



City of Whittier

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Joe Vinatieri
Mayor

September 22, 2016

Bob Henderson
Mayor Pro Tem

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

Cathy Warner
Council Member

Submitted herewith is the City's budget for fiscal year 2016-17. This budget details the City's operating and non-operating revenues and expenditures including the Whittier Utility Authority, Whittier Housing Authority and the Whittier Financing Authority. The City, in its effort to meet the needs of its citizens and customers through prudent fiscal management, has continued a policy of closely monitoring revenues and expenditures throughout the year and providing the City Council with quarterly budget updates. As Whittier strives to improve the quality of life throughout the community, there are always challenges in maintaining both City services and a balanced budget.

Josué Alvarado
Council Member

Fernando Dutra
Council Member

Jeffrey W. Collier
City Manager

Whittier continues to place an emphasis on the importance of balancing operating expenditures with operating revenues. In anticipation of another fiscally challenging year, the 2016-17 budget utilized collection contract revenues to balance the General Fund's adopted operating budget.

Economic Outlook

Housing and Economic Development

The housing market has continued to remain healthy over the past few years. With interest rates continuing at historically low levels, the City has confidence that both housing construction and prices will continue to increase throughout the fiscal year. In Southern California, the July 2016 median home price reached \$460,000, a 5% increase as compared to July 2015. However, home sales were down .2%, at levels essentially consistent with 2015 sales volumes. Increasing property values have had a positive impact on the General Fund, accounting for \$481,298 of additional 2016-17 estimated revenue growth. This budget projects only modest future revenue growth of 2% in this category.

Whittier was selected as the Institute for Local Government's 2016 Beacon Spotlight Award recipient for energy savings and sustainable best practices related to the City's efforts in reducing energy consumption and greenhouse gas emissions. The City of Whittier is also a past recipient of the Los Angeles County Economic Development Corporation's (LAEDC) Most Business-Friendly City in Los Angeles County award and has been a multiple-time finalist for this award. The City was also once again a finalist for the All-American Cities award, which focuses on organizations with strong community programming for their youth.

Unemployment and Consumer Confidence

The nation experienced a slight increase in job growth, with a decrease in unemployment rates from 5.3% in July 2015 to 5.2% in July 2016¹, resulting from increased hiring within many business sectors. In California, the unemployment rate is consistent with the national average at 5.2%, while the Los Angeles County rate is higher at 5.5%. In the City of Whittier, the unemployment rate continues to improve at only 4.1% in 2016. Some industries that have displayed positive outlooks with increased employment include high tech manufacturing, tourism, entertainment, construction, and business services. The state and local government sectors have been amongst the slowest employment sectors to recover. Two of the largest employers in the City of Whittier continue to be Interhealth Corporation - Presbyterian Intercommunity Hospital (PIH) and Whittier Union High School District, and both continue to be stable employers within the community. PIH continues to expand its operations within the Whittier area, with the planned development of a regional cancer center.

Consumer spending has seen improvement, increasing by 3.1% in 2016, after a 1.5% gain in 2015 as reported in the 2015-16 Economic Forecast by the Los Angeles County Economic Development Corporation (LAEDC). This increase was the largest in the past ten years, with the housing and motor vehicle sectors seeing the largest improvements².

Local economic growth has been consistent over the past few years and improvement is expected to continue at a modest pace.

Citywide Priorities and Goals

The City Manager's 2016-17 priority efforts include the reuse of the Fred C. Nelles correctional facility, the eastern extension of the Greenway Trail, support for green and sustainable energy projects, and utility and infrastructure improvements throughout the City.

The City Controller will continue to focus on the management of Whittier's accounting and budget, risk and emergency management, and human resources functions. The department strives to provide accurate and transparent financial reporting, and has successfully received the CSMFO's outstanding budget award and the GFOA's

Source: 1: Employee Development Department, State of California

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

Excellence in Financial Reporting for the past 27 years. The Risk and Emergency Management Division will continue with steps to expand its workers compensation “return to work program”, work towards developing an available trained compliment of disaster response volunteers, update the City Emergency Operations Plan and provide employees with emergency management training opportunities. Hiring is expected to remain steady and the Human Resources Division is expecting to complete a variety of both full-time and part-time recruitments, while supporting the City’s continuous labor needs.

