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City of
Santa Clarita



July 1, 2002

Honorable Mayor and Members of the City Council:

It is my pleasure to present to you the City of Santa Clarita's Fiscal Year 2002-2003 Operating Budget and Five-Year Capital Improvement Program.

One of the most important duties of the City Manager is to prepare and recommend the annual operating and capital budget to you and the community. This budget document is one of the most important policy documents of the City. It sets priorities and provides policy direction for the coming year.

Currently, we are focusing not only on our local budget but also on that of the State. The State is now facing a \$24 billion budget shortfall in 2002-03. Cities are concerned that the State will divert City revenues to balance the State Budget. The most vulnerable City revenue source is the state general fund "backfill" for the Vehicle License Fee (VLF) reduction made in 1999. If this occurs, it will have a significant impact to our City revenues in the range of \$5 million.

With these realities in mind, I recommended a "hold-the-line" budget philosophy this fiscal year. We asked all City departments to hold-the-line and to present a budget that maintains our current level and mix of municipal services.

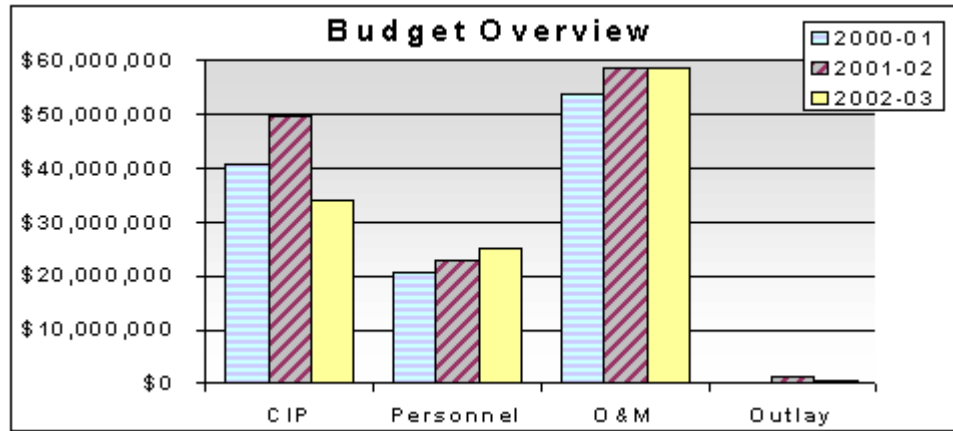
The following information provides an overview of the 2002-2003 Fiscal Year Budget. This overview includes a summary of appropriations, revenues, department budgets, and the Capital Improvement Program.

BUDGET OVERVIEW

Appropriations

The Fiscal Year 2002-2003 Budget totals \$117,771,787, a decrease of \$14,533,809 or, 11% less than the Fiscal Year 2001-2002 adopted budget. The City's appropriations are within the Prop 4 (Gann) Appropriations Limit and are projected to remain within these limits.

The operating budget, totaling \$83,898,251 includes personnel, operations and maintenance, debt service and capital outlay required for delivering an array of City services. The Capital Improvement Program budget includes a variety of capital projects totaling \$33,873,536.



Revenues

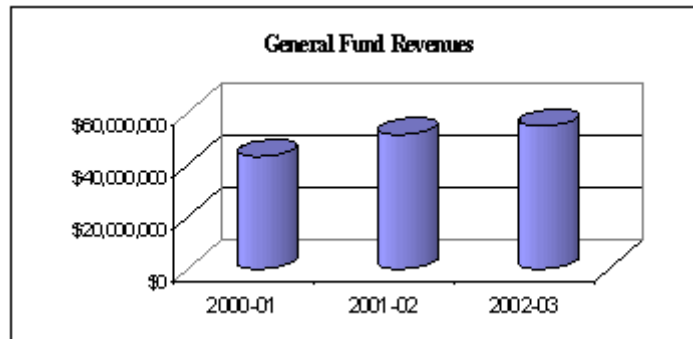
A significant step in the budget process is estimating revenues for the upcoming fiscal year. This process is critical, as appropriations are based on these projections. In order to ensure accuracy in our projections several factors are considered: historical trends, population projections/growth, known activities that affect revenues, and inflationary factors. With this information, the City can determine what revenues will be available for allocation. Additionally, the City utilizes long-range financial planning to ensure long-term solvency.

Revenues for Fiscal Year 2002-2003 are projected at \$114,082,631. In addition to these revenues, \$3,689,156 of fund balance dollars is being appropriated for one-time uses. This brings total resources to \$117,771,787, which is in line with total appropriations.

