

**CITY OF DANA POINT**  
**AGENDA REPORT**

Reviewed By:	
DH	_X_
CM	_X_
CA	_

**DATE: JUNE 11, 2003**

**TO: CITY MANAGER / HONORABLE MAYOR AND CITY COUNCIL**

**FROM: SHERYL LINDSEY, DIRECTOR OF ADMINISTRATIVE SERVICES**

**SUBJECT: PUBLIC HEARING FOR PRELIMINARY OPERATING AND CAPITAL IMPROVEMENT BUDGETS FOR FISCAL YEARS 2003-2004 AND 2004-2005**

**RECOMMENDED ACTION:**

That the City Council (1) conduct a Public Hearing to review the City of Dana Point Preliminary Operating and Capital Improvement Program Budgets for Fiscal Year 2003-2004 ("FY2004") and Fiscal Year 2004-2005 ("FY2005"); (2) receive public input; (3) ask questions, and; (4) continue the Public Hearing to June 25, 2003 for deliberation and consideration.

**BACKGROUND:**

The FY2003/FY2005 budgets are the City's fourth biannual budget. The format and processes are the same as those used in prior years. On June 3, 2003 a Preliminary Budget document was distributed to the City Council that included both the proposed Operating Budget and the Capital Improvement Program Budget. A public copy of the same materials was also made available at City Hall.

Each section of the budget provides information both at summary and detail levels. The General Fund budget, which embodies the main operating revenues and expenditures of the City, contains the greatest level of detail. Each department has prepared a Budget Narrative that describes its responsibilities and objectives. This is followed by a Program Summary that recaps proposed expenditures and staffing levels, and also an Expenditure Plan Detail Report that lists, by account, the proposed expenditures. As in past years, where there are significant or unusual changes or additions to the departmental budgets, explanatory narratives were prepared and may be found immediately following each department's Expenditure Plan Detail Report on the [Blue Supplemental](#) sheets. In addition, there is a narrative discussion of the proposed budget for each of the City's major revenue sources located in the General Fund Revenue budget tab.

The Capital Improvements Projects Fund (“CIP”) budget materials are in the form of foldout spreadsheets listing and updating all the projects previously approved by the City Council, and those proposed in this Budget process, as part of the City’s annual 7-year CIP program. This is followed by a brief narrative description of each of the projects. Of course, the Council may wish to add, delete or reprioritize projects from this list.

## **DISCUSSION:**

### Fiscal Overview

As shown under the summaries tab, the General Fund is expected to produce operating surpluses of \$1,877,816 and \$1,767,335 in FY04 and FY05, respectively. In the past, these operating surpluses have been the basis for funding and/or replenishing reserves, as well as funding CIP projects. General Fund reserves (Cash Flow, Emergency, General) that are based upon a percentage of revenues or expenditures have been revised according to the following:

- Cash Flow Reserves – 6.9% of revenues
- Emergency Reserves – 9.8% of expenditures
- General Reserves – 9.7% of expenditures

In the past, the City Council has directed that a portion of transfers to the CIP be utilized to fund deposits of \$500,000/yr into both the “Open Space Acquisition” and “Utility Undergrounding” reserves, which are located in the CIP Fund. Staff’s recommendation at this time is to contribute to the Utility Undergrounding Reserve in the amount of \$500,000/yr and hold off on contributions to the Open Space Acquisition reserve until FY06. The Open Space Acquisition Reserve already has a balance of \$ 3,640,000.

A full listing of projected reserves for all funds is included in the Fund Balance tab of the budget.

### Revenue Overview

As in past years, a conservative methodology was used in arriving at the revenue figures within these Budgets. As further noted in the [City Manager’s Budget Message](#) (on the first page of the Preliminary Budget and attached as Supporting Document A), the City was acutely aware of the economic uncertainty of the investment market, the State Budget crisis and the general “flatness” of the overall local economy. One of our largest revenue losses is in investment interest, with an anticipated loss of over \$1 million per year. With the assistance of expert consultants and the County of Orange, staff always attempts, with excellent past success I might add, to accurately and conservatively develop revenue estimates.

Overall, General Fund revenues (including operating transfers-in from the Gasoline Tax fund) for FY04 and FY05 are projected to be \$22,259,700 and \$22,679,000, respectively.

