



# City of Whittier

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Joe Vinatieri  
Mayor

August 31, 2020

Henry Bouchot  
Mayor Pro Tem

The Honorable Mayor and Members of the City Council  
City of Whittier, California

Cathy Warner  
Council Member

This budget details the City's 2020-21 operating and non-operating revenues and expenditures, including those related to the Whittier Utility Authority, Whittier Housing Authority and the Whittier Financing Authority. The City continues to meet the needs of its residents through prudent fiscal management and a practice of closely monitoring revenues and expenditures throughout the year and providing the City Council with quarterly budget updates.

Jessica Martinez  
Council Member

Fernando Dutra  
Council Member

Whittier places a strong emphasis on balancing operating expenditures with operating revenues. In anticipation of another fiscally challenging year, the 2020-21 budget utilized a significant operating revenue increase associated with Measure "W", as discussed in further detail below to balance the General Fund's adopted operating budget.

Brian Saeki  
City Manager

In late 2019, the Novel Coronavirus (COVID-19) emerged as a worldwide public health threat and began spreading around the globe. On March 4, 2020, the State of California declared a State of Emergency related to COVID-19, and on March 11, 2020, the World Health Organization labeled the COVID-19 outbreak as a global pandemic.

Currently, aggressive public health orders have implemented mitigation measures to promote the safety of the community. These measures have dramatically impacted the services provided by municipalities, which include limiting many public services, closing facilities and cancelling programs. Residents and businesses throughout California have been following the State's Stay at Home Orders and local health officer orders which at times have directed all non-essential businesses to close, restricted gatherings, and otherwise curtailed interactions to avoid the potential spread of the virus.

What has helped to stabilize the City's revenue projections and maintain services for Whittier residents and businesses is the recent local Measure "W" sales tax measure approved by the voters on March 3, 2020. The three-quarter cent sales tax will generate approximately \$6,375,000 in additional funding for variety of General Fund services including policing, homelessness, streets maintenance, sidewalks, parks and other local service priorities.

## **Economic Outlook**

### Housing and Economic Development

The housing market has continued to improve over recent years, with interest rates continuing at historically low levels, the City remains confident both housing construction and prices will continue to grow during 2020-21. This is especially true in Whittier with The Groves project currently under construction, which will add up to 750 new housing units. Recently, the City has begun adding market and above-market rate apartment dwellings and townhome products to its housing stock as well. Over the next five years, as the City adopts its new General Plan and updated Housing Element, it is expected that upwards of 3,000 new units may potentially be needed according to estimates from the Southern California Association of Governments (SCAG), which will further diversify local housing stock. Despite being three months into the shutdowns associated with the pandemic, the July 2020 median home price in Southern California reached \$581,249, a 3.0% increase as compared to July 2019. Increasing property values have had a positive impact on the General Fund, accounting for \$277,986 of additional 2019-20 revenue growth from initial projections. Nevertheless, due to the uncertainties of COVID-19, there is no growth projected for this category in this budget.

The City of Whittier recently became a two-time recipient of the Los Angeles County Economic Development Corporation's (LAEDC) Most Business-Friendly City in Los Angeles County award (2012 and 2018). The emphasis on diversification of its local economic base has helped to stabilize the sales tax revenue projections. In the coming year, the City's Economic Development Strategic Plan includes support for the commercial side of The Groves development; coordination of a business assistance and COVID-19 Small Business grant programs; and administration of the Greenleaf Promenade Outdoor Dining and Shopping initiative, which has allowed businesses to expand into public rights-of-way due to Health Officer Orders restricting indoor operations of nonessential businesses. To continue to support economic recovery, the City Council has adopted recovery strategies that include the aforementioned small business grant program, a temporary reduction in business license fees, an increase to 10% of the City's own local purchasing preference policy, and a 'buy local/hire local' building permit rebate program for residential and small business improvements.

### Unemployment and Consumer Confidence

The nation has remained stable with steady job growth and the national unemployment rate at 15.1% in July 2019. In California, the unemployment rate was below the national average at 14.9%, while the Los Angeles County rate was 19.5%. The largest California job gains occurred within the areas of technology, healthcare and social assistance. The

unemployment rate in Whittier is significantly lower than the County at 4.5%.<sup>1</sup> Two of the largest employers in the City of Whittier continue to be PIH Health – Whittier and Whittier Union High School District; both continue to be stable employers within the community. PIH Health continues to expand its operations within the Whittier area, with the planned development expansion of their medical campus and the recent affiliation of PIH – Whittier with CHOC Children’s to advance pediatric clinical care in Los Angeles and Orange Counties.