There is a variety of funding sources that make up the City budget. Each fund or revenue source contains its own spending restrictions, and as such can only be allocated toward specific projects or purposes.

The City's largest fund is the General Fund, which equates to approximately 48% of the total revenue picture, or \$55,090,255.

Sales tax continues to be the City's largest revenue source accounting for 41% of the General Fund, or \$22,500,000.



The General Fund is vital to the operation of the City as the most flexible revenue, which the City Council can allocate toward any project or need within the community.

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 Grants (CDBG), Park grants, Transit funds, and Stormwater Utility revenues. These revenues represent 52% of the City's total revenue picture, or \$58,992,376.

DEPARTMENT HIGHLIGHTS

In developing the Budget, the budget message was to "hold-the-line." Departments were given a base allocation and asked to thoroughly evaluate their current levels of funding and submit a responsible department budget. The following department summaries represent the results of those efforts as well as highlights of those items being funded for the fiscal year.

City Manager's Office

The 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, and Intergovernmental Relations.

The budget contains several key additions, including \$50,000 for a shop local advertising campaign and \$10,000 for a tourism three-year marketing plan.

Administrative Services

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

Key additions to the department include a \$25,000 increase to the City Clerk's advertising budget, \$20,000 for credit card processing fees, \$12,000 for uninterruptible power supply, and \$14,000 for the conversion of a part-time contract grants position to full-time. The annual Vehicle Replacement program includes \$229,000 for the replacement of seven vehicles. The Landscape Maintenance District budget includes \$136,210 for the maintenance of four new zones, and \$97,496 for California Price Index (CPI) adjustments to revenue and expenditures.

Planning & Building Services

The Planning and Building Services Department is comprised of Planning, Building and Safety, Code Enforcement, and Environmental Services.

This department continues to do an excellent job in managing the demands of growth and is actively working on the first Joint City/County General Plan. The budget includes \$300,000 to continue the efforts of One Valley One Vision (Joint General Plan), \$383,000 for the continuation of the opposition of the Transit Mix Concrete project, \$133,000 for a Building Inspector and inspection services, \$20,000 for the development of a historic preservation ordinance, and \$41,800 for plan check services.

Transportation & Engineering Services

The Transportation and Engineering Services Department contains such functions as Traffic Engineering, Development Review, Public Works Inspection, Transportation and Capital Grant Funding, Design and Construction of New Roadways, Special Districts, Traffic, and Capital Improvement Projects.

This department continues to work on a variety of critical capital projects while providing quality engineering services. The budget includes the addition of \$25,500 for a new vehicle for grading inspections and \$11,500 to cover overtime for public works inspectors.

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 as well as the City's Transit 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 budget reflects \$52,000 for the ongoing maintenance of new parks, \$32,000 for the replacement of a boiler in City Hall, \$50,000 for an Administrative Analyst position, \$15,000 for maintenance to the surveillance cameras, \$45,700 for the ongoing maintenance and a flag pole at the Jo Anne Darcy Canyon Country Library, and \$38,000 for a truck-mounted line striper.

Public Safety

This section of the budget represents the cost of contracting for fire protection and police services with the Los Angeles County Fire and Sheriff Departments.

The total contract cost for police services for Fiscal Year 2002-2003 represents an approximate increase of 5% over Fiscal Year 2001-2002. This year's police budget totals \$11,651,389.

As a result of the City's ongoing commitment to public safety, Santa Clarita has consistently ranked in the top six safest cities in the nation among cities with populations over 100,000.

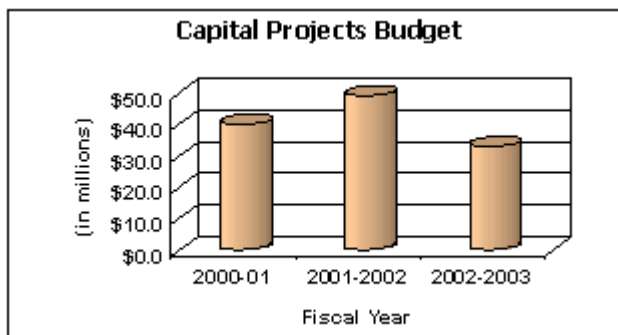
Parks, Recreation, & Community Services

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

This department is making huge strides in providing services for the growing and demographically diverse population of the Santa Clarita Valley. This budget reflects the demand for services based on the operation of new parks and activity facilities, completion of Capital Improvement Projects, the pressing needs of the community, and maintaining current service levels in other areas. Key allocations include \$455,000 for personnel, vehicles, and equipment to maintain the new parks, Activities Center and the Jo Anne Darcy Canyon Country Library, \$51,000 for the ongoing maintenance of the newly landscaped medians, \$30,000 for a new vehicle, and \$42,905 for a Program Specialist for the Activities

Center.