### Expenditure Overview

There are no extensive changes to the General Fund expenditure plan from prior years, although certain uncontrollable increases have occurred. The most significant increase is an additional expense of \$1,328,288 in the O.C. Sheriff's contract over the two year Budget period. Another significant increase is in the on-going operational cost of newer water quality programs, specifically in the area of water treatment and testing. As a whole, the Water Quality Division now expends approximately \$1.4 million/year ("new" operating expenditures total about \$634,600).

Other expenditure details are listed in the attached [Budget Message](#).

In reference to a title change, you'll note that the "Finance & Administration" Department name has been changed to "Administrative Services", which has been the actual name of the Department for several years.

### Next Steps

June 11, 2003 is the date set for the City Council to consider the budget and conduct a public hearing wherein members of the public have the opportunity to provide input to the City Council. Staff recommends continuing the public hearing to the June 25, 2003 City Council meeting in order to give the public further opportunity for public input. The Budget will be presented for final approval at this June 25<sup>th</sup> meeting. If needed, a Special Council Meeting may be scheduled at that time to continue the review of the Operating and CIP budgets.

Staff will consolidate any changes made at these meetings into the final Budget document.

### **NOTIFICATION AND FOLLOW-UP:**

In addition to the standard agenda legal posting notices, the City placed a special 1/8 page supplemental advertisement in the Orange County Register on June 8th to further notify the public of the budget hearing and to encourage their attendance at the budget meeting.

### **FISCAL IMPACT:**

None at this time. Fiscal impact is dependent upon changes made to the Preliminary Budget during the review process. Final budget is scheduled for adoption on June 25, 2003.

**ALTERNATIVE ACTIONS:**

1. Do not continue the official public hearing to June 25, 2003 (i.e., close the public hearing tonight; the public would still be able to comment on the Budget if it was still on the regular agenda on the June 25, 2003 meeting).
2. Close the public hearing after receiving public testimony and deliberate and/or adopt the Budget at this meeting

**SUPPORTING DOCUMENTS:****Page #**

- A. [City Manager's Budget Message \(also included in the actual Preliminary Budget Document\)](#) 5
- B. Preliminary Operating and Capital Improvement Program Budgets for FY2004/FY2005 (***previously provided; copy also available at City Hall Lobby for review by public***)

**SUPPORTING DOCUMENT A  
CITY MANAGER'S BUDGET MESSAGE**

June 3, 2003

The Honorable Mayor and City Council:

**Introduction**

In accordance with Dana Point Municipal Code section 2.08.060(G), the City Manager is required to submit an annual budget for City Council consideration. The Budget serves four functions: a financial plan, a management plan, a policy document and a communication tool.

I have come to believe that organizations that can do well during difficult times really stand to prosper in good times. Let me start by saying that the conservative financial practices of the Dana Point City Council have served this community well since incorporation and have provided a good foundation for the City's future. It is important to note that the financial problems of the State of California and the ailing national economy are having an impact on the City of Dana Point and the past practices of the Dana Point City Council have positioned it well to weather this storm. I am proud to present a balanced budget, which has operating revenues in excess of proposed operating expenditures. This is done with a balanced program of services provided to the community with a commitment to excellence in service delivery.

The situation in Sacramento is very bleak with regard to the State Budget. There is a tremendous amount of rhetoric as to how the State is going to balance its budget and at what cost to cities. There continues to be considerable speculation as to the extent of the State's budget problems, and how these may ultimately impact local governments. Thus, I have worked with staff to develop a status quo type of budget with some program enhancements that can easily be curtailed should the impacts from Sacramento need to be addressed.

While it seems almost certain that the City's future State-related revenues will be curtailed, the magnitude and timing will not be known until a State budget is actually adopted. In the short term, the City has adequate reserves to deal with any revenue losses that may occur in the current or next fiscal year. The latest idea being floated in Sacramento, by the Governor, is to issue revenue bonds to fund the budget deficit. These bonds would be secured by anticipated revenue that would be realized by an increase in the State's sales tax rate. There is also talk of shifting revenues, which have traditionally gone to cities, back to the State. This practice was the popular choice by the State in the early 90's to fund the last fiscal crisis in Sacramento. This practice of shifting revenues was the underlying reason

for the City taking on the Capistrano Bay Park and Recreation District in the early 90's. Regardless, we are not getting a clear picture of what is going to happen in Sacramento. Should the situation and actions materialize in Sacramento subsequent to the City budget being adopted, staff will return with the appropriate action plan to address the impact. Given the City's contract nature, we feel confident that any staffing or service level adjustments can be achieved very quickly.

