

# CITY OF VERNON

## 2019/2020 Adopted Budget



# CITY OF VERNON

2019/2020 Adopted Budget

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# CITY OF VERNON

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## CITY ADMINISTRATOR MEMORANDUM

**Dear Mayor, Members of the City Council, and Vernon Community:**

The City is currently poised to successfully tackle the upcoming year by embracing its positive trajectory. After all, there is a spectrum of possibilities that await Vernon as a result of its focus on innovative solutions in recent years. Industry, community, and service continue to guide the City's management of its resources and responsibilities. The decisions made today – which are often difficult – will position the City for prosperity and sustainability. Vernon leadership consistently strives to strike a balance between honoring the City's historical roots and endorsing a steady evolution that incorporates a creative, modern, and intelligent approach to resolving issues facing the City in the present day.

In the Fiscal Year 2019/2020 Citywide budget, good governance and sound fiscal management are prevalent themes. I proudly transmit this year's Budget Book on behalf of the City of Vernon. As the City considers its current challenges, it is optimistic that its various pursuits to explore opportunities for cost containment are efficient steps toward its goals to achieve longevity. Preservation is paramount, as Vernon continues to be a vibrant economic engine in the Southern California region. As the City moves into the new fiscal year, we will remain attentive to the prevailing economic climate and mindful of managing enhanced services within reasonable limits.

This comprehensive Budget Book has been designed to maintain heightened levels of transparency. The Budget Book communicates information about the City's overall fiscal position, current challenges, and relevant financial strategies as they relate to the recently adopted budget. With its foundation in industry, Vernon is unique and, therefore, its challenges, goals, and tactics to achieve stability remain markedly distinct. Staff's goal for creating this resource is to ensure that the Vernon community is well informed, and has access to useful reference materials that detail how the City operates.

August of 2019 marked a pivotal moment in history for Vernon. City Council unanimously voted to adopt a resolution that approved the City's transition of its Fire Services to the Los Angeles County Fire District. The move to the County was well-researched and, ultimately, it was determined that such a conversion would benefit the City in the present, while also yielding enormous cost savings for the City in the years to come. Without compromising top-notch fire services, Vernon effectively takes another step toward fiscal solvency via the Los Angeles County contract. The official transition to the County should be completed by summer of 2020 and will impact Vernon's financial bottom line in a dramatic manner.

The monumental decision to transition to LA County's Fire Services is evidence that the City is serious about its commitment to present ideas that will permit long-term sustainability. The general fund should be able to stand on its own financially in order to support basic City functions such as general government, public safety, health services, and public works. The short-term prognosis for the City is stable, however, it is imperative that the search for additional revenue streams for the City continue in order to secure the type of long-term stability that allows Vernon inhabitants to thrive. Coming in the near future are adjustments to fee schedules and a new sales tax measure which is slated for the City's April 2020 ballot. There is a desire to position the City for growth and its leaders continue to advocate forward thinking that ensures that Vernon remain open to unique revenue opportunities – live/work zoning overlays, retail, development agreements are all on the table for



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discussion and will be evaluated while being mindful of feedback from Vernon stakeholders. It is important that Vernon retain its foothold as a haven for commercial and industrial business which means that costs to conduct business within City limits must be highly competitive. Understanding this, Vernon maintains its resolve to implement means to build its revenue sources in order to give back to its valued community by way of reduced utility rates, delivering on its commitment to customer competitiveness.

Transformation continues. Traditional City philosophies continue to progress in order to ensure that the most effective solutions are implemented to handle the anticipated fiscal strains that exist on the horizon. Not unlike many other municipalities, Vernon must contend with OPEB, Pension Liability, minute shares of state and federal funding, and debt service obligations. Preparing for these impacts is key. The City will continue to build on the successes and achievements realized last year, and will remain dedicated in its efforts to secure its future.

The Adopted Budget for Fiscal Year 2019/2020 is reflective of the following priorities:

- Fiscal Responsibility
- Efficiency & Adaptability
- City Infrastructure Investments
- Technology Integration

City Council and staff endeavored budgetary planning and prioritizing with the utmost scrutiny. The Adopted Budget exhibits our pledge to provide high quality services to the public while remaining efficient and adaptable to factors affecting the general economy and limited City resources; and while balancing community priorities with a sustainable financial plan – a well-rounded budget that was designed with purpose. The finished product is a result of the commitment and collaborative effort amongst City Council, City Management, and community members to secure a Vernon legacy that can be celebrated.

As always, we appreciate the valuable feedback provided during the City's budget development process. As we enter into the new fiscal year, I encourage all to be engaged and participate in forging a viable path into the future – a future that represents a full spectrum of possibilities.

Respectfully,

Carlos R. Fandino, Jr.  
City Administrator





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## BUDGET SUMMARY

### Overview

The Fiscal Year (FY) 2019/2020 Adopted Budget is balanced and reflects the City's continued commitment to providing public services and programs that enhance the Vernon community. The Adopted Budget utilizes the City's financial, human, and capital resource allocations to achieve its service delivery goals.

The revenue budget was prepared using some basic assumptions about growth of projected revenues based on property values, expected economic growth, the Consumer Price Index, and proposed fee increases.

## FY 2019/2020 Adopted Budget

### Overview of Funds

The City has two major classifications of funds under which it operates, *Governmental Funds* and *Business-Type Funds*.

*Governmental Funds* are used to account for tax-supported activities and consist of the following funds:

- 1) General Fund
- 2) Successor Agency Fund

Governmental Funds are established to account for activities under which traditional government activities occur. The adopted budget for the City's FY 2019/2020 Governmental Funds is as follows:

Operating revenues	\$59.6
Operating expenditures	\$65.3
Operating surplus (deficit)	(\$5.7)
Non-operating revenues (expenditures)	\$8.6
Extraordinary items	(\$2.8)
Net surplus (deficit)	\$0



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**Business-Type Funds** are used to report activities for which fees are charged to external users for goods and services and consist of the following funds:

- 1) Electric Fund
- 2) Gas Fund
- 3) Water Fund
- 4) Fiber-Optics Fund

These four Business-Type Funds are managed by the Vernon Public Utilities Department. Each of these four funds is representative of a utility activity that produces revenue based upon service being provided to customers within Vernon. The adopted budget for the City's FY 2019/2020 Business-Type Funds is as follows:

Operating revenues	\$231.7
Operating expenditures	\$242.1
Operating surplus (deficit)	(\$10.4)
Non-operating revenues (expenditures)	(\$7.1)
Extraordinary items	\$17.5
Net surplus (deficit)	\$0

### Governmental Funds

The City's Governmental Funds have been established in order to account for tax-supported activities, as opposed to Business-Type activities where fees are collected for goods and services rendered. Each governmental fund was created for the purpose of generating greater financial accountability to the taxpayers and identifying specific activities. Each of the two funds are discussed in further below.

#### **General Fund**

The General Fund is the City's primary operating fund. It is used to account for all revenues and expenditures necessary to carry out basic governmental activities of the City that are not accounted for through other funds. For the City, the General Fund includes such activities as general government, public safety, health services, and public works. The adopted budget for the FY 2019/2020 General Fund is as follows:

Operating revenues	\$53.9
Operating expenditures	\$59.6
Operating surplus (deficit)	(\$5.7)
Non-operating revenues (expenditures)	\$8.6
Extraordinary items	(\$2.8)
Net surplus (deficit)	\$0



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The General Fund supports the majority of basic City services such as general government, public safety, health services, and public works. Public Safety expenditures alone represent roughly \$29.0 million, or 49% of the General Fund. General Fund services are primarily supported by taxes, licenses, permits, and intergovernmental revenues.

### Successor Agency Fund

The Vernon Successor Agency Fund is a private-purpose Trust Fund. This fund reports the City's activities of the Dissolved Vernon Redevelopment Agency, which is now known as the Successor Agency. The revenue source comes from the State of California in the form of semi-annual payments in order to pay bond debt and other administrative expenses to settle the affairs of the dissolved Vernon Redevelopment Agency. The adopted budget for the FY 2019/2020 Successor Agency Fund is as follows:

Operating revenues	\$5.7
Operating expenditures	\$5.7
Operating surplus (deficit)	\$0
Non-operating revenues (expenditures)	\$0
Extraordinary items	\$0
Net surplus (deficit)	\$0

Please note that the Parcel Tax Fund and Hazardous Waste Fund are no longer separately identified in the City budget. For further information on this topic, please review page 21 of the Budget Book.