Prior to the COVID-19 shutdowns, consumer spending in Southern California increased by 2.1% as reported by the Bureau of Labor Statistics. This increase was below prior year levels, and the housing and vehicle sectors continued to see the strong spending<sup>2</sup>. Local economic growth has been consistent over the past few years and improvement is expected to continue at a modest pace. Important in the local sales tax growth are the numerous essential businesses in Whittier, including markets and grocery stores, pharmacies, and retail establishments such as Target and Home Depot, all of which were able to continue operating during the initial stages of the pandemic and have continued to be a vital source of local goods and supplies.

### Citywide Priorities and Goals

The City Manager’s 2020-21 priorities include reaching the 200<sup>th</sup> residential unit milestone in the development of The Groves at Whittier project and commencing the design review and construction for the commercial developments on the former Fred C. Nelles correctional site, including highly-anticipated franchise brands which are anticipated to draw substantial attention to the development. Also on the workplan are the \$14 million remodel of Whittier’s Central Library, the \$12 million grant-funded easterly extension of the Greenway Trail, completion of the 3-level, \$10 million Uptown Parking Structure, expansion of Lee Owens Park, and a number of additional parks and infrastructure improvement projects throughout the City.

The Administrative Services Department will continue to focus on the management of Whittier’s accounting and budget functions, banking and investment responsibilities, risk and emergency management, and human resources duties. The department’s goal is to provide accurate and transparent budgeting and financial reporting. The City has continued to receive the California Society of Municipal Finance Officers’ (CSMFO) outstanding budget award, and the Government Finance Officers Association’s (GFOA) Excellence in Financial Reporting for the past 30 years.

The Human Resources Division of the Administrative Services Department continues to utilize its injured workers “return to work program” and deploy its disaster response volunteers. Employee hiring is expected to remain steady and the Human Resources Division is expecting to complete a variety of full-time and part-time recruitments during the new fiscal year, supporting the City’s continuous labor needs. The Revenue Management division will oversee the investment of available monies consistent with the City’s investment policy in an effort to generate additional operating funds and is expecting to process over 7,900 business licenses.

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Source: 1: Employee Development Department, State of California

Source: 2: Spending and housing data provided by Los Angeles Economic Development Corporation (LAEDC)

City Clerk's Office will continue to oversee agenda preparation, record keeping, coordinate election needs and updates of the Whittier Municipal Code. Its Information Technology Division will focus on business continuity measures and a transition to cloud-based storage. The Records Management Division will concentrate on making records electronically available for transparency and faster public service, complying with public records requests. The GIS section will continue mapping public utilities resources for third-party software integration.

Though the format may look a bit different in the coming year, the Parks, Recreation and Community Services Department's Community Services Division will continue to present a full range of leisure, cultural and social services programs for the community. The Youth Services Division will continue its partnership with the Whittier Community Foundation to decorate our City for the holidays and offer the annual 5K Run/Walk as a "virtual" community event. Laurel, Guirado and Anaconda Parks will see improvements, along with the aforementioned expansion of Lee Owens Park. The Transit Division's Dial-A-Ride program will continue its regular services with an additional Dial-A-Ride Plus program that addresses special passenger needs related to medical appointments in surrounding cities. Staff will continue to work with Public Works, Metro, and regional bus systems on various transit needs throughout the City.

The Library will continue to circulate over 320,000 items and serve 600,000 patrons annually. Due to the COVID-19 pandemic and social distancing requirements, the Library and Parks department launched a 'Rec and Read' pop-up program at parks throughout the summer. The pop-up Library brought children's books out to families who participated in socially distanced recreation and reading activities. The Library's Summer Reading Program anticipates serving in excess of 5,000 children and encourages them to pursue literacy year-round. Due to COVID-19, a curbside service has been instituted at the temporary library operation out of the Transit Depot as well as at Whittwood Branch, which will serve as the temporary 'main' Library. The remodel of the Central Library will proceed throughout this fiscal year with a grand opening slated for mid-2021.

The Police Department remains committed to its community policing strategies and continues its partnerships with schools, community groups, and with the Los Angeles County Department of Mental Health to address calls for service involving individuals experiencing mental health crisis. It is expected that a full complement of sworn officers will be in place by the end of 2020, bolstered by a recent recruitment incentive program. The department completed their radio system upgrade to an interoperable communication system last year, and is working on implementation of additional assistive technologies, including an online reporting system for resident convenience.

The Community Development Department continues to maintain effective working relationships with both the design and development communities. A primary element of this effort for the Building & Safety Division includes a proactive community education and awareness campaign related to safe building practices. The division conducts an estimated 1,400 building inspections annually. The Planning Division annually processes approximately 1,100 new planning applications ranging from conditional use permits and development review applications to variances and temporary use permits.