The City Clerk-Treasurer will continue to oversee agenda and voting requirements, in addition to the investment of available funds in a prudent manner to generate additional revenues for the organization. The Business License Division annually processes over 6,800 licenses, and the Information Technology/Records Management Division will focus on responding to numerous public records requests and maintaining the City’s established technology infrastructure.

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 Whittier community. In the very near future, a new on-line class registration program will be introduced to the community. The Youth Services Division will partner with the Whittier Community Foundation to operate the popular Club Friday dances. The Parks Division will continue to complete maintenance and improvement projects along the Greenway Trail. Hardscape and play surfaces are projected to be improved during 2016-17 at various City parks and recreation facilities. The Transit Division’s very active Dial-A-Ride program will be supplemented with a Taxi Voucher Program to meet special passenger needs related to medical appointments in surrounding cities. Staff will continue to work with Public Works and Metro on various transit stop locations throughout the City.

The Library will continue to circulate nearly 525,000 items and serve over 600,000 patrons annually. The Library’s Summer Reading Program will serve approximately 5,000 participants, and encourages children to pursue literacy year round. Over 50,000 children are expected to participate in a variety of Library programs, and the Homework Center continues to provide resources through services designed specifically for students, and includes live online tutoring.

The Police Department in conjunction with the Los Angeles County Department of Mental Health is developing a program that will partner a police officer with a DMH clinician to handle police calls for service involving the mentally ill, homeless, and transient populations. Both the officer and clinician will operate from the police station, and proactively address issues in the community. The department is continuing to replace its patrol vehicles with the new SUV-type Police Interceptors, and is seeking State Homeland Security Grant Program (SHSGP) funding for the purpose of replacing handheld radios.

The Community Development Department continues to proactively maintain a cooperative working relationship with the design and development community. Primary elements of this effort for the Building & Safety Division include community education

and awareness related to safe building practices. The division conducts an estimated 1,650 building inspections annually. The Planning Division annually processes approximately 1,200 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 markets, churches, dining establishments, and reuses of former auto dealer sites. The Economic Development, Redevelopment Successor and Housing Division continues to manage the remaining redevelopment dissolution process and its transformation into the Whittier Redevelopment Successor Agency (WRSA). In addition, the housing assets of the former Redevelopment Agency are managed by the Whittier Housing Authority for low- and moderate-income housing purposes.

Dissolution laws provide WRSA with the authority to spend pre-2011 bond proceeds on the projects for which the bonds were originally issued. These redevelopment funds provide Whittier a significant source of one-time revenue to accomplish strategic infrastructure improvements. The Economic Development, Redevelopment Successor and Housing Division has a plan to deploy available bond funds for a variety of eligible projects, utilizing approximately \$15.9 million of non-housing bond funds, and over \$9 million of low and moderate-income housing bond funds. The projects consist of major infrastructure investments to facilitate implementation of the Uptown Whittier Specific Plan and Whittier Boulevard Specific Plan. Planned projects include a large parking structure and parking meters; curb, gutter, sidewalk, streets and street trees improvements; as well as sewer and water infrastructure improvements to facilitate economic growth. Improvements to streets and intersections necessary to accommodate large-scale housing and commercial development are likely to occur in the Uptown and Fred C. Nelles areas of the City. Lastly, the housing bonds will be invested to develop or maintain affordable housing projects throughout the City. The Housing Division continues to implement a variety of programs funded by Federal CDBG and HOME grants. These include assisting low-income families with rehabilitation of homes through the four grant/loan programs, graffiti abatement, code enforcement, social services, affordable housing projects and a variety of infrastructure improvements.