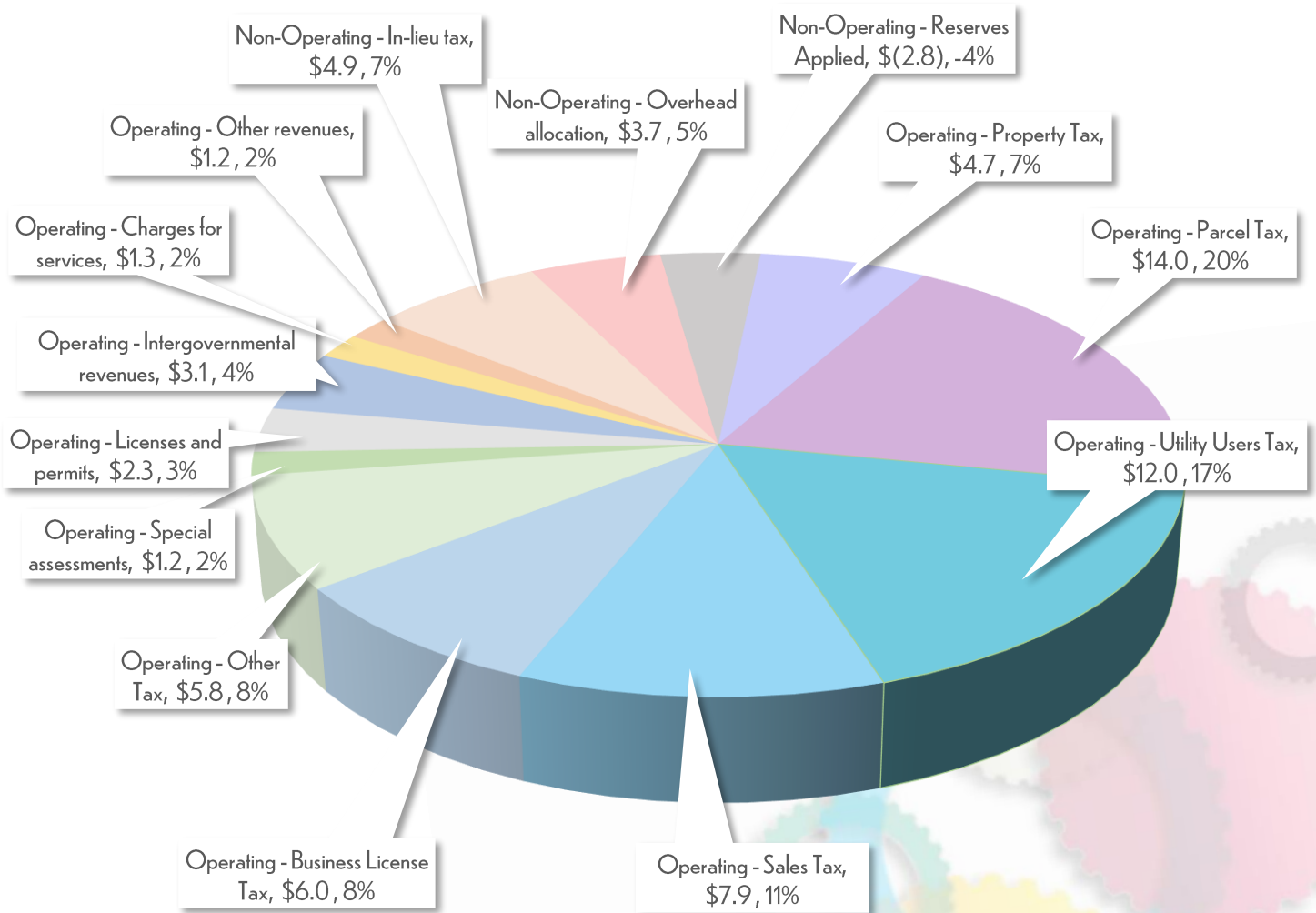


# CITY OF VERNON

## 2019/2020 Adopted Budget

The following pie charts demonstrate the City's Governmental Fund revenues and expenditures:

### GOVERNMENTAL FUND Operating and Non-Operating REVENUES



Total for FY 2019/2020 = \$65.3 mil

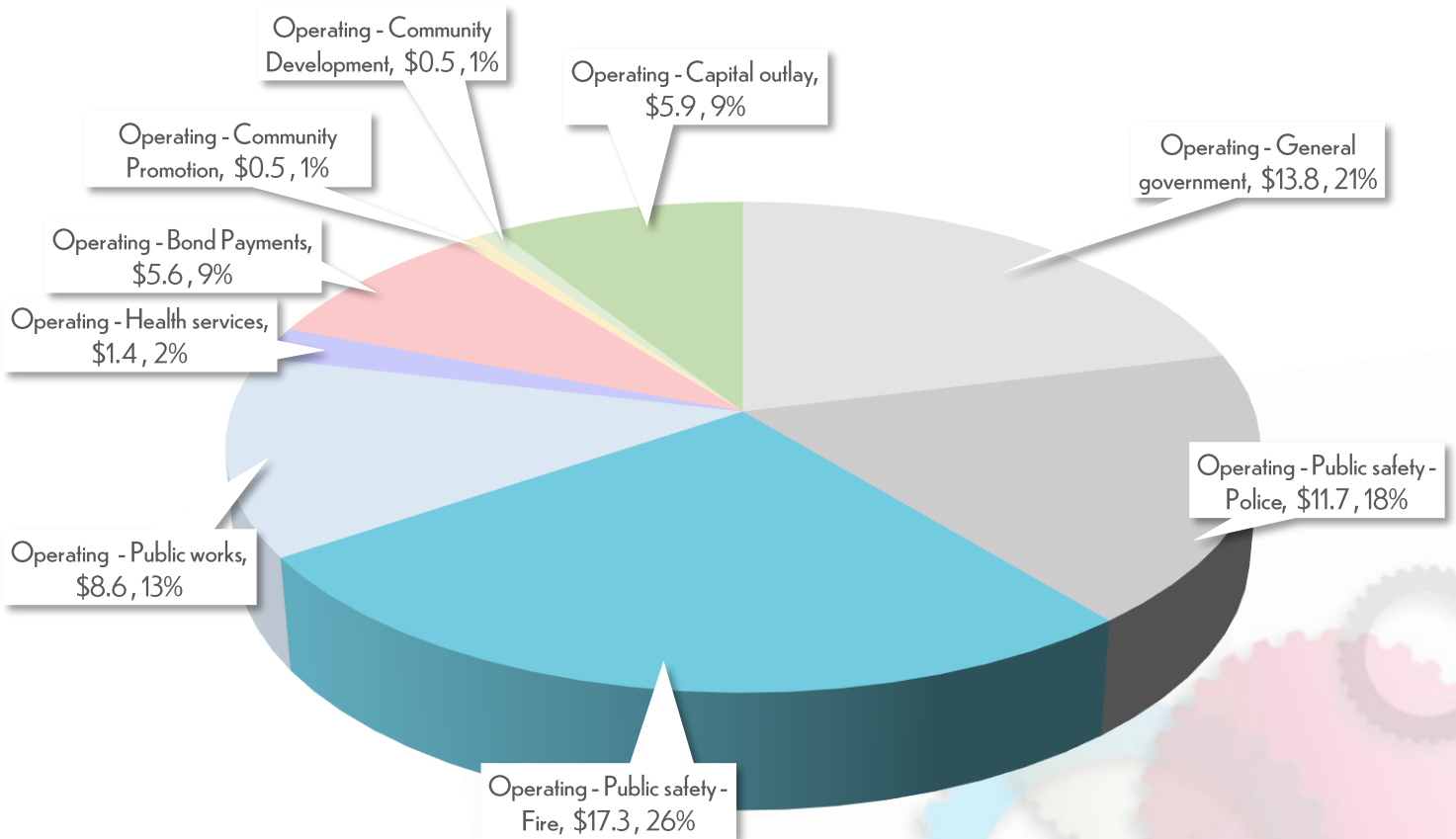




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## GOVERNMENTAL FUND Operating and Non-Operating EXPENDITURES



Total for FY 2019/2020 = \$65.3 mil



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### *Business-Type Funds*

The City operates with four Business-Type Funds, also known as *Enterprise Funds*, which account for functions of the Vernon Public Utilities Department. Enterprise Funds are used to report activities for which a fee is charged to external users for goods and services. These activities are comparable to a business enterprise that operates to earn a profit. However, in the City's case, any excess revenues earned are set aside in the reserves to meet future capital and operating requirements. The City uses Enterprise Funds to account for its Electricity, Gas, Water, and Fiber Optics activities.

#### Electric Fund

The Electric Fund has been established to account for the maintenance and operations of the City's electric utility plant and operations. Revenues come from charges for electricity services and energy trading activity. In addition, there is an extraordinary item of \$9.3 million budgeted as reserves applied. The adopted budget for the FY 2019/2020 Electric Fund is as follows:

Operating revenues	\$208.1
Operating expenditures	\$209.4
Operating surplus (deficit)	(\$1.3)
Non-operating revenues (expenditures)	(\$8.0)
Extraordinary items	\$9.3
Net surplus (deficit)	\$0

#### Gas Fund

The Gas Fund has been established to account for gas utility operations. The City's gas customers receive natural gas purchased by the City, which is sourced from Southern California Gas Company and the open market. The natural gas is routed through the City's own natural gas pipelines which are equipped to serve customer requirements. Gas customers served by City infrastructure receive natural gas based upon rates established for cost recovery for the gas commodity, maintenance, and operations. The adopted budget for the FY 2019/2020 Gas Fund is shown below.

Operating revenues	\$14.1
Operating expenditures	\$14.6
Operating surplus (deficit)	(\$0.6)
Non-operating revenues (expenditures)	\$0
Extraordinary items	\$0.6
Net surplus (deficit)	\$0

#### Water Fund



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The Water Fund accounts for maintenance and operations of the City's water utility system. Revenue for this fund is primarily derived from charges for water services. Under Proposition 218 and 26, the State of California precludes transfers of excess revenues as operating transfers. For FY 2019/2020, there is an extraordinary item of \$8.0 million budgeted as reserves applied to cover the cost of capital outlay. The adopted budget for the FY 2019/2020 Water Fund is shown below.

Operating revenues	\$8.6
Operating expenditures	\$17.5
Operating surplus (deficit)	(\$8.9)
Non-operating revenues (expenditures)	(\$0.9)
Extraordinary items	\$8.0
Net surplus (deficit)	\$0

### Fiber Optics Fund

The Fiber Optics Fund accounts for maintenance and operations of the City's fiber optics utility system. Much like the Water Fund, revenue for this fund is primarily derived from charges for fiber optic services. The City's fiber optics system has been built to strategically address major customer needs. The adopted budget for the FY 2019/2020 Fiber Optics Fund is shown below.