The Planning Division also continues to actively process a variety of development applications including retail stores, churches, dining establishments, and the new Groves at Whittier project. The Redevelopment Successor and Housing Division is transitioning the remaining redevelopment dissolution process and the Whittier Redevelopment Successor Agency (WRSA) as well as managing the housing assets of the former Redevelopment Agency and the special funding streams associated with COVID-19 CARES Act recovery funds.

The Redevelopment Successor and Housing Division is overseeing the financial portion of the Uptown Whittier Streetscape Plan and Uptown Parking Structure. Improvements to streets and intersections will accommodate large-scale housing and commercial development occurring throughout the community, particularly in Uptown and at The Groves. Lastly, the housing bonds will be invested to develop or maintain affordable housing projects throughout the City. This division also continues to implement programs funded by Federal CDBG and HOME grants. These include assisting low-income families with rehabilitation of homes through grant/loan programs, graffiti abatement, code enforcement, social services, affordable housing projects and a variety of infrastructure improvements.

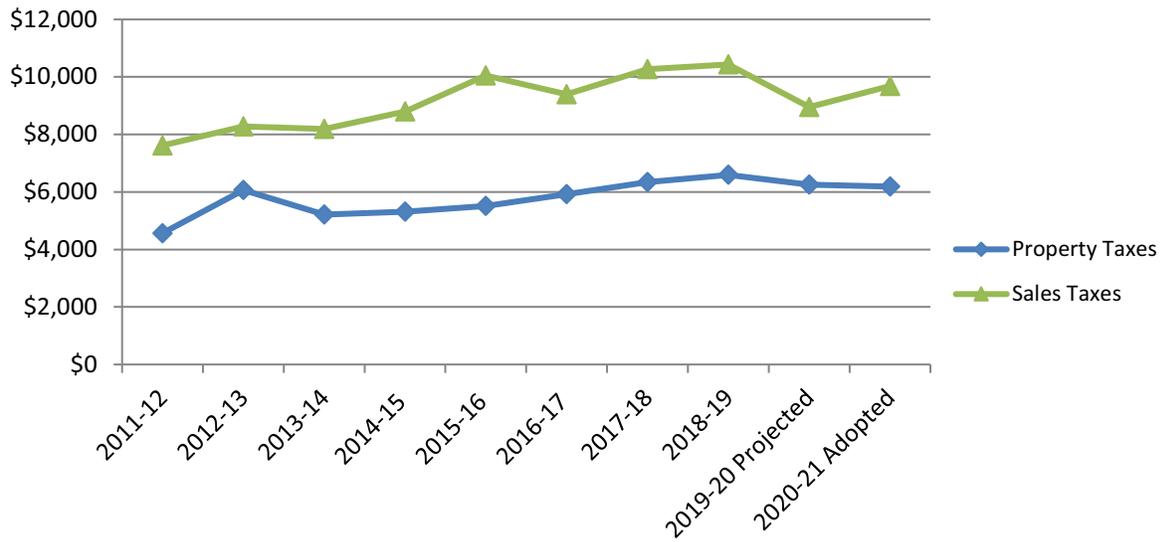
The City has implemented an electronic permitting system, in an effort to improve how the City does business, by allowing better organization and retention of data, and will improve the efficiency of the development and permit process. It also allows for certain minor permits to be submitted and fees paid on-line.

Whittier continues to recognize the need to creatively assist its local business community. Staff will continue to partner with the Los Angeles County Small Business Contracting Connections seminars and will also continue to promote the “Shop Whittier” campaign to encourage local consumer spending. Business outreach also continues to be a regular strategy of the City’s Economic Development program and staff will continue to meet with both existing and prospective businesses.

The Public Works Department continues its focus on maintaining and improving infrastructure throughout the City, which includes various street and transportation projects. The Water Division is operating the Pumping Plant 2, which includes an updated SCADA system to efficiently and effectively monitor pumping and storage resources. The Water Division will continue to implement steps necessary to protect the City’s existing water supply. Additionally, the department is actively implementing both water and sewer system replacement programs that will replace the water and the sewer systems over the next several decades. Finally, the Solid Waste Disposal Division is continuing landfill improvement projects.

Financial Trend Indicators – As demonstrated in the graph below, the City’s property tax revenues have remained stable throughout the past decade, while sales tax revenues have seen steady improvement. It should be noted that the City received a one-time distribution in fiscal year 2012-13 of \$1,125,163 from a property tax admin fee settlement and a distribution related to the former Whittier Redevelopment Agency.