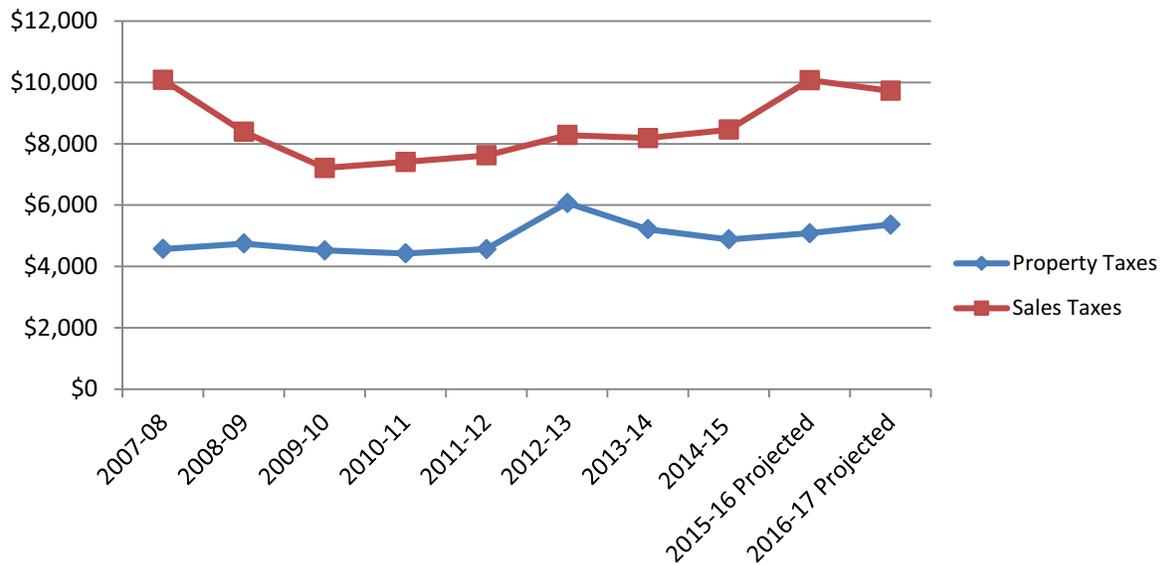
Whittier continues to recognize the importance of looking for new and innovative ways to assist its local business community. Staff will continue to assist with the planning of the Los Angeles County Small Business Contracting Connections seminars, which are spearheaded by the Los Angeles County Office of Small Business. Staff will also continue to promote the “Shop Whittier” campaign to encourage local shopping. Business outreach also continues to be an important component of the City’s Economic Development program and staff will continue to focus on visiting with both existing and prospective businesses.

The Public Works Department is continuing work on numerous capital projects, including various street and transportation projects throughout the City. The Water Division is actively managing and operating the new Pumping Plant No. 2 project, which includes a new SCADA system, new pumping plant, and additional water storage. The Water Division will continue to actively monitor drought conditions, and implement steps necessary to protect the City’s existing water supply. Additionally the department is

implementing a water and sewer system replacement program that will result in replacing the entire water system over the next 40 years and replacement of the entire sewer system over the next 30 years. Finally, the Solid Waste Disposal Division is in the design phase for landfill expansion and partial-closure projects.

Financial Trend Indicators – Fortunately, 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 improvement in recent years following the recession. 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 Employee Service Costs (ESC) category consists of salaries, wages and employee benefits. ESC makes up the largest component of General Fund expenditures and represents all personnel-related costs. There are currently two represented 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)