Operating revenues	\$1.0
Operating expenditures	\$0.7
Operating surplus (deficit)	\$0.3
Non-operating revenues (expenditures)	\$0
Extraordinary items	\$0
Net surplus (deficit)	(\$0.3)

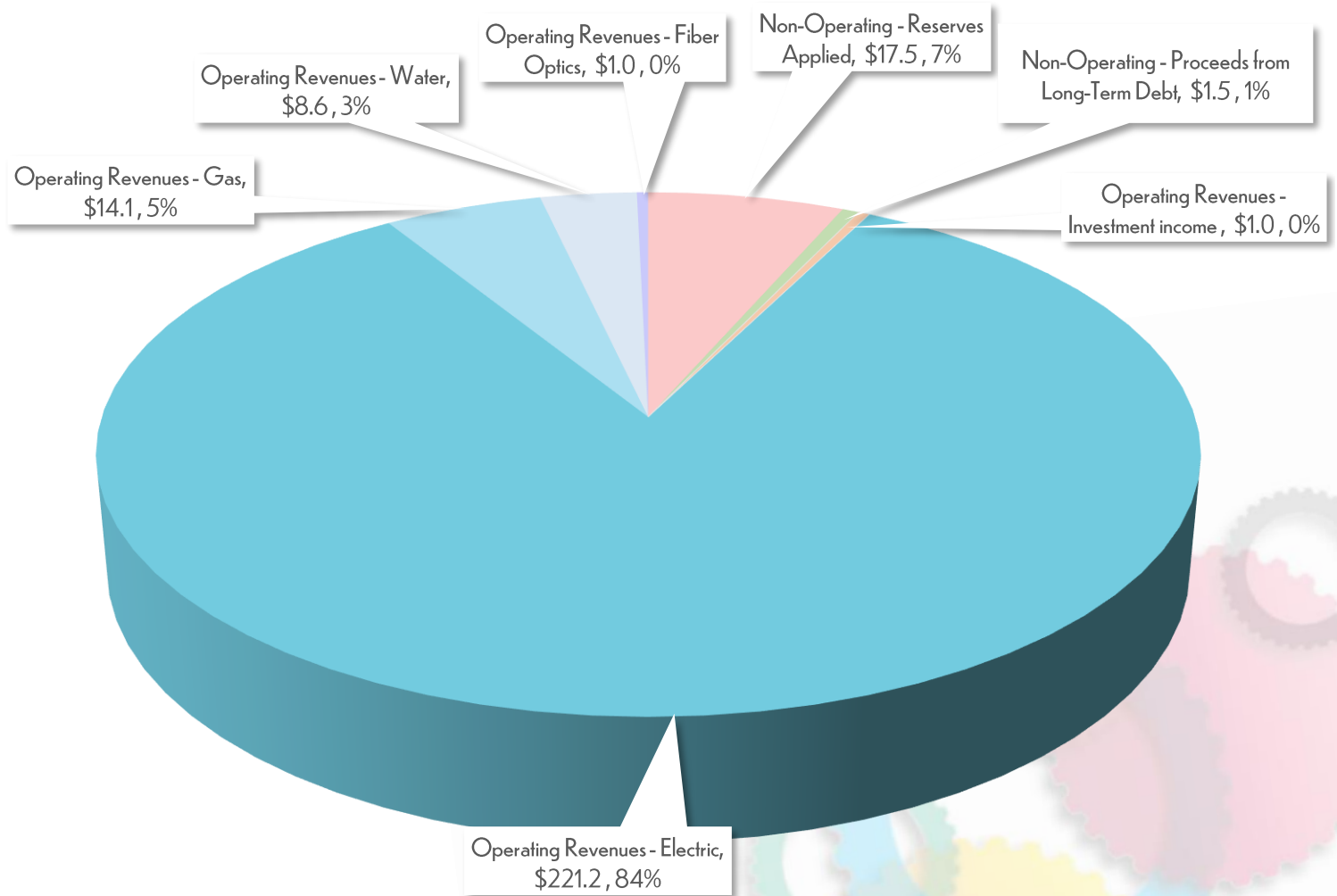


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## 2019/2020 Adopted Budget

The following pie-charts demonstrate the City's Enterprise Fund budget by detailing anticipated revenues and budgeted expenditures during FY 2019/2020:

### ENTERPRISE FUND Operating and Non-Operating REVENUES



Total for FY 2019/2020 = \$264.9 mil

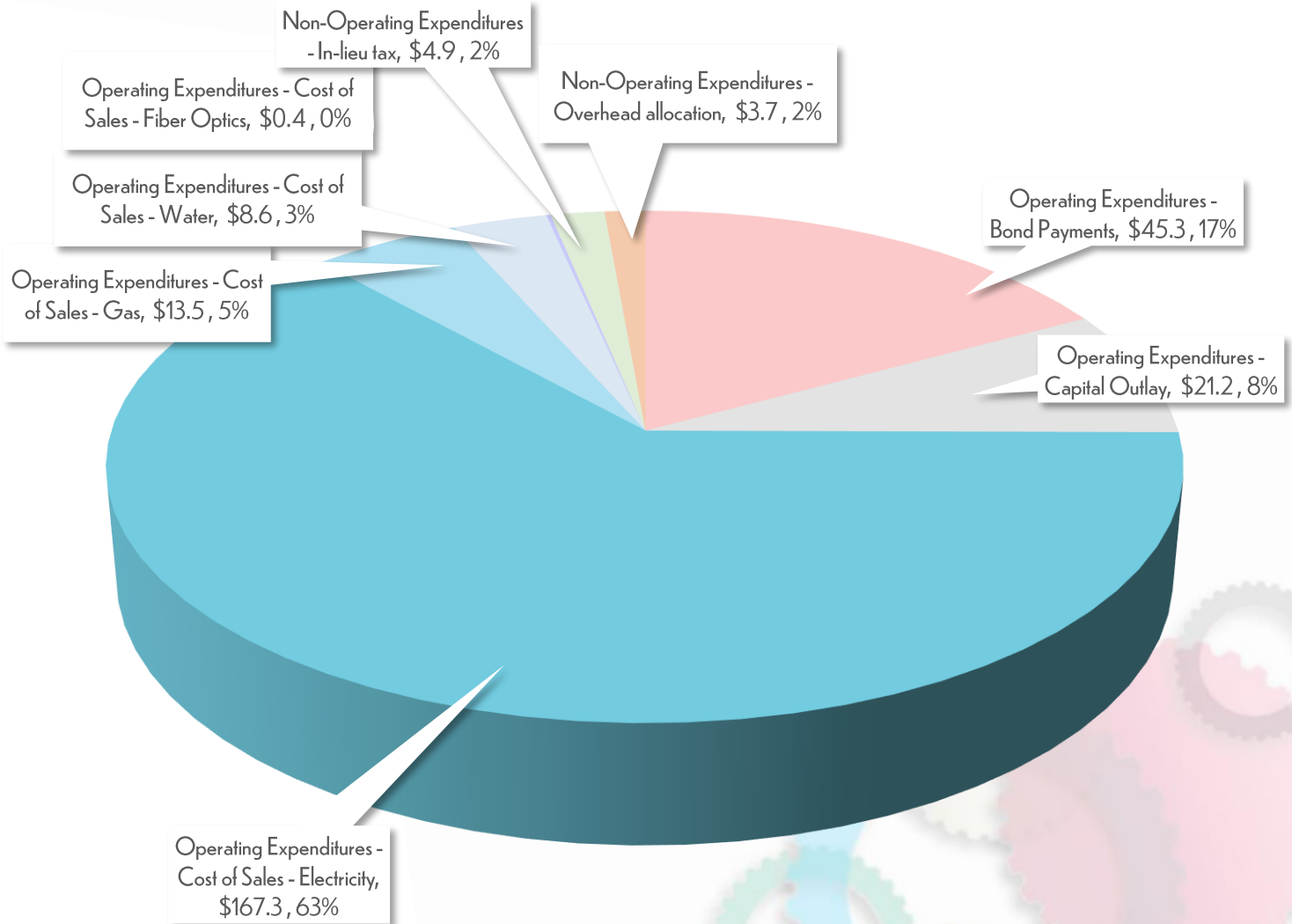




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## ENTERPRISE FUND Operating and Non-Operating EXPENDITURES



Total for FY 2019/2020 = \$264.9 mil



# CITY OF VERNON

## 2019/2020 Adopted Budget

A summary of the FY 2019/2020 Adopted City Budget which includes Government Activities and Business Activities can be found below.

The *Governmental Funds* Budget consists of two types of Government activities: General Fund and Successor Agency Fund. The total budgeted net increase for the year is \$842,046.

### *Fiscal Year 2019/2020 Governmental Funds Budget*

	General Fund	Successor Agency Funds	Governmental Funds Total
Total Operating Revenues	\$53,871,168	\$5,698,006	\$59,569,174
Total Operating Expenditures	\$59,613,142	\$5,698,006	\$65,311,148
Net Operating Increase (Decrease)	(\$5,741,974)	-	(\$5,741,974)
Total Non-Operating Revenues (Expenditures)	\$8,591,526	-	\$8,591,526
Total Extraordinary Items	(\$2,849,552)	-	(\$2,849,552)
Net Increase (Decrease)	-	-	-



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The *Business-Type Funds (Enterprise Funds)* Budget consists of four types of Business Activities: Electric, Gas, Water, and Fiber Optics Funds. The total budgeted net increase for the year is \$26,208,973.

### *Fiscal Year 2019/2020 Business-Type Funds Budget*

	Electric Fund	Gas Fund	Water Fund	Fiber Optics Fund	Business-Type Funds Total
Total Operating Revenues	\$208,070,534	\$14,081,125	\$8,573,244	\$983,220	\$231,708,123
Total Operating Expenditures	\$209,373,505	\$14,638,215	\$17,460,962	\$673,084	\$242,145,766
Net Operating Increase (Decrease)	(\$1,302,971)	(\$557,090)	(\$8,887,718)	\$310,136	(\$10,437,643)
Total Non-Operating Revenues (Expenditures)	(\$8,005,026)	-	\$913,500	-	(\$7,091,526)
Total Extraordinary Items	\$9,307,997	\$557,090	\$7,974,218	(\$310,136)	\$17,529,169
Net Increase (Decrease)	-	-	-	-	-

A summary of the overall City budget reflects that a balanced budget was approved, with reserves applied of \$14,679,617.

For further detail on the Governmental Funds and Business-Type Funds, please refer to Appendix II of the Budget Book.