On a positive note, the proposed budgets for fiscal years 2003-04 and 2004-05 are balanced with a General Fund operating surplus. The General Fund operating surplus for 2003-04 is \$1.87 million and the General Fund operating surplus for 2004-05 is \$1.76 million. The proposed budget is a conservative budget with modest changes in programming levels to meet the needs of the community. While the focus for the City has been and continues to be water quality programs, attention is also placed on deferred maintenance needs of our City Parks and Facilities, ongoing streetscape beautification projects, roadway maintenance as well as the City General Plan Update and the Town Center Specific Plan. The City's Capital Improvement Program (CIP) continues to be a priority. Staff has taken a hard look at the CIP program and is making some recommendations that meet the broader needs of the community. While water quality is the #1 priority and will continue to be the #1 priority, we're addressing the needs of the community on a much broader level. This broader approach will insure that Dana Point continues to stay out in front of other agencies on water quality programs, but also insures that other areas of the City do not become the victim of benign neglect.

Aside from the bleak situation in Sacramento, three items are having the most dramatic impact on the City's budget. They are the impact of the cost associated with police retirement and benefit rates, the cost associated with State mandated water quality programs and low market rates of return on City held investments.

### **Law Enforcement**

Fortunately, the City of Dana Point contracts for law enforcement services with the Orange County Sheriff's Department. Having said that, the City is not immune to the costs associated with labor market driven cost increases associated with retirement and benefit rates. Several years ago, the State and a few other government agencies began a 3% at 50 years of age retirement system for law enforcement personnel. This retirement benefit was created as a way of attracting and retaining the best quality sworn safety personnel in an extremely soft labor market. At the time, the stock market that funded these retirement fund portfolios was doing extremely well and the cost associated with this type of retirement benefit was not that significant for the respective agencies. As this retirement benefit became popular, it became a labor market driven benefit that was the goal of police labor unions throughout the State. The benefit became so common place as a recruitment and retention tool, the remaining agencies soon adopted the benefit so as not to become a "training" department. Because of the nature of law enforcement, an agency must strive to

have the highest caliber of sworn safety employee to not only serve the public, but also to minimize potential general liability and workers compensation claims cost associated with the nature of the work.

Now that the stock market retirement fund portfolios are not doing well, the unfunded retirement liability must be funded by higher retirement rates to those agencies that have this benefit. Over the past two years, the City of Dana Point has realized an increase of \$1.2 million without any measurable increase in the level of service provided to the City. The bulk of the increase is associated with the cost of sworn personnel salary and retirement benefits. Due to the continued poor performance of the stock market, this amount is also expected to increase by nearly \$700,000 for the 2004-05 fiscal year. When you add these two numbers together, the City has realized an approximate \$1.9 million increase in law enforcement services. As mentioned earlier, Dana Point is not alone in realizing this rate of increase. The increase in benefit and retirement rates is being realized by contract cities as well as full service cities that have their own law enforcement agencies. A number of full service cities, that have their own law enforcement agencies, are in the process of studying the ability to transition to a contract model for law enforcement services due to the increased cost of labor. At this time, I am not proposing a reduction in the level of service provided to the City from the Orange County Sheriff. It is my firm belief that the City enjoys an outstanding level of service from the Sheriff and the residents have come to expect this outstanding level of service. In addition, Dana Point has become a 5-Star destination for our visitors that contribute to the local economy and I feel that it imperative that Dana Point maintain it's identity as one of the safest communities in California for the benefit of our residents as well as our guests.

### **Water Quality**

The next key impact to the City of Dana Point is the continued escalation in the cost of our water quality programs. Water quality continues to be the #1 priority of the City's adopted Strategic Plan. Over the past two years, we have seen the ongoing annual cost associated with maintaining the City's water quality program surpass the \$1 million per year mark. Dana Point continues to be out in front of any City in the State with regard to implementing programs to impact the urban runoff that pollutes our beaches. A point of frustration is that in spite of the City's commitment to water quality, our beaches are still posted and we receive a lot of negative press. I feel that the City has to continue to work closely with inland cities, the County of Orange as well as the San Diego Regional Water Quality Control Board to insure that every City along our watershed does their part to clean-up urban runoff.