### Ten Year Trend Lines (in thousands)



### Employee Service Costs

The primary source of service to the public is provided through employees, and as such, Employee Service Costs (ESC), consisting of salaries, wages and employee benefits, makes up the largest component of General Fund expenditures. There are currently two represented classified employee groups in the City: the Whittier Police Officers' Association (sworn) and the Whittier City Employees' Association (maintenance, clerical, technical, and other non-management employees). Management employees remain unrepresented.

Categories of ESC consist of the following:

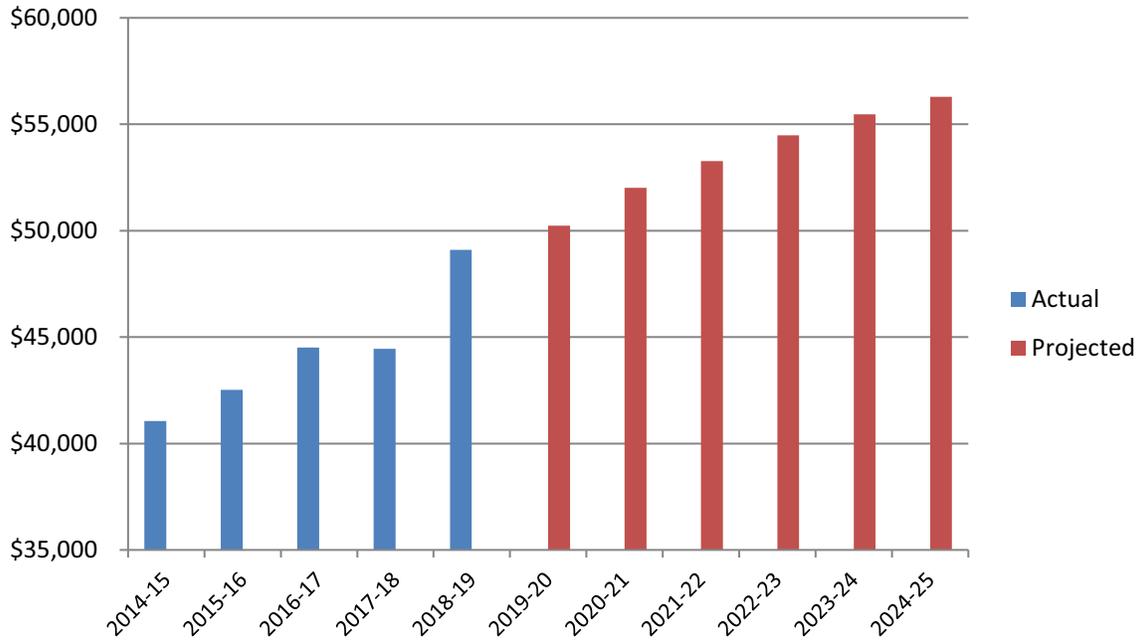
- Salaries
- Wages
- Overtime
- Paid leave (vacation, sick, leave payoff, etc.)
- Public Employees' Retirement System (PERS)
- Other benefits (insurance, 457 plans, disability insurance, unemployment, Medicare, disability pay, etc.)

The City strives to provide a consistent level of service to the community with its limited resources. Over the past several years there have been several reorganizations primarily to address budget challenges, and all were implemented with a focus on improving organizational fiscal health, providing efficiencies and minimizing service level impacts. Fiscal year 2020-21 is the final year of the four-year labor agreements.

Changes in Total Budgeted Positions:

	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
General Fund	404.39	409.14	411.14	411.14	411.14	410.24
Total Positions	503.23	490.54	491.54	491.54	490.54	490.64