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**CITY OF VERNON**  
Fiscal 2019-2020 Final Budget Summary as of August 28, 2019  
Cash Basis

	Governmental Funds			Business-Type Funds					
	General	Successor	Governmental					Business-type	
	Fund	Agency	Funds	Electric	Gas	Water	Fiber Optics	Funds	City-Wide
		Funds	Total	Fund	Fund	Fund	Fund	Total	Total
<b>Operating revenues</b>									
Taxes	44,683,670	5,698,006	50,381,676	-	-	-	-	-	50,381,676
Special assessments	1,212,000	-	1,212,000	-	-	-	-	-	1,212,000
Licenses and permits	2,322,627	-	2,322,627	-	-	-	-	-	2,322,627
Fines, forfeitures and penalties	200,038	-	200,038	-	-	-	-	-	200,038
Investment income (loss)	85,000	-	85,000	1,000,000	-	-	-	1,000,000	1,085,000
Intergovernmental revenues	3,137,250	-	3,137,250	-	-	-	-	-	3,137,250
Charges for services	1,286,499	-	1,286,499	207,070,534	14,081,125	8,573,244	983,220	230,708,123	231,994,622
Other revenues	944,084	-	944,084	-	-	-	-	-	944,084
<b>Total operating revenues</b>	<b>53,871,168</b>	<b>5,698,006</b>	<b>59,569,174</b>	<b>208,070,534</b>	<b>14,081,125</b>	<b>8,573,244</b>	<b>983,220</b>	<b>231,708,123</b>	<b>291,277,297</b>
<b>Operating expenditures</b>									
General government	13,706,874	125,000	13,831,874	-	-	-	-	-	13,831,874
Public safety - Police	11,674,707	-	11,674,707	-	-	-	-	-	11,674,707
Public safety - Fire	17,295,091	-	17,295,091	-	-	-	-	-	17,295,091
Public works	8,600,601	-	8,600,601	-	-	-	-	-	8,600,601
Health services	1,422,869	-	1,422,869	-	-	-	-	-	1,422,869
Community promotion	500,000	-	500,000	-	-	-	-	-	500,000
Community development	500,000	-	500,000	-	-	-	-	-	500,000
Principal retirement	-	2,825,000	2,825,000	25,815,000	-	-	-	25,815,000	28,640,000
Interest payment	-	2,748,006	2,748,006	19,497,322	-	-	-	19,497,322	22,245,328
Capital outlay	5,913,000	-	5,913,000	10,936,000	1,125,000	8,852,000	250,000	21,163,000	27,076,000
Cost of sales	-	-	-	153,125,183	13,513,215	8,608,962	423,084	175,670,444	175,670,444
<b>Total operating expenditures</b>	<b>59,613,142</b>	<b>5,698,006</b>	<b>65,311,148</b>	<b>209,373,505</b>	<b>14,638,215</b>	<b>17,460,962</b>	<b>673,084</b>	<b>242,145,766</b>	<b>307,456,914</b>
<b>Net operating surplus (deficit)</b>	<b>(5,741,974)</b>	<b>-</b>	<b>(5,741,974)</b>	<b>(1,302,971)</b>	<b>(557,090)</b>	<b>(8,887,718)</b>	<b>310,136</b>	<b>(10,437,643)</b>	<b>(16,179,617)</b>
<b>Non-operating revenues (expenditures)</b>									
Proceeds from long-term debt	-	-	-	-	-	1,500,000	-	1,500,000	1,500,000
In-lieu tax transfer in (out)	4,925,975	-	4,925,975	(4,925,975)	-	-	-	(4,925,975)	-
Overhead allocation in (out)	3,665,551	-	3,665,551	(3,079,051)	-	(586,500)	-	(3,665,551)	-
<b>Total non-operating revenues (expenditures)</b>	<b>8,591,526</b>	<b>-</b>	<b>8,591,526</b>	<b>(8,005,026)</b>	<b>-</b>	<b>913,500</b>	<b>-</b>	<b>(7,091,526)</b>	<b>1,500,000</b>
<b>Extraordinary items</b>									
Reserves applied	(2,849,552)	-	(2,849,552)	9,307,997	557,090	7,974,218	(310,136)	17,529,169	14,679,617
<b>Total extraordinary items</b>	<b>(2,849,552)</b>	<b>-</b>	<b>(2,849,552)</b>	<b>9,307,997</b>	<b>557,090</b>	<b>7,974,218</b>	<b>(310,136)</b>	<b>17,529,169</b>	<b>14,679,617</b>
<b>Net increase (decrease)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>



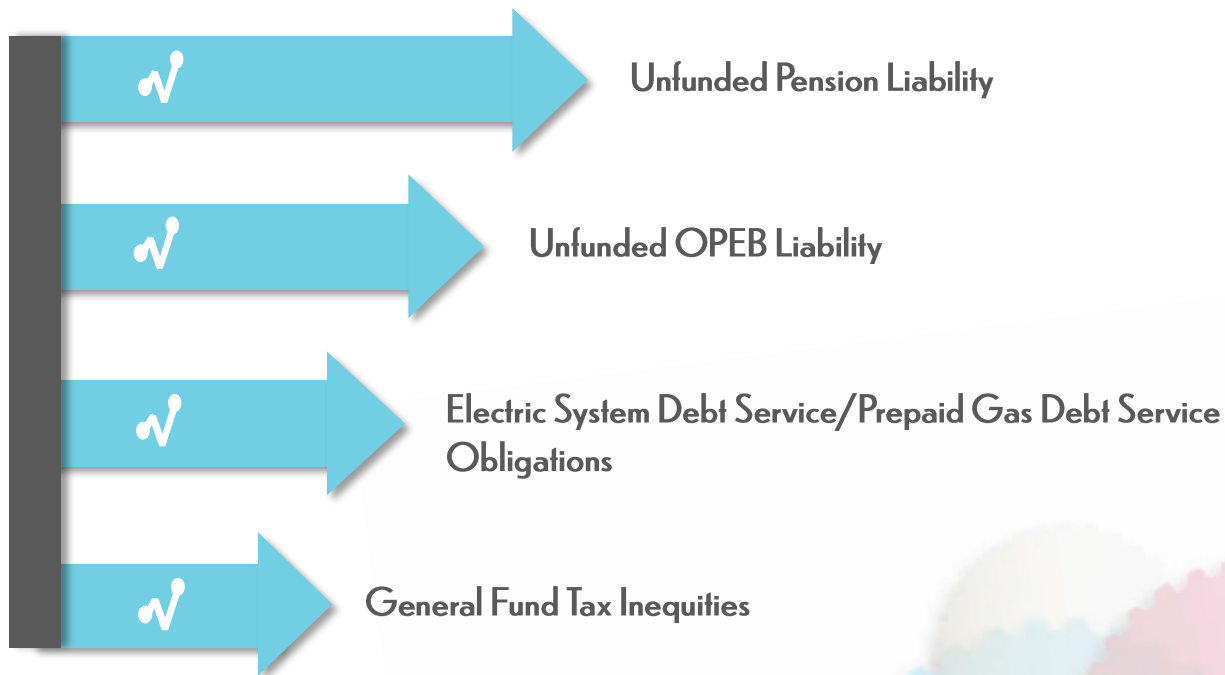


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## Budgetary Challenges

There are major factors that have an impact on the City and each are considered when planning begins for the new fiscal year budget. The diagram below is a summary of the elements that have been considered in this year's budget development process. The City's goal has been to define a balanced budget and enact strategies that will enhance fiscal stability and sustainability.



## General Fund Deficit

The voters of Vernon passed Measure R in April 2018. Funds generated from the measure offset the City's general fund deficit by generating tax revenues via a 6% User Utility Tax (UUT) on commercial/industrial customers. The revenues cover expenses for basic City services such as general government, public safety, health services, and public works operations. In short, the tax measure addresses the following shortcomings:

- Vernon Municipal Code Chapter 8.3 requires that tax revenues be generated to fund governmental expenditures
- Historically, tax revenues have not been sufficient to meet governmental expenditures
- To balance the budget, there has been a reliance on Public Utility excess revenue transfers
- A structural deficit still exists, while improved in recent years

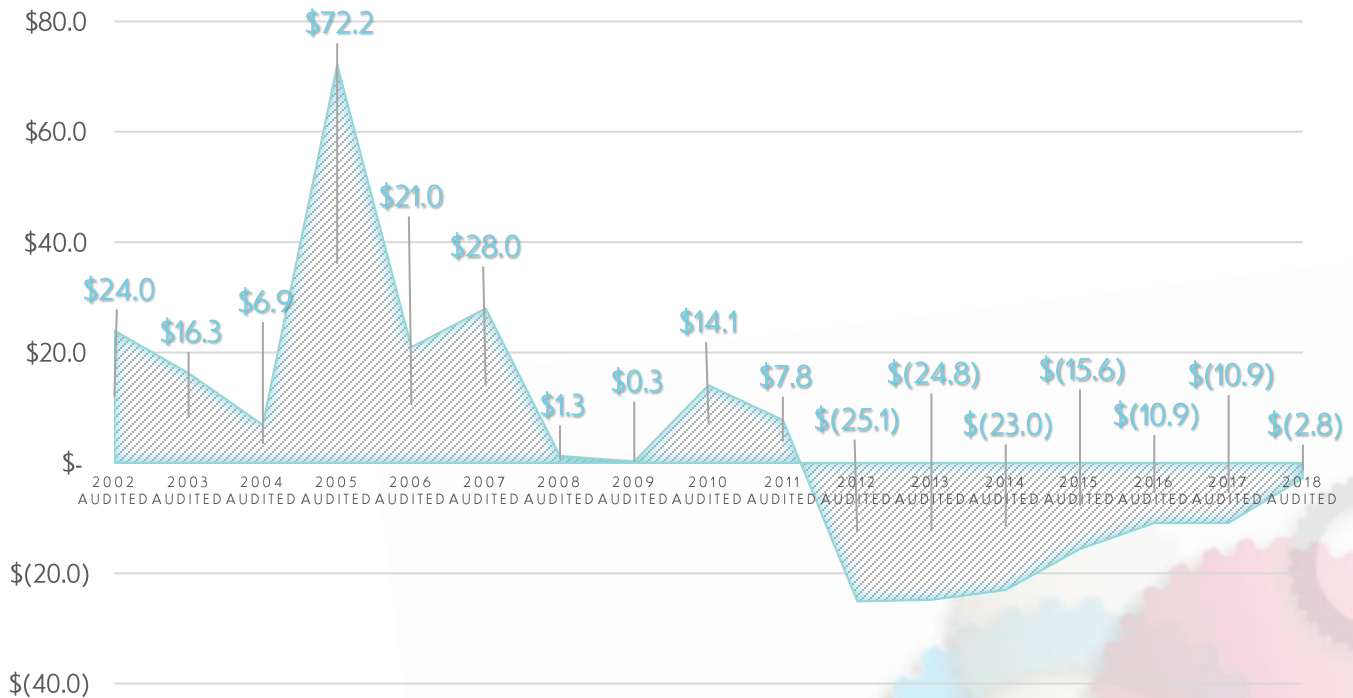


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Traditionally, the City has operated with a structural deficit. The City has vastly improved its situation in recent years, but a structural deficit does still exist. As you can see from the chart below, the City has achieved major strides to reduce the overall deficit by increasing revenues and controlling City costs. In FY 2016/2017, the City saw its deficit at its lowest point since 2012. Since its highest point in 2012 with a deficit of \$25.1 million, the deficit has been reduced to \$2.8 million - a \$22.3 million improvement.