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 current and future needs. It accomplishes the City's major goals for projects, while maintaining critical ongoing maintenance.

The Capital Improvement Program for 2002-2003 totals \$33,873,536, a decrease of \$15,809,180, or 32% less than the Fiscal Year 2001-2002 adopted capital budget. The decrease is primarily coming from the Maintenance, Parks, and Streets & Bridges project categories. The capital program is broken down into the following eight project classifications:

Project Category	Amount
Beautification & Landscaping	1,141,955
Circulation	1,300,500
Facilities & Buildings	12,978,167
Intelligent Transportation System	1,565,500
Maintenance	2,987,167
Parks	869,656
Streets & Bridges	11,474,769
Trails & Transit	1,555,778
TOTAL	\$33,873,536

This Year's program includes funding for Transit Maintenance Facility (\$10.9 m); Overlay and Slurry Program (\$2.3 m); Golden Valley Road/Soledad Canyon Road Interchange (\$6.8 m); and Golden Valley Road - Sierra Highway to SR 14 (\$1.1 m), as well as many other important projects.

The entire Capital Improvement Program represents a proactive and tangible effort toward 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 2002-2003 CIP, as well as corresponding location maps, can be found in the Capital Projects section of this document.

UNFUNDED NEEDS

Each year departments present a variety of requests to the City Manager for review and consideration during the budget process; however, because needs always exceed the resources available, not all are funded. The following list represents some of the items not included in the budget for funding.

Priority Unfunded Decision Packages:

Transportation Development Plan Update	\$ 148,500
Project Development Coordinator	\$ 53,400
Vehicle Maintenance Mechanic	\$ 60,656
<u>Material Delivery Vehicle</u>	<u>\$ 28,000</u>
TOTAL	\$ 290,556

Priority Unfunded Capital Projects

Overlay and Slurry Program	\$ 6,062,000
SCSC Buildout (Aquatics Phase II)	\$ 4,000,000
City Hall Workplace Renovation	\$ 445,000
Bridge Maintenance Program	\$ 225,000
<u>Via Princessa Gap Closure</u>	<u>\$ 200,000</u>
TOTAL	\$10,932,000

A SUCCESSFUL YEAR

For all the tragic events that took place in the world, we need to remember that we are blessed safe community that is well maintained, has beautiful parks, where businesses large and small educational, recreational, and cultural opportunities are plentiful for everyone. It is my pleasure to recognize the achievements made through the Council's leadership and the coordinated efforts of multiple City staff over the year 2001-2002.

- The completion of Golden Valley Road
- The opening of the Activities Center
- The completion of Central Park, Phase II (four additional sports fields)
- The completion and opening of the McBean Transfer Station
- The completion of Phases I and II of One Valley One Vision (joint valleywide general plan)
- Adoption of the community strategic plan Share the Vision IV
- The completion of Pamplico Park
- The widening of Haskell Canyon Road Bridge
- The opening of the Canyon Country Jo Anne Darcy Library
- Groundbreaking for SCSC Aquatics Center
- The completion of Bridgeport Park
- Groundbreaking of Oak Spring Park
- Adoption of the Revised Bridge and Thoroughfare Districts
- Obtained a denial of the Transit Mix Concrete (TMC) project at Los Angeles Board of Super

CONCLUSION

This budget has been established to enable the City to meet a myriad of challenges over the next year. I would like to thank the City Council for its policy leadership throughout the year and especially during the budget process. I would also like to thank all the Commissioners and City staff who, every day, are providing the highest quality services to this community.

Furthermore, I would like to recognize each of the budget officers, who worked diligently to prepare the budget for you. Specifically, thanks go to each member of the lead budget team including Eleanor Barbara Boswell, and Dan Smith, for their work in preparing the budget. In addition, I would like to

Tonoian and Mary Navarro for their work preparing the Capital Improvement Program section of the document.

Through the City Council's continued leadership, I am confident that the City will fulfill its vision to ensure that the City of Santa Clarita's enviable quality of life both improves and endures. It is clear that strong leadership by the City Council, quality staff, and involved citizens are the key ingredients to making this community a place we are all proud of.

I look forward to the challenges of the upcoming fiscal year and the completion of yet another successful year of Cityhood.

Respectfully Submitted,

Ken Pulskamp
Interim City Manager