitalization**

Revitalizing Newhall's identified project area.

✓ \$2.75 million loaned to the Redevelopment Agency from the City's general fund to get the project area started.

✓ \$150,000 in 1999-00 for Façade Program.

✓ \$6.1 million towards the completion of the Jan Heidt Metro-link Station in Newhall.

• **Education**

Maintain, improve and enrich the high quality of education in our community.

✓ \$4 million committed to Golden Valley road to facilitate construction of a new high school in the Canyon Country community.

• **Parks & Recreation Facilities**

Promote, develop and expand recreational facilities enhancing recreation and cultural opportunities for youth, adults, seniors and families.

✓ 1999-2000 CIP Budget includes \$2.1 million for parks, facilities and buildings related to Parks & Recreation.

• **Open Space**

Preserve natural open space and green belts citywide.

✓ Over \$2 million has been allocated to the River Park program which preserves open space.

• **Public Safety**

Provide and improve public safety through community-oriented involvement, collaboration and education in conjunction with law enforcement.

✓ This year the Sheriff's Department will add one additional deputy, which is partially funded through the Community Oriented Policing (COPs) program.

• **Youth Programs**

Coordinate and uniformly address the needs of Santa Clarita Valley youth.

✓ In addition to the hundreds of recreation classes offered each year, the City is adding \$100,000 to the 1999/00 budget for an after school pilot program at three local schools.