### GENERAL FUND BALANCE



Due to an operating deficit in the general fund in the past, moneys have been transferred from the enterprise fund account year over year to cover expenses for basic City services. Although this is a standard practice for most government agencies that have a utility operation, the City foresees a challenge in the sustainability of this utility transfer practice over the long term. The UUT that was approved by voters in April 2018 has effectively halted the transfer moving forward, and the revenues generated offset the structural deficit in the general fund.

Over the course of several years, the City was able to lower the deficit through three revenue generating measures - K, L, and M. Measures L & M will sunset in 2023 and will need to be re-examined at that point in time. Although the City has stabilized its general fund in the short term with the passage of Measure R, long term planning continues. As noted above, Measures L & M will sunset in 2023. Measure R will also sunset in 2028. City officials are in pursuit of additional revenue streams for the City that will work to sustain a prosperous future.



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### Unfunded Pension Liability

Unfunded pension liability has been a major challenge to the development of a budget over many years. Due to the adoption of an early retirement program in 2012 via City Council Resolution and less than forecasted performance of the pension fund managed by CalPERS, Vernon (along with most municipalities), has been pressed to analyze viable solution(s) to remedy this deficiency. The pension liability challenges currently facing the City can be summarized as follows:

- The City has been paying the pension cost as required by CalPERS
- CalPERS has not always been able to achieve their forecasted rate of return due to market conditions and investment portfolio decisions
- CalPERS projected portfolio earnings has been 7.5% with actual rates of return over the last ten years at 4.4%, thus creating a shortfall
- The City is required to pay the difference between what CalPERS earns on the investments and any shortage that occurs due to actual performance

In FY 2018/2019, the City funded \$6.5 million and in FY 2019/2020, anticipates that it will be funding a total of \$6.4 million. Based on the City's unfunded pension liability of \$124.8 million as of June 30, 2018, there is potential for the structural deficit to climb without the implementation of mechanisms to offset the City's overall expenses. Each year CalPERS has been charging a greater pension fund rate to help reduce the unfunded pension fund liability.

Fiscal Year	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Miscellaneous	2.9	3.2	3.8	4.3	4.6	4.9
Safety	5.3	5.9	6.6	7.2	7.6	7.9
Total	8.2	9.1	10.4	11.5	12.2	12.8
	\$1.4	\$0.9	\$1.3	\$1.1	\$0.7	\$0.6
% Increase	20.6%	11.0%	14.3%	10.6%	6.1%	4.9%

### Other Post-Employment Benefits (OPEB)

Another major factor impacting the City is the cost associated to post-employment benefits other than pensions. As of June 30, 2019, the City's unfunded OPEB liability was \$23.1 million. The unfunded liability is the result of the 2013 negotiated



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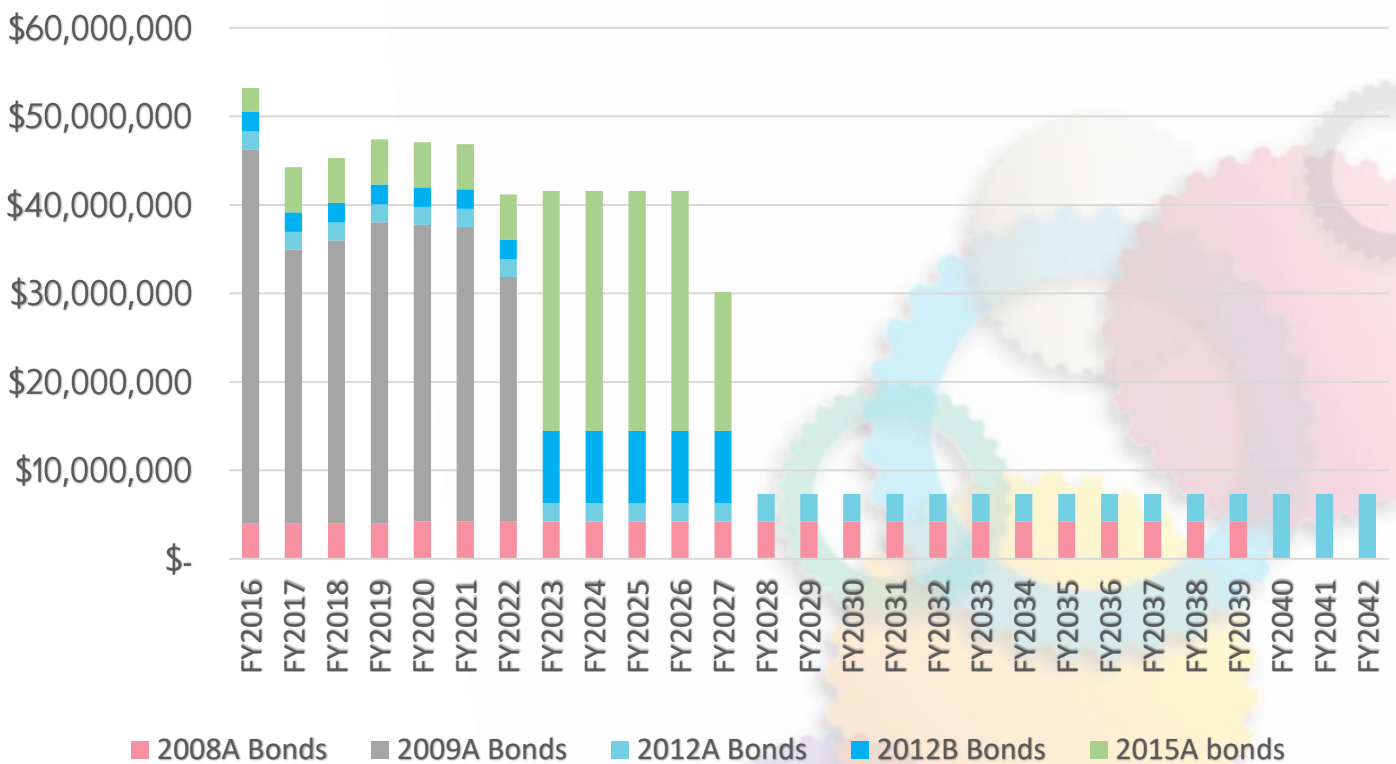
## 2019/2020 Adopted Budget

MOU changes which were passed by City Council Resolution, an early retirement package offered to long-standing employees in 2012, and longer life expectancy of those in retirement receiving such benefits.

### Electric System and Pre-Paid Gas Debt Service Obligations

A series of investments in the City's past have impacted its current standing as it relates to debt service obligations. In order to accommodate its debt, the City has been required to monitor its budget carefully. The outlook on the horizon is more positive, but other obligations that have come to light (i.e. OPEB) must be considered as the City journeys toward the future. City staff continues to make strides toward addressing debt and was able to refinance bonds in 2015 to improve the City's cash flow for operations and to obtain a lower interest rate. The City will continue to monitor bond financing rates for further financing opportunities that would positively impact the stability of the City's financial status.

As the chart below indicates, debt continues to present a challenge to the City for the next several years. Some relief is anticipated beginning in the year 2027 as the existing contractual obligation matures.







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## 2019/2020 Adopted Budget

### General Fund Tax Inequities

Despite having over 1,800 businesses in residence with a large employee workforce, the City faces financial challenges due to its small residential population. Formulas to calculate tax revenues from various state and/or countywide measures are often based upon residential population calculations rather than business activity. The City of Vernon is unique in that its large daytime workforce population, estimated to be 50,000, varies significantly from its 250+ residents, which adversely impacts its funding with no consideration for the wear and tear on streets, and/or the economic contributions of its industrial base to the Southern California region. By in large, Vernon receives a lower than average share of LA County property taxes, sales tax, transportation revenues, as well as state subventions such as motor vehicle fees.



The examples below detail many of the tax inequities that affect the City.

- Los Angeles County Property Taxes: Cities average 10.6 cents per dollar collected while Vernon's share is 7.28 cents per dollar, which equates to a shortfall of \$2.0 million per year for Vernon when compared to the average received by other cities
- Sales Tax: Vernon's industrial nature limits its ability to collect sales tax revenues from retail sales operations (Vernon ranked 50th amongst 89 Los Angeles County cities for the second quarter of 2016)
- State Subventions: Revenues from Motor Vehicle License Fees, Motor Vehicle Fuel Tax, Citizens Option for Public Safety (COPS), Proposition 172 – Public Safety Sales Tax, Homeowners Property Tax Relief Reimbursement, and other state mandated reimbursements have little impact on the City which collects approximately \$0.1 million annually

### Conclusion

Multiple strategies were discussed during the City's budget development phase and several have been integrated into Vernon's FY 2019/2020 Adopted Budget. Considerations such as those itemized below have driven, and will continue to drive, City-wide processes related to fiscal management, transparency, accountability, and sustainability.





# CITY OF VERNON

## 2019/2020 Adopted Budget

### Structural Efficiency Strategies

- ✓ Two funds, the Parcel Tax Fund and Hazardous Waste Fund, were consolidated into the General Fund, as each special revenue and its use can be tracked within the General Fund. This consolidation reduces the documentation and labor costs associated with maintaining two additional funds.
- ✓ Six "departments" were consolidated with their respective parent department, as activities can be tracked within the parent department effectively. Additionally, these consolidations reduce the documentation and labor costs associated with maintaining six additional departments.
  - The Treasury Department and Payroll Department were consolidated into Finance Department;
  - Civil Defense and Fire Hazardous Waste were consolidated into the Fire Department; and
  - Health Solid Waste and Health Hazardous Waste were consolidated into the Health Department.
- ✓ Certain revenues previously recorded in the Finance Department were transferred to departments better suited to monitor account activity. For example, city housing rent revenues were transferred to the City Housing Department, and city building rent revenues were transferred over to the City Building Department. Additionally, certain revenues associated with franchise fees and permitting were transferred from the Finance Department to the Public Works Administration Department.