One of the concerns that staff and I have is the \$3 to \$5 million price tag for design, permitting and construction of the Salt Creek Treatment facility. Given the fact that a good portion of the Salt Creek Watershed is in Laguna Niguel, I believe that is a lot of money to ask the residents of Dana Point to pay without seeking a contribution from the City of

Laguna Niguel for construction and on-going maintenance. Thus, I am asking staff to explore funding from the State, County and Laguna Niguel. As I weigh this project with all of the other important infrastructure needs of the City (e.g. Parks, Streets, sidewalks and existing water quality projects) as well as the escalating cost of public safety, I feel that it is imperative that we seek supplemental funding to assist with this important project.

The City's on-going water quality budget requirement has grown to nearly \$1.3 million per year, just to fund the existing programs. It is estimated that Salt Creek will cost another \$100,000 per year just to maintain. The cost of maintenance is a fixed cost that the City will have to take on in the future.

While a number of our water quality projects, such as the Alipaz Storm Drain Diversion Project, the Del Obispo Storm Drain Diversion Project and the North Creek Diversion Project have been geared to the San Juan Creek watershed, I feel we have to really become engaged with the inland cities, the County and the San Diego Regional Water Quality Control Board to identify the key contributors and eventual treatment of the San Juan Creek watershed. It will also be interesting to see if these projects have any impact on beach postings at Doheny State Beach and Capistrano County Beach.

The recent Coast Highway/Beach Road Diversion project has been completed and will most certainly have an impact on water quality. I feel we really have to start looking at San Juan Creek and the Harbor to get that problem solved. Being a visitor serving-town, the media attention that we receive from Doheny State Beach, Capistrano County Beach and the Harbor have a dramatic impact on the local economy. We have to believe that the new Storm Water permit guidelines issued by the San Diego Regional Water Quality Control Board will require cities to get better up to speed in controlling urban runoff at the source.

The focus being recommended is to assess the effectiveness of our existing diversion programs, continue to implement the San Diego Regional Water Quality Control Board Storm Water Permit, and seek funding to pay for the Salt Creek Treatment Project.

### **Interest Income Earned on City Funds held on Deposit**

As mentioned earlier, the conservative financial policies of the Dana Point City Council has resulted in sufficient funds being accumulated to implement some great CIP Projects as well as to provide for adequate reserves to fend off the financial uncertainties of the future. Prior to and as a result of the Orange County bankruptcy, the City of Dana Point has adopted a conservative investment policy that allows for security of principal while earning a modest rate of return. Given the weakened national financial markets, interest rates are at all-time lows and the City's Investment Interest revenues are estimated to decline by nearly 40%; a loss of nearly \$1.05 million annually. With a slow economic recovery being talked about, we expect interest revenue to be off for a number of years.

I would now like to change my focus to provide a summary of the proposed budget.

### General Fund Revenues

The total estimated General Fund revenues for FY 2003-04 are \$22,259,700 and \$22,679,000 for FY 2004-05, respectively. Over the past several years, even or increasing economic conditions have resulted in most major revenue sources exceeding the budgeted levels. The current economy is less favorable. As a result there have been minor increases in most major revenue categories for FY2003-04 and FY2004-05. One area of major decrease is in the City's Investment Interest revenues. This revenue source is estimated to decline by nearly 40%; a loss of over \$1.05 million annually.

Transient Occupancy Tax (TOT) continues to be the City's largest single revenue source, comprising almost 40% of General Fund revenues. With the opening of the St. Regis Hotel in the fall of 2001, the City saw significant gains in TOT and sales tax revenues; however these increases were diminished more than previously anticipated due to the September 11, 2001 incident, which reduced tourism nationwide. Regardless, TOT revenues remain strong and consistent, and conservative increases are anticipated in both FY2003-04 and FY2004-05. Due to the fact that the tourism industry is one of the driving factors of our local economy, we have to make sure that we are aware of the needs, as well as the impacts, that it places not only on our community but also the level of services that the City must provide to support this segment of our local economy.

There are no major changes expected in property tax revenues, which are the second largest revenue source at about 17.5% of General Fund revenues. The Orange County Tax Assessor has indicated that expected revenue growth is in the 1-2% range for FY2003-04 and 2004-05. In addition, it is anticipated that some Property Tax revenue will be associated with the Headlands Development in FY2004-05. Accordingly the budget has included property tax revenue growth yielding budget estimates of \$3.805 million in FY2003-04 and \$3.957 in FY2004-05, a growth of 1.3% in FY2003-04 and 3.8% in FY2004-05.