**General Fund  
Employee Service Costs  
(in thousands)**

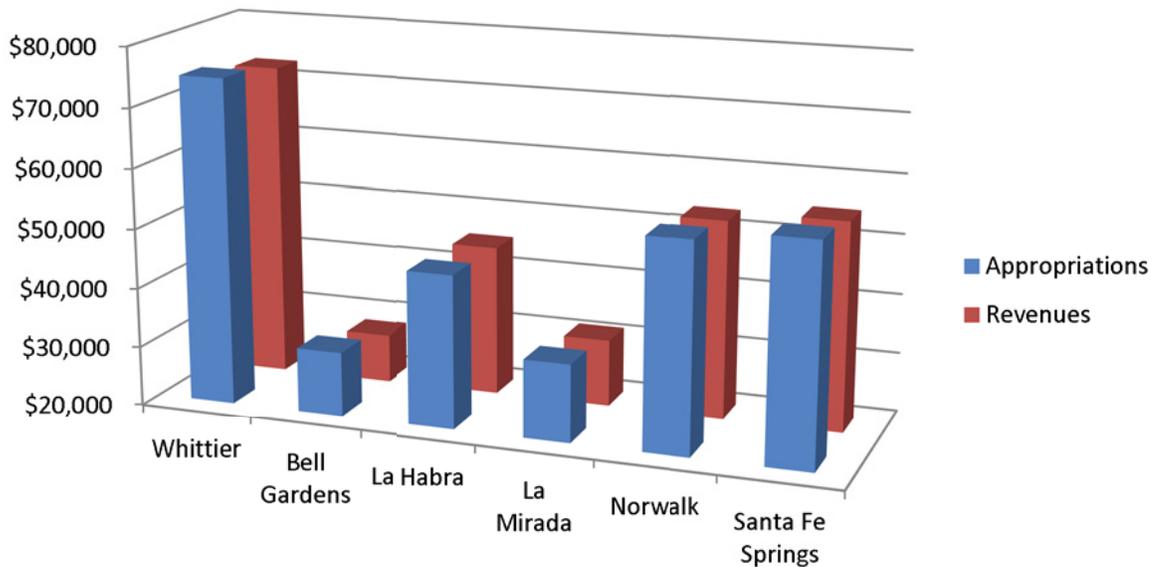


## Comparative Budget Survey

In a per capita comparison of expenditures for 2020-2021 General Fund budgets, the City is comparable to the other Cities in Los Angeles County in providing municipal services per capita rate.

Los Angeles County		General Fund Budget	Total Budget	Population	Per Capita Spending
Whittier	Appropriations	\$74,692,633	\$138,030,655	86,801	\$860.50
	Revenues	72,878,799	135,364,982		
Bell Gardens	Appropriations	30,820,000	48,630,000	42,845	719.34
	Revenues	28,120,000	47,325,000		
La Habra	Appropriations	45,675,773	130,059,245	60,513	754.81
	Revenues	45,222,057	107,733,413		
La Mirada	Appropriations	33,030,667	72,284,509	48,877	675.79
	Revenues	31,248,917	59,246,530		
Norwalk	Appropriations	55,003,421	158,728,481	105,717	520.29
	Revenues	53,195,955	127,899,354		
Santa Fe Springs	Appropriations	56,704,750	71,987,690	18,295	3,099.47
	Revenues	54,809,500	67,565,700		

**General Fund Budget Comparisons  
(in millions)**



## **Budget Process**

For purposes of budget preparation and formulation, departmental budget submittals are prepared and submitted to the Administrative Services Department (ASD) by the middle of February. The submittals consist of two parts: a base request and supplemental requests to enhance or establish new budgets. As in past years, ASD and City Manager's office met with departments to develop the revenue and expenditure projections included in this adopted budget. City Council then meets for a special Study Session to discuss future goals and modify the proposed budget as necessary. Finally, the City Council approves each fiscal year's budget submitted by the City Manager prior to the beginning of the new fiscal year. Public hearings are conducted prior to budget adoption.

## **Basis of Budgeting**

The City's budget is prepared, recorded, and controlled using a modified accrual basis for all governmental funds budgeted. Under this basis of budgeting, capital outlays and debt service principal payments are budgeted and recorded as expenditures. Debt proceeds, capital grants, interfund transfers, and interfund loans exceeding one year are budgeted and recorded as revenue. For accounting purposes, these entries in the funds are adjusted at year-end to comply with the full accrual basis of accounting in the City's Comprehensive Annual Financial Report (CAFR).

## **Budget Control**

Supplemental appropriations, where required during the budget fiscal year, are approved by the City Council. Budget transfers that affect the total appropriations for any fund require City Council approval. Budget transfers within a budget code (department), with no change in total appropriations within the budget code, are approved by the City Manager. A budget code could be a program or a division of a department or a department in itself. In general, expenditures may not exceed appropriations at the budget code level for the General Fund and fund level for Special Revenue, Capital Projects and Debt Service Funds.

Departments monitor monthly reports to determine the availability of funds for expenditures. If the report indicates a marginal amount of funding available to cover proposed expenditures, an inquiry is initiated to the Administrative Services Department. Upon review by the Department Directors, purchase orders are transmitted to the Administrative Services Department for verification of budget compliance.

## **Budget Highlights**

The Fund Balance Summary (pages 4-7) presents, by fund, beginning balances, operating revenues and expenditures, net operating surplus/(deficit), non-operating revenues and expenditures, net non-operating surplus/(deficit), reserve adjustments, net surpluses (or deficits) and the projected ending fund balance. To ensure

reasonably accurate fund balance information, all revenue and expenditure projections for fiscal year 2019-20 have been updated and are reflected in the beginning balances for 2020-21.