### Revenue-Centric Strategies

- ✓ Conduct updated Fee Study to optimize revenue generation for City services
- ✓ Explore feasibility of generating a transaction tax
- ✓ Continued focus on economic development and partnerships with sales tax generating businesses

### Addressing the Structural Deficit

- ✓ Control spending and future commitments to spend by considering overall financial impact as opposed to fiscal impact
- ✓ Be proactive, not reactive
  - Proactive measures to be taken as outlined in the Budget Procedures of the City's Budget Policies and Procedures Manual include:
    - Step 1: Develop Long Term Goals
    - Step 2: Develop a Financial Plan
    - Step 3: Update Operational Plan
    - Step 4: Clear, concise, timely, understandable, and transparent Method(s) of Communication



# CITY OF VERNON

2019/2020 Adopted Budget

## CITY COUNCIL

### Mission Statement

The City Council is committed to providing exceptional service to the Vernon community, preserving and enhancing the City's economic prosperity, maintaining the vitality of the industrial engine that is an integral component to the Southern California economy, and ensuring safety for all those within City boundaries.

### About City Council

Vernon's City Council serves as the elected legislative and policy-making body of the City of Vernon. Their primary function is to direct any actions necessary to provide for the general welfare of the community through appropriate programs, services and policies. As an example of their many important duties, the City Council reviews and adopts the operating budget; and through the City's budgetary process, welcomes feedback from the public as a standard practice for its adoption. The City Council is comprised of five members, serving staggered five-year terms. One Council member is elected by the public each year.

### Objectives

- ✓ Provide legislative policy directives for City programs and services
- ✓ Approve programs and policies that are in the best interest of the City's socio-economic development
- ✓ Represent the interests of Vernon residents and businesses at various levels of government
- ✓ Encourage cooperation and communication among community leaders, residents, and businesses
- ✓ Work to maintain high quality City programs and services
- ✓ Work closely with the Southern California Area Governments (SCAG), League of California Cities, California Contract Cities, Gateway Cities, and other like organizations to focus attention on problems facing local government in the Southeast area



# CITY OF VERNON

## 2019/2020 Adopted Budget

### Changes From Prior Year

City Council salaries have increased slightly, but costs associated to benefits have decreased. The overall budget for the new fiscal year has been reduced by approximately \$4,000. When there is an opportunity identified that allows for cost savings, it is consistently leveraged.

CITY COUNCIL	FY2019 Budget	FY2020 Budget	Increase (Decrease)
SALARIES	\$136,646	\$146,349	\$9,703
BENEFITS	\$62,517	\$61,579	(\$938)
SERVICES/SUPPLIES	\$52,799	\$39,984	(\$12,815)
TOTAL EXPENDITURES	\$251,962	\$247,912	(\$4,050)



# CITY OF VERNON

2019/2020 Adopted Budget

## CITY ADMINISTRATION

### Mission Statement

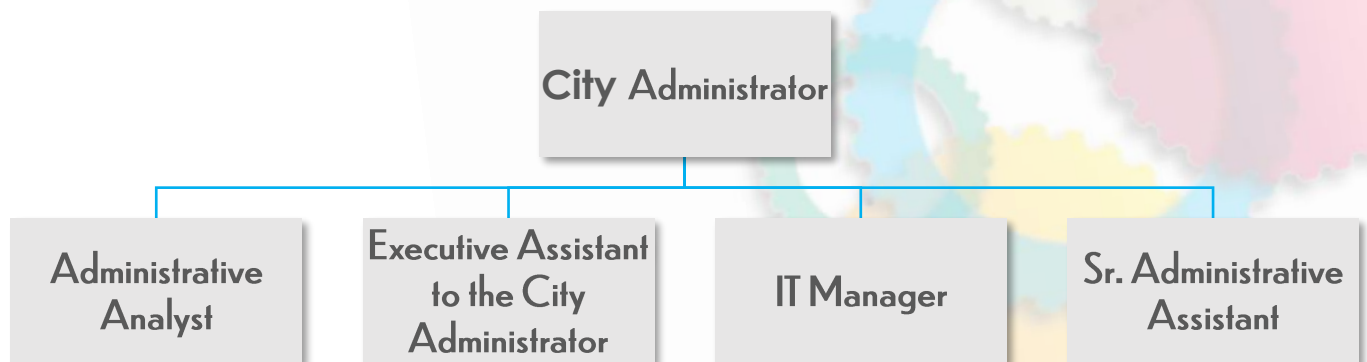
The City Administration Department is committed to overseeing and effectuating the proper, efficient, and cost-effective management of all affairs of the City, and providing essential information to the City Council to enable their execution of well-advised decisions on City related matters.

### About City Administration

City Administration is managed by the City Administrator who is the chief administrative officer of the City. Appointed by the City Council, the City Administrator leads the department's professional staff in the administration of various City related services and activities as directed by the City Council and in accordance with the City's Municipal Code, City policies, and management procedures. City Administration coordinates with Department Heads the implementation of official policies to meet the needs of those who live and work in the City of Vernon.

The department provides City Council with complete and impartial information, ensures that all City departments achieve their program objectives, and develops Citywide strategies to guide the City's long-term development.

### Organization







# CITY OF VERNON

## 2019/2020 Adopted Budget

### Changes From Prior Year

CITY ADMINISTRATION	FY2019 Budget	FY2020 Budget	Increase (Decrease)
SALARIES	\$637,954	\$570,062	(\$67,892)
BENEFITS	\$271,827	\$295,607	\$23,780
SERVICES/SUPPLIES	\$222,871	\$78,871	(\$144,000)
TOTAL EXPENDITURES	\$1,132,652	\$944,540	(\$188,112)

The City Administration Department continues to make strides toward streamlining processes and reducing expenditures. As evidenced in the chart above, a significant decrease is recognized in both Supplies/Services and in Salaries and related Benefits (associated to the decision to refrain from filling the Deputy City Administrator and Public Information Officer positions) in FY 2019/2020. A conscientious approach to establishing a realistic budget is important to the department and to the City. As a result, expenses have been analyzed and reduced to alleviate excess spend in the department.

### Department Highlights

- ✓ Increased outreach to Vernon and neighboring communities in 2018:
  - 2nd Annual Spring Egg-Stravaganza in March
  - Co-Hosted a successful first-time Open Streets event with Huntington Park in July
  - Battle of La Mesa Landmark Plaque Installation Ceremony in August
  - Family Game Night summertime outreach event in August
  - 2nd Annual Spooktacular Halloween in October
  - Huntington Park Holiday Parade in December
- ✓ Active City promotion and communication via City website and social media channels
- ✓ Continued Vernon CommUNITY Fund good neighbor program with inaugural VCF Scholarships awarded to Vernon Area high schoolers
- ✓ Continued evaluation of Citywide/Departmental efficiencies and optimization of resources



# CITY OF VERNON

## 2019/2020 Adopted Budget

### Goals

- ✓ Partner with City Council to accomplish their various objectives
- ✓ Continue to explore opportunities to bring new revenues to the City
- ✓ Continue to evaluate Citywide efficiencies and optimize resources
- ✓ Continue to develop positive reputation of the City
- ✓ Continue to increase community engagement
- ✓ Implement "Community Development" program with focus on Vernon residential population
- ✓ Social, educational, and recreational program offerings will be explored and engineered for convenient access
  - ✓ Veterans' Housing opportunities will be explored



# CITY OF VERNON

2019/2020 Adopted Budget

## CITY ATTORNEY'S OFFICE

### Mission Statement

The mission of the City Attorney's Office is to provide excellent and ethical legal advice, effective legal representation, and other quality legal services for the City Council, City officers, and City employees in order that they may lawfully attain the City Council's goals and other department program outcomes without undue risk.

### About the City Attorney's Office

The City Attorney's Office provides legal advice and serves as counsel to the City's elected and appointed public officials, departments and authorities, boards, commissions, and committees. The attorneys in the Office are recognized for their knowledge and expertise in municipal law, civil rights and tort litigation, government contracting and procurement, land use, and labor and employment, among other practice areas.

### Organization



### Changes from Prior Year

The City Attorney's Office continues to make strides toward streamlining processes, reducing expenditures and its conscientious approach to spending at all times. The chart on the next page summarizes the City Attorney's Office budget for fiscal year 2019/2020.