Sales Taxes are the City's third largest revenue source at 17% of General Fund revenues. Due to the domination of tourism in the City's revenues, sales taxes have historically tracked fairly closely with TOT revenues. However, in the last two years the City began to experience a slight drop in sales tax revenues, apparently due to weakness in the general economy. As a result, the growth in the sales tax revenue budget has been adjusted only slightly to levels of \$3.7 million for both FY2003-04 and FY2004-05. As the economy is anticipated to remain fairly flat, no Sales Tax revenue increase is anticipated for FY2004-05. The budgeted increases represent approximately 1.9% over the FY2002-03 level.

The City's also receives Motor Vehicle In-lieu fees from the State of California. The FY2003-04 budget reflects a net increase of 9.3% in this revenue and no increase in FY2004-05. This revenue represents approximately 10% of General Fund revenues.

Based upon the City's overall favorable revenue position, the City Council took action in FY2001-02 to eliminate the City's trash franchise fee to residential customers as well as the AB939 fee imposed on residential refuse hauling. This action reduced General Fund Revenues by approximately \$109,000 per year and saved residents approximately \$9.00 per year in fees. This action was reflective of the City Council's desire to make sure that the residents of Dana Point are taxed at the lowest possible rates in Orange County. This reduction was eliminated in the FY2001-02 budget and is reflected here as well.

### General Fund Expenditures

The total proposed General Fund budget for FY 2003-04 is \$20,381,884 and \$20,911,665 for FY 2004-05, respectively. The City continues to operate as a "contract" City, with most major services being provided through contracts with private firms or the County of Orange. Contracted services include building plan check and inspection, most engineering services, law enforcement, animal control, street maintenance and City Attorney.

The following highlight some of the more significant policy or fiscal changes to the FY2003-04/FY2004-05 budgets:

- The additional position of Parks Supervisor is requested in the Parks Maintenance Division in the Public Works Department. The addition of the Parks Supervisor to the existing Parks staff will allow the City to better monitor and control the quality of park maintenance, improvements and contract services.
- The additional position of Recreation Coordinator is requested in the Community Services Division. The costs for this full-time position will be mostly offset by the elimination of part-time staff duties that this position will take over. A primary duty will be to staff the Del Obispo Community Services facility on busy night and weekend hours when regular staff is not available and community classes and programs are taking place.
- \$117,000 has been budgeted in FY2003-04 as a one-time cost to acquire centralized Permit software for the Community Development Department. This software will eventually be utilized for all permits, including those in Engineering, with the final component to be purchased in FY2004-05 for \$15,000. The software will greatly enhance tracking capabilities, especially across departmental functions, streamline and collect electronic historical data and quicken the process for applicants. This software will also give us the

ability to further our intent to have most permits available via the City's internet Web site in the near future.

- \$634,600 has been newly budgeted to pay for ongoing costs associated with numerous water quality projects. These costs include a higher NPDES permit fee and the new cost of urban runoff treatment. The total annual operating cost of the Water Quality Division is approximately \$1.4 million.
- The proposed budget continues support of various other community events including the 4<sup>th</sup> of July fireworks show, Grad Night for local high schools and the summer concert series. This budget includes slight increases for the 4<sup>th</sup> of July fireworks show and summer concert series; some increases for general cost-of-living adjustments and some in order to continue improving the quality of the events. The City Council continued the practice of allocating \$10,000 to each Councilmember to make grants to local and regional organizations that provide fine arts or community services to Dana Point residents.
- \$600,000 was budgeted in FY 2003-04 for Government Access channel broadcasting improvements. This will include technology upgrades to our computerized projection equipment and screens, sound system and taping equipment. These costs are anticipated to be completely reimbursed by our Cable TV operator. It is important to note that this will be the first major upgrade since the government access channel equipment was installed.
- To deal with some much needed deferred maintenance at our Civic Center and Community Center, we are recommending that \$50,000 for each of these facilities be budgeted, for a total of \$100,000 per year for the next two years. Staff will also explore the establishment of a sinking fund approach to deal with on-going maintenance.
- Staff expects to “kick-off” the development of a Town Center Specific Plan to start the process for identifying the role the Town Center will play in Dana Point's future. To supplement this effort with an initial economic development effort, staff is recommending that the Council begin to fund a City marketing program at the \$112,000 level. It is anticipated that the marketing program will not be limited to just the Town Center, but will market the entire City.

## Capital Improvement Program

A primary goal of the City Council has been to increase funding for Capital Improvement Program projects. I am happy to report that staff is making tremendous progress in delivering these projects to the community.