As previously required by the Governmental Accounting Standards Board (GASB) issued Statement No. 54, the City Council has approved the Fund Balance Policy for the General Fund and adopted a resolution approving the City’s Emergency Contingency commitment of its fund balance. Council has also agreed to set aside and annually fund the General Fund’s emergency contingency commitment at five (5%) percent of the following fiscal year’s budgeted operating expenditures, which excludes transfers and capital improvement projects. For the fiscal year ending June 30, 2020, General Fund’s Emergency Contingency is projected to be \$3,345,285. Fortunately, the City has not had to use any of this reserve balance during COVID-19. Established reserves are not utilized without City Council action, which generally occurs during the budget adoption process. A listing of reserves is provided on page 8.

Forecasted City revenues total \$107,052,642, comprised of \$105,755,162 in operating revenue and \$1,297,480 in non-operating revenues. Expenditures total \$109,322,934 and consist of \$97,865,967 in operating expenditures, \$1,757,362 in non-operating expenditures and \$9,699,605 for capital improvements/projects.

Total revenues and expenditures by fund type are as follows:

	Projected	Budgeted
	<u>Revenues</u>	<u>Expenditures</u>
<b>City of Whittier</b>		
General	\$ 72,878,799	\$ 74,692,633
Special Revenues	14,961,651	15,381,376
Fiduciary	417,943	412,020
Capital	232,998	116,500
Internal Services	<u>18,561,251</u>	<u>18,720,405</u>
<b>City Total</b>	\$107,052,642	\$109,322,934
<b>Whittier Utility Authority</b>	27,990,968	28,566,327
<b>Whittier Housing Authority</b>	<u>321,372</u>	<u>141,394</u>
<b>Grand Total</b>	<u>\$135,364,982</u>	<u>\$138,030,655</u>

The budget reflects adjustments to retirement costs based on the CalPERS contribution rates for 2020-21. Effective July 1, 2020, the rates are as follows: 39% for miscellaneous employees (up from 38.67% in 2019-20), 12% of this rate is being paid by the miscellaneous employees; and 73.40% for safety employees (up from 68.32% in 2019-20), 12% of this rate is being paid by the safety employees.

The total number of full-time City employees currently authorized is 387. In addition, the City continues to utilize a large number of part-time personnel, with combined total hours equivalent to approximately 104 full-time employees. The City has multi-

year employee labor agreements currently in place to further strengthen the City's fiscal forecast.

## **General Fund**

The adopted General Fund budget for 2020-21 consists of operating revenues of \$72,818,799, operating expenditures of \$71,496,947, and adjustment to reserves (details on page 8), which resulted in a balanced budget. Non-operating expenditures total \$1,088,292 and primarily consist of one-time maintenance and operation expenses. The General Fund is expected to end the year with an available fund balance of \$26,520,441. Additional reserves of \$11,062,484 are also available.

Major revenues are calculated based on a number of factors, including prior year budget amounts, year-end projections, current economic factors and consultant recommendations. An overall increase in operating revenues of approximately \$9,225,532 or 12.67% is projected for 2020-21, as compared to the 2019-20 adopted budget. The increase in revenue is primarily attributed to the voter approval of additional sales tax revenues (Measure "W") and increases in motor vehicle in-lieu taxes. Measure "W", a local sales tax measure, was approved by the voters on March 3, 2020 to provide additional funding for a variety of General Fund services that include policing, homelessness, streets maintenance, sidewalks, parks and other services. The following is a listing of major revenue sources in the General Fund.

*Property Tax:* The budget amount of \$6,186,949 represents no change from the 2019-20 adopted revenue amount of \$6,186,949.

*Sales/Use Tax:* For 2020-21, sales tax revenue is estimated to decrease 6.35% or \$657,000 compared to the 2019-20 adopted revenue amount of \$10,338,500 due to anticipated impacts of the COVID-19 shutdowns.

*Measure W Sales Tax:* For 2020-21, the new local sales tax revenue is estimated to be \$6,375,000.

*Franchise Tax:* The adopted amount of \$5,145,519 represents no change from the 2019-20 adopted revenue amount of 5,145,519.

*Utility User Tax:* The 2020-21 revenue is estimated at \$6,814,000, which represents a small decrease compared to the prior year's adopted budget.

*Motor Vehicle In-lieu:* The 2020-21 revenue of \$10,392,086 represents an increase of 4.82% or \$477,761 compared to the 2019-20 adopted budget.

*Contribution for General Government:* This is the cost allocation charged by the General Fund to other funds for administrative overhead. The estimated revenue for 2020-21 is \$2,192,719 which is a 2.82% increase from 2019-20.

*Santa Fe Springs Policing:* The budget associated with the Police services contract includes an increase partially attributed to rising retirement and health insurance costs. The base revenue amount for fiscal year 2020-21 is \$9,335,975.