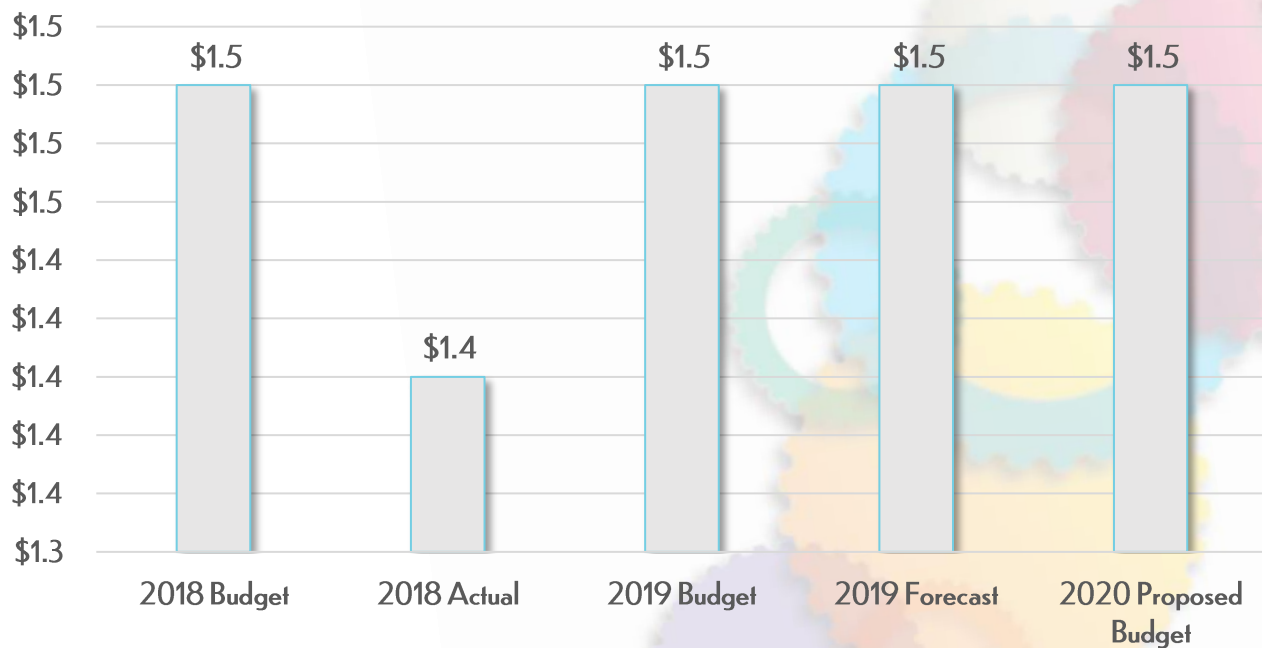


# CITY OF VERNON

## 2019/2020 Adopted Budget

CITY ATTORNEY'S OFFICE	FY2019 Budget	FY2020 Budget	Increase (Decrease)
SALARIES	\$757,174	\$785,281	\$28,107
BENEFITS	\$314,979	\$342,808	\$27,829
SERVICES/SUPPLIES	\$439,300	\$427,500	(\$11,800)
<b>TOTAL EXPENDITURES</b>	<b>\$1,511,453</b>	<b>\$1,555,589</b>	<b>\$44,136</b>

Year after year, the City Attorney's Office has reduced costs without impacting service levels. The Office is committed to handling the legal needs of the City in-house to the greatest extent possible and, as a result, has eliminated excess expenses related to outside legal fees. The expertise amongst staff in the City Attorney's Office is broad and comprehensive. The City Attorney's Office is readily available to coordinate with City staff to ensure that areas of concern and/or ambiguity are identified and any legal issues are addressed rapidly and efficiently.





# CITY OF VERNON

## 2019/2020 Adopted Budget

### Department Highlights

- ✓ Continued to decrease our reliance on outside counsel/ manage City-wide legal expenses
- ✓ Continued to increase our efficiency and productivity and provide sound legal advice and facilitate solutions and preventions
- ✓ Maintain in-house legal library of form templates, documents, and cheat sheets
- ✓ Provided in-house legal training on various legal/ compliance related issues
- ✓ Continued to increase revenues and decrease expenditures to the City through negotiations, favorable contract terms, settling claims against the City and receiving revenue recoveries to settlements owed to the City, and prevailing in legal matters, etc.
- ✓ Continued to provide Continued to provide leadership in institutionalizing the Good Governance Reform efforts (drafting/ reviewing City ordinances, resolutions, and agreements)
- ✓ Increased participation in legal associations in the local Los Angeles area, statewide and nationwide
- ✓ Continued to advocate for the City's interests in all legal proceedings and otherwise





# CITY OF VERNON

2019/2020 Adopted Budget

## CITY CLERK'S OFFICE

### Mission Statement

The Office of the City Clerk is committed to serve and support the Public, City Council, other City Council appointed governing bodies, and City Staff with a high standard of service in the management, preservation of, and accessibility to the official City records and legislative actions; to administer and conduct elections ensuring the integrity of the democratic process; and to provide these services efficiently with the utmost professionalism, and a commitment to open and transparent governance.

### About the Office of the City Clerk

The Office of the City Clerk is responsible for complete public meeting support and processing services for the City Council and the following appointed governing bodies:

- Vernon Housing Commission
- Vernon Business and Industry Commission
- Vernon CommUNITY Fund Grant Committee
- Green Vernon Commission
- Oversight Board of the Successor Agency to the Redevelopment Agency
- Successor Agency to the Redevelopment Agency
- Board of Library Trustees

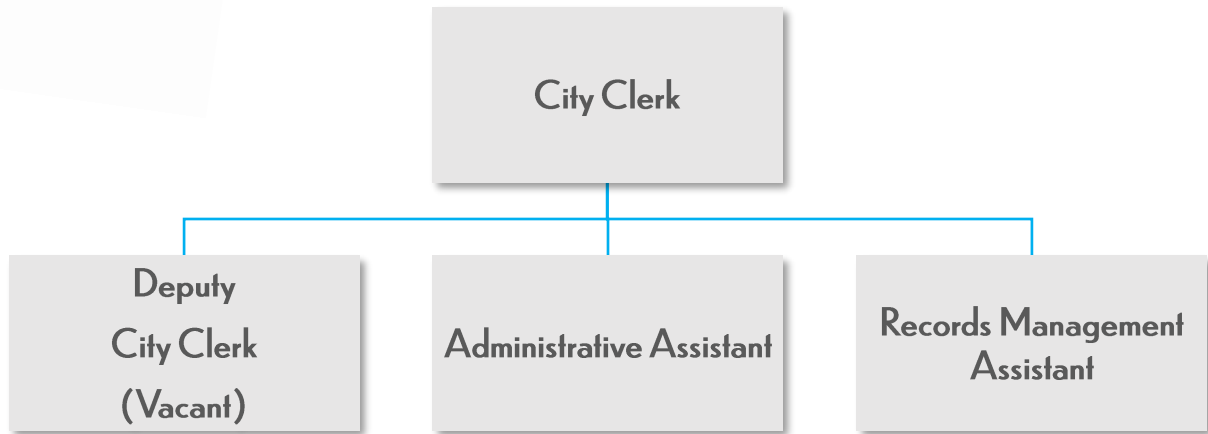
The Office of the City Clerk is also responsible for all official City records; maintaining the City's legislative history and the City's Municipal Code. The Office plans, coordinates, directs and conducts annual stand-alone City Elections (the City Clerk is the Elections Official); oversees the processing of elected and appointed governing body members, (City Clerk administers oaths and affirmations). The City Clerk serves as the City's Filing Official for Fair Political Practices Commission (FPPC) forms, manages Public Records Act requests and Subpoena processing, handles the acceptance of claims, performs notary public acts, and issues all public hearing and ordinance notifications. Collectively, these functions are performed in accordance with all applicable laws, codes, policies, and procedures. The Office is also an information resource and directory hub for the public, local businesses, and internal staff, and is committed to providing exemplary customer service to all.



# CITY OF VERNON

## 2019/2020 Adopted Budget

### Organization



### Changes from Prior Year

The Office of the City Clerk is continually working towards electronic workflows and electronic document retention, emphasizing efficient and effective processes. As a customer service-oriented office, Staff is constantly looking at new ways to enhance services to the public, as well as internal city staff.

CITY CLERK'S OFFICE	FY2019 Budget	FY2020 Budget	Increase (Decrease)
SALARIES	\$430,780	\$363,910	(\$66,870)
BENEFITS	\$166,778	\$141,725	(\$25,053)
SERVICES/SUPPLIES	\$102,400	\$93,000	(\$9,400)
TOTAL EXPENDITURES	\$699,958	\$598,635	(\$101,323)

The City Clerk Department's efforts in the area of Voter Outreach has led to a slight increase in the City's electorate, with the city seeing a voter participation rate of over 60% in the last municipal election (April 2019).



# CITY OF VERNON

## 2019/2020 Adopted Budget

With full implementation of the City's Records Management initiative, there is an organized and structured process for records retention and disbursement throughout the City departments.

### Department Highlights

- ✓ Full Implementation of the City's Records Management Program
  - Established policies and procedures for records retention and disbursement
  - Continuing Employee Development
  - Cost Reduction
- ✓ SB 415 Acknowledgement and Compliance
  - City Council opting to continue conducting annual Stand-Alone Elections
- ✓ Digitized Agenda Process – Granicus®
  - Paperless agenda process
  - Increased efficiencies
- ✓ Abolishment of Obsolete Governing Bodies
  - Public Benefits Resource Committee
  - Industrial Development Authority
  - Vernon Historic Preservation Society

### Goals

- ✓ Explore Opportunities to Enhance Department Services including:
  - Continued Department Outreach
    - Community (e.g. Vernon's Election Process)
    - Staff (e.g. various topic workshops)
  - Updating Procedures
    - Municipal Code Audit
    - Records Retention Schedule Update
    - Conflict of Interest Code and Ethics Training Requirements Update
  - Exploring Feasibility of New Public Services
    - Passport Service Center
    - Notary Services
    - Website Information Portal
    - Youth Civic Engagement
    - Library
    - Community Enrichment Programs
  - Leveraging technology
    - Streamline/improve public records requests
    - ADA-compliant Digital posting board



# CITY OF VERNON

2019/2020 Adopted Budget

## FINANCE

### Mission Statement

The mission of the Finance Department is to develop fiscal policies that ensure a financially strong and effective city government; to implement financial policies and procedures that are consistently monitored and reviewed to maintain the financial integrity of the City and its related agencies; to be responsible for the overall financial management of the City; and to ensure that generally accepted accounting principles are followed and appropriate internal controls are in place to safeguard City assets.

### About the Finance Department

The Finance Department is responsible for the overall financial management of the City. The department oversees and is responsible for the functions detailed below.

#### *Annual City Budgets*

The City's fiscal year begins on July 1st and ends on June 30th of the following year. The Finance Department coordinates the budget development, working closely with all departments. The City Administrator then submits a proposed budget to City Council for the ensuing year. After receiving the proposed budget, City Council holds a public hearing after statutory public notices are made by the City Clerk. Once the proposed budget is adopted by resolution on or before June 30th by the affirmative vote of a majority of the City Council, it becomes the final budget, which operates as appropriation of funds for the purposes set forth in the budget.

#### *Cash and Investment Management*

The City adheres to the California Government Code for the management of its cash and investments portfolio. On an annual basis, the City's written cash and investment policy is reviewed and approved by City Council. There is a full recognition of the importance of managing public funds and the need to be compliant with the State of California Government Code. The essential purpose of the City's investment program is to maximize interest income while preserving principal and maintaining sufficient liquidity to meet the City's expenditure obligations. The investment policy that has been adopted provides the parameters for investing the City's excess funds to achieve its goal, thereby providing important direction to City's management. The City's cash and investment policy improves the quality of decisions and demonstrates to rating agencies, the capital market, and the public that funds are well managed and suitable with the City's operating requirements and economic environment.