In the past budget cycle, we were able to initiate and complete:

- Annual Roadway Resurfacing/Reconstruction Projects
- Annual Arterial Highway Resurfacing Projects
- Crystal Lantern Storm Drains Phase I & II
- Crystal Cove Bluff Landscaping Project
- Golden Lantern Median Project
- Del Obispo Median Project
- Del Obispo Slope Repair Project
- Alipaz Storm Drain Diversion Project
- Del Obispo Storm Drain Diversion Project
- Coast Highway/Beach Road Diversion

In the past budget cycle, we were able to initiate and expect to complete in the coming months:

- North Creek Diversion Project
- Lantern Village Park at La Cresta/Violet Lantern
- Alipaz Right-of-Way Landscaping Improvements

The Salt Creek Water Treatment Project is well on the way to completing design and the necessary permitting to eventually construct the project. Staff is currently exploring methods for funding construction. It appears as if the City stands a good opportunity to receive a substantial contribution from the State in the coming months. Staff is also approaching the City of Laguna Niguel for a financial contribution.

The City's Library Project is winding its way through the process for a grant application submittal in January 2004. It is hoped that a substantial contribution will be received from the State to help this project become a reality.

To make sure that the City does maintain a balanced Capital Improvement Program, staff is recommending a more focused approach towards funding the program. In difficult times, many cities begin to defer roadway maintenance. I firmly believe that once roadway maintenance has been allowed to defer, it is almost impossible to catch-up in the future without bearing a significant cost. Thus, many cities never do catch up. In contrast, the City of Dana Point has done a very good job of maintaining streets, both residential and arterial, on an on-going basis. Staff is recommending that we continue that progress and

utilize County, State and Federal funding at every opportunity. The recommended street and highway Capital Improvement Program achieves that goal. We are making every effort to work with the South Coast Water District and the other utility providers, as well as coordinating with our street median projects, to make sure that the City streets are very well maintained.

One of the key areas that staff is recommending much needed attention is the deferred maintenance needs of our existing City Parks. Recently, staff conducted a survey of the deferred maintenance needs of our parks. The results were staggering to say the least. To meet this need, staff is recommending that \$1 million be reprogrammed from our existing reserves to start chipping away at our Parks deferred maintenance needs. As a result of continued pressure from the Coastal Commission to complete Sea Terrace Park, staff is also recommending that \$5.8 million dollars be reprogrammed from our reserves to supplement the \$1.7 million that has already been funded for the eventual development of Sea Terrace Park.

In order to maintain a balanced approach towards the Capital Improvement Program, staff is also recommending that funds be programmed for median infill along Stonehill and the design of medians along Selva and Del Obispo, from Stonehill to the San Juan Capistrano city limits. Staff's hope is to continue the City Council's desire to further beautify our arterial roadways. Staff is also exploring a possible utility undergrounding project to bring back for future Council consideration. In that light, I am recommending that we continue to increase the underground utilities reserve by \$500,000 per year.

By way of summary, those projects included in the FY 2003-03 and FY 2004-05 Capital Improvement Program budget include:

- Annual Traffic Safety Improvement Program
- Storm Drain Master Plan Program
- Street Reconstruction of San Juan Avenue
- Annual Concrete Program
- Annual Roadway Resurfacing Program
- Annual Arterial Roadway Resurfacing Program
- General Park Rehabilitation Program
- Design and Construction of Sea Terrace Park
- Design of Del Obispo Medians Stonehill North to City Limits
- Design of Crown Valley Median Improvements
- Design of Selva Road Medians
- Design and Construction of Stonehill Medians
- Identification of an Undergrounding Project

In developing the Capital Improvement Program, staff has prepared a balanced program that deals with water quality, maintenance and development of roadways, Parks infrastructure and beautification.

## Conclusion

The biennial budget that is being presented for consideration by the City Council balances the need to invest in capital improvements and maintain or enhance existing service levels, while maintaining a conservative fiscal policy that ensures the financial integrity of the City. In developing the Capital Improvement Program, staff has prepared a balanced program that deals with water quality as well as the maintenance and development of roadway and Parks infrastructure. I would like to thank City staff for their active participation in developing this document. Specifically, Sheryl Lindsey, Andy Glass, Matt Sinacori and Cindy Asher deserve special recognition for the untold hours that went into this document.

Respectfully Submitted,

Douglas C. Chotkevys  
City Manager