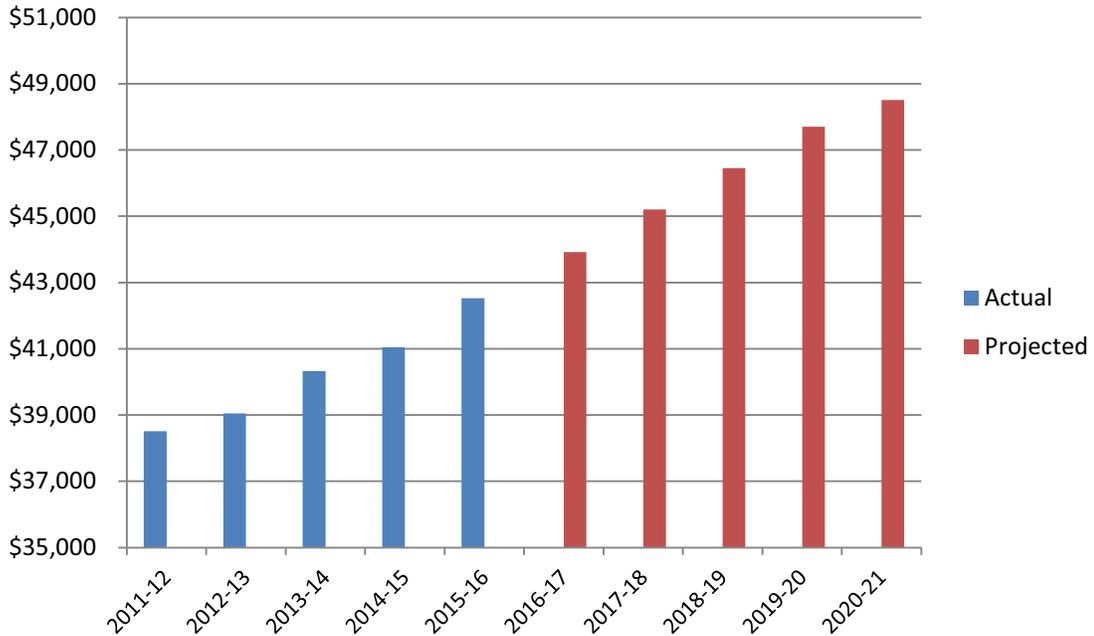
- Other benefits (insurance, 457 plans, disability insurance, unemployment, Medicare, disability pay, etc.)

The City strives to maintain existing employee service levels. Over the past several years there have been several reorganizations to address budget challenges, with a focus on minimizing impacts to City services. 2016-17 represents the final year of existing labor agreements. Beginning July 1, 2016, the City entered into a one-year agreement with two solid waste collection contractors, thereby reducing a total of 16 approved City positions.

Changes in Total Budgeted Positions:

	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
General Fund	413.48	410.02	408.03	401.07	404.07	409.14
Total Positions	512.67	507.71	504.87	497.91	502.91	490.54