### **Special Revenue Funds**

The following is a description of the various Special Revenue Funds and the programs or services that they fund:

The *Traffic/COPS Program Fund (210)* continues to budget for one motor officer, one sergeant and two part-time community service-related positions. Revenue sources consist of partial traffic fines and the Citizens' Option for Public Safety Program funding. The projected ending fund balance is \$194,385 for 2020-21. As designated funding sources continue to decline in future years, additional funding alternatives may need to be explored to maintain existing service levels.

The *Asset Forfeiture Fund (250)* continues to have an unpredictable revenue source and is therefore difficult to project revenue estimates during this budget period. Operating and non-operating revenues for 2020-21 are estimated to total \$129,064, which included a transfer in to cover salary and wages. This fund has a projected 2020-21 ending fund balance of \$4,737. As noted in prior years, the Asset Forfeiture fund balance is continuing to decrease, which has depleted the reserves for police salaries. This may be the last year of funding, and expenditures will need to be transferred to another funding source to maintain current staffing levels. The General Fund will likely need to assume employee costs for staff currently assigned to this fund beginning in 2021-22.

The Los Angeles County Metropolitan Transit Authority (Metro) distributes monies to cities within Los Angeles County to finance transit development programs approved by voters under *Proposition A (270)*, *Proposition C (280)* and *Proposition A Incentive Funds (275)* which produce a combined year-end fund balance of \$5,806,542 in the City. There is an additional \$1,229,244 in Greenway Trail Rental reserve. Fixed Route services are provided through the City of Norwalk.

Another transit program distributed by Metro is *Measure R (285)*, which was also established by the County voters and resulted in an increased sales tax rate in Los Angeles County by ½ cent. The City is expecting to receive \$1,147,809 in 2020-21.

*Measure M (286)* established a half-cent sales tax to fund transportation improvements and similar to Measure R, eligible uses include streets and roads, traffic control measures, bikeway and pedestrian improvements, and transit capital. The City is expecting to receive \$1,300,716 in 2020-21.

*Measure W (287)* from the Los Angeles County's Safe, Clean Water Municipal Program collected from a special parcel tax of 2.5 cents per square foot of impermeable surface area on private property within the Los Angeles County Flood Control District. Annual Measure W funds must be spent at least 70% on new projects, which would include operating and maintenance of infrastructure projects.

Remaining 30% of the funds may be used to reimburse for costs incurred on or after November 6, 2018, related to the continuation of programs implemented or the maintenance of projects implemented prior to November 6, 2018. The City is expecting to receive \$291,943 in 2020-21.

The *Uptown Parking District No. 1 (291)* was established to fund the operation of the City-owned multi-deck parking structure. In District No. 1, a net operating surplus of \$14,046 is projected. Major operating revenue sources are property tax assessments, rental income and parking fees. The fund is expected to end with a fund balance of \$138,982 on June 30, 2021.

The *Uptown Parking District No. 2 (292)* was established to fund the operation of City-owned surface parking lots. In District No. 2, a net operating surplus of \$137,427 is projected at year-end. The surplus will accumulate in fund balance for future operations and projects, including improved lighting. Major operating revenue sources are property tax assessments, rental income and meter fees. The fund balance at year-end is estimated at \$113,427.

### **Whittier Utility Authority and Internal Service Operations**

The Change in Financial Position schedules for the Whittier Utility Authority and Internal Service Funds differ slightly from those of the General and Special Revenue Funds. Emphasis is placed on net operating income and available working capital. The term "Available Working Capital" refers essentially to ending fund balances.

The *Sewer Fund (410)* is projected to have operating revenue of \$4,685,817 and operating expenditures of \$2,560,360. The proposed rate adjustment associated with the recent Cost of Service Rate and Fee Study will result in cost increases for some customer classes and decreases for others. For 2020-21, sewer fees for residential customers will increase from \$0.96 to \$1.01 per billing unit. As working capital is accumulated in this fund, it is used to fund capital projects. Available net working capital at year-end is estimated to be \$4,364,052 that will be used to fund future capital projects.

The *Water Fund (420)* anticipates an operating income that will be approximately \$4,165,726 in 2020-21, which includes an anticipated rate adjustment. The proposed adjustments are based on the recent Cost of Service Rate and Fee Study and have varying impacts on the different customer classes. For 2020-21, fees for Single Family Residential customers with a  $\frac{3}{4}$ " meter will increase from \$2.08 to \$2.19 per billing unit for the first 22 BU (Tier 1) and from \$3.41 to \$3.58 per billing unit for 22 BU and over (Tier 2). The Service Charge will increase from \$65.84 to \$69.13 per month. The adopted budget includes capital expenditures of \$5,150,000 allowing for available net working capital on June 30, 2021 projected at \$10,312,822. The fund currently has reserve funds totaling \$7,249,339 and comprised of the following: \$1,300,000 - Lease Repayment; \$2,500,000 - Emergency Capital Repairs; \$1,063,777 - Water Connection Fees; and \$2,385,562 - Operating Capital.