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

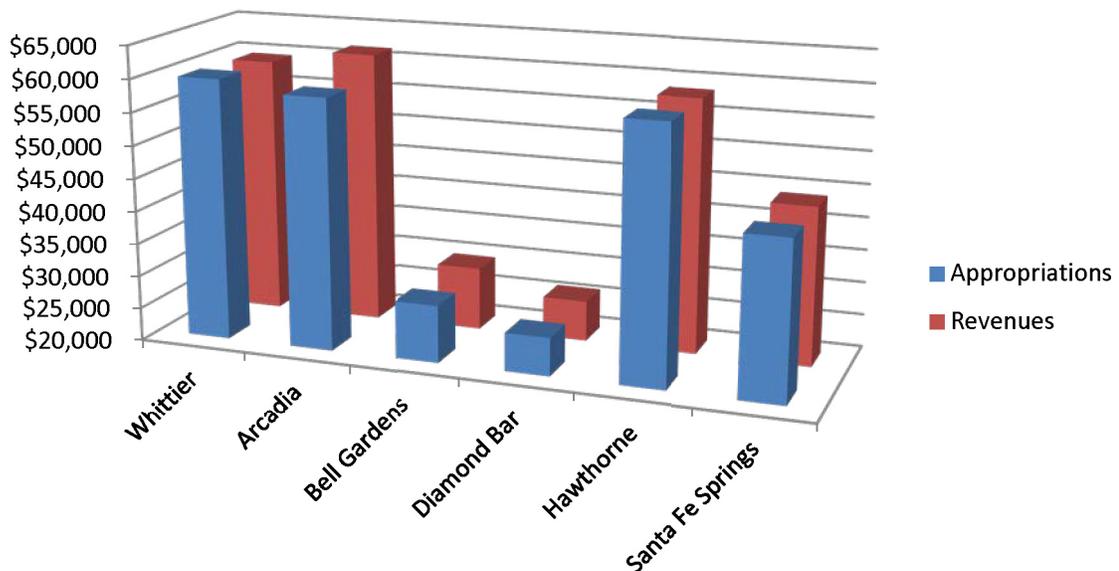


Comparative Budget Survey

In a per capita comparison of expenditures for 2016-2017 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	\$59,840,749	\$119,946,312	88,341	\$650.89
	Revenues	59,448,835	134,528,755		
Arcadia	Appropriations	58,265,400	110,033,294	57,050	1,021.31
	Revenues	61,592,700	103,109,027		
Bell Gardens	Appropriations	28,707,000	46,347,123	42,952	668.35
	Revenues	29,561,000	42,547,328		
Diamond Bar	Appropriations	25,790,864	48,966,472	57,081	451.83
	Revenues	26,145,201	48,309,880		
Hawthorne (FY 2015-16)	Appropriations	58,488,363	111,976,797	88,003	664.62
	Revenues	58,492,058	114,285,253		
Santa Fe Springs (FY 2015-16)	Appropriations	43,917,400	56,200,000	18,459	2,379.19
	Revenues	44,009,000	71,700,000		

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



Budget Process

For purposes of budget preparation and formulation, departmental budget submittals are prepared and submitted to the Controller's department 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, the City Controller's and City Manager's offices 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 the proposed expenditures, an inquiry is initiated by the Controller's office. Upon review by the Department Directors, purchase orders are transmitted to the Controller's Office for certification 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 2015-16 have been updated and are reflected in the beginning balances for 2016-17.

The Governmental Accounting Standards Board (GASB) issued Statement No. 54 that provided new direction on the accounting and reporting of fund balance and associated reserves. The requirements of this statement became effective for financial statements period beginning July 1, 2010. 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 ended June 30, 2016, General Fund's Emergency Contingency was \$2,903,953. 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 \$84,208,327, comprised of \$83,118,244 in operating revenue and \$1,090,083 in non-operating revenues. Expenditures total \$100,150,785 and consist of \$80,389,517 in operating expenditures, \$2,382,807 in non-operating expenditures and \$17,378,461 for capital improvements/projects.

Total revenues and expenditures by fund type are as follows:

	Projected	Budgeted
	<u>Revenues</u>	<u>Expenditures</u>
<i>City of Whittier</i>		
General	\$ 59,448,835	\$ 59,840,749
Special Revenues	8,710,682	9,995,065
Fiduciary	422,259	413,570
Capital	37,600	14,258,055
Internal Services	<u>15,588,951</u>	<u>15,643,346</u>
<i>City Total</i>	\$ 84,208,327	\$100,150,785
<i>Whittier Utility Authority</i>	27,381,420	33,588,930
<i>Whittier Housing Authority</i>	<u>1,055,981</u>	<u>200,000</u>
Grand Total	<u>\$112,645,728</u>	<u>\$133,939,715</u>

The budget reflects adjustments to retirement costs based on the CalPERS contribution rates for 2016-17. Effective July 1, 2016, the rates are as follows: 26.430% for miscellaneous employees (up from 24.652% in 2015-16), 12% of this rate is being paid by the miscellaneous employees; and 54.679% for safety employees (up from 50.476% in 2015-16), 12% of this rate is being paid by the safety employees.

The total number of full-time City employees currently authorized is 389. In addition, the City continues to utilize a large number of part-time personnel, with combined total hours equivalent to approximately 103 full-time employees. The City has multi-year employee agreements currently in place to further strengthen the City's fiscal forecast.

General Fund

The adopted General Fund budget for 2016-17 consists of operating revenues of \$59,398,835, operating expenditures of \$58,982,026, and adjustment to reserves (details on page 8), which result in an operating surplus. Non-operating expenditures total \$858,723 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 \$20,495,868. Additional reserves of \$11,051,197 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 \$1,795,251 or 3.12% is projected for 2016-17, as compared to the 2015-16 adopted budget. The increase in revenue is primarily attributed to increases in property, sales and use, franchise, and motor vehicle in-lieu taxes. The following is a listing of major revenue sources in the General Fund.

Property Tax: The budget amount of \$5,360,783 represents a 5.45% increase from the 2015-16 adopted revenue amount of \$5,083,661.

Sales/Use Tax: For 2016-17, sales tax revenue is estimated to have an increase of 7.69% or \$694,500 compared to the 2015-16 adopted budget, for a 2016-17 projection of \$9,723,500.

Franchise Tax: The adopted amount of \$2,874,519 represents a 6.50% increase from the 2015-16 adopted revenue amount of \$3,074,519.

Utility User Tax: The 2016-17 revenue is estimated at \$7,075,000, which remains consistent with the prior year's adopted budget.

Motor Vehicle In-lieu: The 2016-17 revenue of \$8,462,311 represents a 4.92% increase from the 2015-16 adopted revenue amount of \$8,065,604.

Contribution for General Government: This is the cost allocation charged by the General Fund to other funds for administrative overhead. The estimated revenue for 2016-17 is \$2,017,422 which is a 1.656% increase from 2015-16.

Santa Fe Springs Policing: The budget associated with the Police services contract includes an increase partially attributed to rising health insurance costs. The base revenue amount for fiscal year 2016-17 is \$8,123,243.

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 include one motor officer, one sergeant and two part-time community service related positions. However, this fund continues to operate with a declining year to year fund balance and additional staffing changes will need to be reviewed. Revenues have typically consisted of a portion of traffic fines and the Citizens' Option for Public Safety Program funding. The projected ending fund balance is \$461,377 for 2016-17. Additional funding alternatives may need to be explored in the future years to maintain existing service levels.

The *Asset Forfeiture Fund (250)* has a very unpredictable revenue source. Therefore, it is nearly impossible to predict how much, if any, revenue will be received during this budget period. The ending fund balance for 2016-17 is estimated at \$0. In addition, funds set aside in reserve accounts are allocated as follows: \$269,928 for Police Salaries, because revenue in this fund is unpredictable, this reserve account was set up as a contingency to ensure future funding for staff. Current operating expenditures are projected to exceed operating revenues. This scenario will eventually result in a depleted fund balance and necessitate the use of salary reserves in the future.

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 \$608,284 in the City. There is an additional \$722,231 in Greenway Trail Rental reserve. Fixed Route service is provided through the City of Norwalk.

Another transit program distributed by Metro is the *Measure R Fund (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 \$727,688 in 2016-17.

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 \$26,227 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 \$100,872 on June 30, 2017.

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 \$9,118 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 \$1,633,275.

Whittier Redevelopment Agency

In January 2012, ABX1 26 went into effect and essentially eliminated redevelopment agencies throughout the State. As a result of this new law, the *Whittier Redevelopment Agency (WRA)* was replaced with the *Whittier Redevelopment Successor Agency (WRSA)* and the *Whittier Housing Authority (WHA)*. Based on legal advice, the budgets for these two new entities are currently not included in this document, because the final authority for their expenditure approvals are legislatively assigned to several agencies, including the State of California's Department of Finance.

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 \$4,274,628 and capital expenditures of \$4,410,000. This is the final year of the four-year rate plan to increase rates sufficiently to fund a target sewer infrastructure replacement schedule of 30 years. An example residential consumer using 11 billing units of water per month will realize a monthly increase of \$0.66. 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 \$59,867 that will be used to fund future capital projects.