The *Solid Waste Disposal Fund (440)* is associated with landfill operations and has a projected 2020-21 ending balance of \$1,859,432.

### **Internal Service Funds**

The *Workers Compensation (720)*, *General Liability (730)* and *Group Health Insurance Funds (780)* are internal service funds and the amounts charged to departments are in proportion to operating expenses. The adopted budget reflects a combined fund balance of \$2,985,991. The City has agreed to pay for the 2020-21 healthcare increases for full-time employees.

The *Mobile Equipment Maintenance Fund (740)* is associated with fleet vehicle operations and is projected to have a year-end fund balance of \$1,043,688. The *Mobile Equipment Replacement Fund (750)* reflects total revenue of \$1,380,502 and total appropriations of \$1,498,000 for mobile equipment replacements. The projected fund balance on June 30, 2021 is \$5,706,559.

Other (non-mobile) equipment replacements are budgeted in the *Equipment Replacement Fund (770)*. Reflected in the adopted budget for Fund 770 are revenues of \$422,870, appropriations of \$492,300 and reserve funds totaling \$950,839 comprised of the following: \$668,004 – Copiers and \$282,835 – Financial Information System Upgrades.

### **Five-Year Capital Improvement Program**

The Five-Year Capital Improvement Summary Schedule lists all capital projects and their funding sources, and indicates which projects are recommended for funding in 2020-21. Although the schedule provides information for a number of years, only the appropriations remaining as of June 30, 2020, and the 2020-21 budget adoptions are fully funded. The future years' amounts are estimates and provided solely for informational purposes. Those projects and amounts may change and are not considered approved or funded until they are presented to the City Council during budget proceedings in their respective years.

### **Major Priorities and Funding Sources**

New CIP projects in the adopted budget consist of projects related to the sewer repair program, water improvements, mobile equipment replacement, traffic signal improvements, and street resurfacing. Funding for these projects are listed in the Five-Year Capital Improvement Program section of the budget.

### **For the Future**

Staff will begin reviewing future budgeting strategies and closely monitor the City's financial position. The condition of critical infrastructure to meet current and future needs of the community remains of high importance to the organization. For this purpose, the City remains on course with future strategies and improvements to attain these goals. In addition to projects noted on the Five-Year Capital

Improvement Plan, the City is also pursuing the following goals and projects:

- Substantial progress on the City's new General Plan and updated Housing Element, both expected to be completed in late 2021. Parking improvements throughout the historic Uptown area, including completion of the Uptown Parking Structure.
- Streetscape improvements in the Uptown area, including curb, gutter, sidewalk and landscape projects.
- Infrastructure upgrades in the Uptown area to accommodate future residential and commercial development projects.
- Pursuing a large-scale development on the former Alpha Beta site under the Uptown Whittier Specific Plan, which will include mixed use components.
- Construction of the eastern expansion of the Whittier Greenway Trail all the way to the County Line.
- Renovation and a minor expansion of the Central Library
- Improvements to Laurel, Guirado and Anaconda Parks and expansion of Lee Owens Park.
- Completion of The Groves at Whittier project located at the former Fred C. Nelles facility.
- Continue to honor families whose relatives are serving in the Armed Forces with the Blue Star Banner program.
- Implementation of a storm water management program to address fiscal and compliance concerns related to State mandated requirements, funded in part through the Los Angeles County Measure W Parcel Tax approved by voters in November 2018.
- Addressing community health safeguard and assisting in local economic recovery efforts due to the COVID-19 pandemic.

## **Conclusion**

The City of Whittier is anticipating modest revenue growth from its existing sources over the next several fiscal years. The COVID-19 pandemic has partially disrupted economic recovery throughout the United States, and as such, the City will closely monitor the many factors impacting revenues and look at strategies to achieve balanced budgets while maintaining existing service levels for our community. Whittier residents have placed tremendous trust in City leadership through their adoption of the Measure W local sales tax measure to support local services, which is why the economic disruption of COVID-19 has not led to a reduction in service levels, and has allowed the community to work toward achieving its goals of addressing the challenges of homelessness, improving police services, and addressing parks, infrastructure and recreation services this fiscal year and into the future.

We want to thank the City Council for their policy guidance and support. We believe this budget reflects your leadership and concern for the financial stability of the City. In addition, we would like to thank Department Directors and their staff for their participation and assistance in this process.

Sincerely,



Brian Saeki  
City Manager



Monica Lo  
Director of Administrative Services