The *Water Fund (420)* anticipates an operating income that will be approximately \$1,779,371 in 2016-17, which includes an anticipated rate adjustment. This is the third year of the four-year rate plan to increase rates sufficiently to fund a target water infrastructure replacement schedule of 40 years. The example customer with a $\frac{3}{4}$ " meter and using 11 billing units of water per month will realize a monthly rate increase of \$6.73. The proposed budget includes capital expenditures of \$5,755,000 allowing for available net working capital on June 30, 2017 projected at \$235,074. The fund currently has reserve funds totaling \$980,586 and comprised of the following: \$1,300,000 - Lease Repayment; \$2,000,000 - Emergency Capital Repairs; \$49,586 - Water Connection Fees; and \$631,000 - Operating Capital.

The *Solid Waste Disposal Fund (440)* has a projected 2015-16 ending balance of \$873,338.

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 \$4,689,623. The City has agreed to equally share 2016-17 healthcare increases with eligible employees.

The *Mobile Equipment Maintenance Fund (740)* is projected to have a year-end fund balance of \$723,620.

The *Mobile Equipment Replacement Fund (750)* reflects total revenue of \$1,360,199 and total appropriations of \$1,086,200 for mobile equipment replacements. The projected fund balance on June 30, 2017 is \$6,657,016.

Other (non-mobile) equipment replacements are budgeted in the *Equipment Replacement Fund (770)*. Reflected in the adopted budget for Fund 770 are revenues of \$207,200, appropriations of \$198,200 and reserve funds totaling \$1,384,897, comprised of the following: \$398,697 – Police Equipment; \$628,365 – Copiers; and \$357,835 – Financial Information System Replacement.

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 2016-17. Although the schedule provides information for a number of years, only the appropriations remaining as of June 30, 2016, and the 2016-17 budget adoptions are fully funded. The future years' amounts are estimates and provided solely for informational purposes. Those projects and/or 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 a number of improvements, including projects related to the Greenway Trail extension, information technology, sidewalk repairs, water and sewer improvements, mobile equipment replacement, facility improvements, replacement of traffic signals, street signs, street lighting, and street resurfacing. Funding for these projects is listed in the Five-Year Capital Improvement Program section of the budget.

For the Future

While staff will continue to 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:

- Implementation of an assessment district in the Uptown area.
- Parking improvements in the Uptown area, including a multi-level 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 new Uptown Whittier Specific Plan, which will include mixed use components.
 - Future streetscape enhancements along portions of Whittier Boulevard including the construction of a drought tolerant median.
 - Construction of the eastern expansion and related funding for the Whittier Greenway Trail.
 - Working with the State and developer regarding reuse of the Fred C. Nelles School property.
 - Continue to honor families whose relatives are serving in the Armed Forces with the Blue Star Banner program.
 - Developing a storm water management program to address fiscal and compliance concerns related to State mandated requirements.

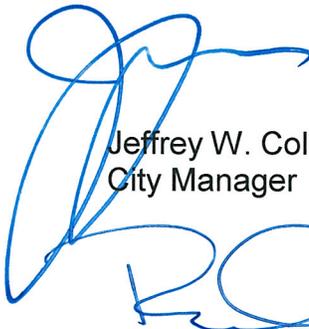
Conclusion

The City of Whittier is anticipating modest revenue increases from existing sources over the next several fiscal years. As such, the City will closely monitor many factors impacting revenues and look at strategies to achieve balanced budgets while maintaining existing service levels for our community. During 2016-17, staff will continue to pursue opportunities for new revenue sources to meet the growing needs of the City, while closely monitoring economic changes with Whittier's fiscal situation.

With continuing economic challenges facing our City, Whittier is aware leadership stability is critical to maintaining operation continuity for its citizens.

We want to thank the City Council for their support and 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 in this process, and Monica Lo, Assistant City Controller, for her diligence and commitment to the preparation of this document.

Sincerely,



Jeffrey W. Collier
City Manager



Rod C. Hill
City Controller & Director of Human Resources