#### *Annual Audited Financial Statements*

The Finance Department is responsible for maintaining the City's financial records in accordance with the City's Records Retention Schedule. As part of this responsibility, it coordinates the External Auditor's requests for information and is the





# CITY OF VERNON

## 2019/2020 Adopted Budget

liaison with other City departments throughout the audit process. The Finance Department prepares the Annual Financial Report for the External Independent Auditor to audit and provide an opinion to City Council. The City's Annual Financial Report and the independent auditor's opinion are also filed with the following agencies as needed: State Controller's Office, Los Angeles County Auditor-Controller, Municipal Securities Rulemaking Board, and Federal Audit Clearing House.

### *Purchasing*

The Purchasing function is centralized in the Finance Department. It has the responsibility for the City's purchasing activity that is conducted pursuant to the Purchasing Policy adopted by City Council. The objective of the Purchasing function is fivefold:

- 1) Ensure that the City receives optimum value for all taxpayer funds when securing goods, material, equipment and services;
- 2) Ensure that the City obtains goods, materials, services and equipment from a variety of qualified sources;
- 3) Ensure that all City utility and municipal services function at the highest level possible and without any interruption;
- 4) Promote and protect the efficiency, quality, and integrity of the City's purchasing system; and
- 5) Establish processes which guard against favoritism and corruption in the expenditure of public funds.

### *Risk Management*

The Risk Management function is tasked with the responsibility to minimize exposure to financial loss utilizing contractual risk transfer, insurance, and risk financing. Emphasis is on delivering risk management services in the most cost effective ways to help all City Departments meet their operational responsibilities and/or requirements. Its objectives are to develop policies, programs, and services that meet or exceed regulatory requirements in a cost effective manner.

### *Business Licenses*

The Business License function has the responsibility of the billing and collection of over 1,800 business licenses on an annual basis. This is an important task since in order to conduct business within the City, every contractor, sole proprietor, or business entity must obtain a business license. All business licenses are paid in advance and are due prior to the commencement of business operations. The business license is valid for the calendar year, unless it is expressly stated that it is for an alternative duration of time. The business license tax amount is dependent upon the business classification and activity level. Renewals are done annually with renewal notices being mailed in mid-November each year. Business license taxes are due by January 31<sup>st</sup> of each calendar years. Failure to remit the application and business license tax on or before the close of business on the first day of February will result in the assessment of a 10% penalty. Additional late penalties accrue at a rate of 10% per month, with a penalty cap at 50% of the business license amount owed. It is the sole responsibility of the business owner to make sure the business license is renewed annually.

### *Capital Asset Management*

Capital projects have a major impact on the quality of City services, the community's economic vitality, and the overall quality of life. Each Department is responsible for maintaining the records and support of its capital assets for several major reasons including: planning; budgeting, project management; inspection; maintenance; insurance; salvaging; and reporting. Each of these are important factors of the City's long-term financial sustainability and vitality. Capital assets enable the City to deliver its services to its constituents while recouping the cost of those capital assets through user fees and taxes. The Finance





# CITY OF VERNON

## 2019/2020 Adopted Budget

Department assists the City Administration Department in coordinating the efforts above based on the Capital Asset Policy adopted by City Council.

### *Accounts Payable*

The Finance Department is tasked with ensuring that the City pays its commitments timely and in accordance with contractual terms to ensure the ongoing health, safety, and welfare of its constituents so that ongoing operations are not impacted by late or missed payments. The City expends funds in accordance with appropriations set by City Council. As part of best practices, the Finance Department strives to support current operating expenditures with current operating revenues to ensure the budget is being followed. Budget-to-actuals variances are continuously monitored throughout the year. All vendors of the City are instructed to submit their invoices directly to Accounts Payable after the City's receiving departments confirm receipt of those goods and services. This is done to speed up processing time to ensure delinquencies and penalties are avoided.

Finance

Reporting

Operations

- *Annual Audited Financial Reports (General Public)*
- *Annual City Budgets (General Public)*
- *Annual Continuing Disclosure Reports (Bond Trustee & Bond Holders)*
- *City's Financial Transaction Report (State)*
- *Cost Study & General Fee Schedules (General Public)*
- *Government Compensation Reporting (State)*
- *Credit Rating Agencies (e.g. S&P and Moody's)*
- *Single Audit Reporting (Federal)*
- *Successor Agency Reporting (State and County)*

- *Accounts Payable*
- *Accounts Receivable*
- *Capital Asset Management*
- *Cash & Investment Management*
- *General Ledger*
- *Business Licensing*
- *Payroll*
- *Purchasing*
- *Risk Management (Insurance & Claims)*



# CITY OF VERNON

## 2019/2020 Adopted Budget

Timely payment processing helps to maintain a good credit rating and confidence with City vendors, suppliers, and consultants.

### *Accounts Receivable*

Revenue generation is important in providing the foundation for a stable institution that can provide reliable services. The Finance Department plays an important role in the timely billing and collection of these revenues. The City strives to create value for the public by keeping its revenues sources fair, consistent and competitive.

### *General Ledger*

The Finance Department maintains the accounting general ledger of the City. The general ledger is the framework that houses the City's accounting transactions. The City has been using an Enterprise Resource Planning (ERP) system called Eden Financial Management Software Solutions developed by Tyler Technologies since fiscal year 2007. Tyler Technologies is a leading provider of integrated ERP systems and provides software and services to more than 11,000 local government offices throughout all 50 states, the US Virgin Islands, Canada, Puerto Rico, the United Kingdom and other international locations. At the end of each fiscal year, an external independent certified public accountant conducts an audit of the City's Annual Financial Report prepared by City's management under the direction of the City Administrator, Finance Director, and Vernon Public Utilities General Manager. As part of the process, the independent auditor is required to audit every general ledger account, including the accounts of all departments, which is used by management to prepare the annual financial report. The City's general ledger keeps track of all financial transactions using a double entry system. The cash accounts within the general ledger are also reconciled against the cash balances of financial institutions holding City funds on a monthly basis.

### *Grant Accounting*

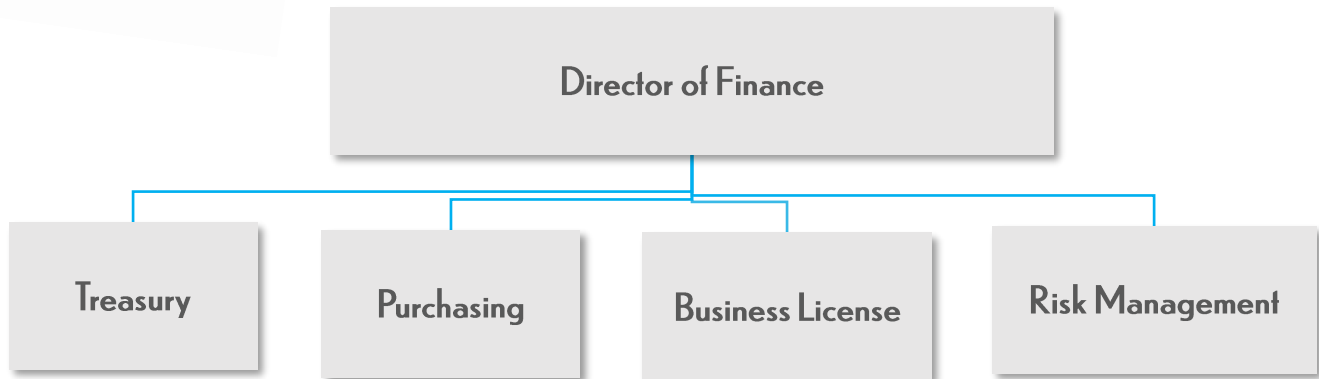
The Finance Department has been using Eden Financial Management Software Solutions (Eden), since fiscal year 2007. The Project Accounting Module within Eden allows the City to track grant activities by funding source and funds expended by phases, tasks, and subtasks as needed to ensure the City is compliant with its federal and state grant requirements. The information is managed in a manner to allow for timely reporting to granting agencies and management responsible for grant administration.



# CITY OF VERNON

## 2019/2020 Adopted Budget

### Organization



### Changes from Prior Year

The Finance Department's operating budget consists of both revenues and expenditures. The revenues under the department's control are derived from both internal and external sources. The expenditures are internally generated consisting of labor, benefits, supplies, and services. The fiscal year 2020 budgeted revenues are \$35.3 million versus fiscal 2019 budgeted revenues of \$39.2 million. There is a decrease in revenues of \$3.9 million when comparing the two years. The decrease is mainly due to revenues being saved as reserves applied for future years. The fiscal year 2020 budgeted expenditures are \$3.4 million compared to \$3.3 million for fiscal year 2019. This increase of \$0.1 million is the result of merit

FINANCE	FY2019 Budget	FY2020 Budget	Increase (Decrease)
TOTAL REVENUES	\$39,189,270	\$35,313,266	(\$3,876,004)
SALARIES	\$1,269,489	\$1,334,418	\$64,929
BENEFITS	\$506,690	\$562,287	\$55,597
WORKERS COMP	-	-	-
SERVICES/SUPPLIES	\$1,539,492	\$1,458,294	(\$81,198)
TOTAL EXPENDITURES	\$3,315,671	\$3,354,999	\$39,328



# CITY OF VERNON

## 2019/2020 Adopted Budget

step increases and cost of living adjustments. On the previous page is a summary comparing the Fiscal Year 2019 budget to the Fiscal Year 2020 budget.

The Finance Department has continued to be diligent in managing the expenditures budget. During the fiscal year 2019 the budget was \$3.3 million and actual expenditures were \$3.1 million.

## Department Highlights

The Finance Department has continued to meet its mission of providing timely, relevant and transparent financial information so that departments are able to make informed management decisions and stakeholders are kept apprised of the current state of financial affairs. The City has sound financial policies and procedures in place to ensure that best practices are being followed. Some of the more noteworthy highlights this past year include:

- ✓ Matters pertaining to the Successor Agency was handled by the Finance Department which entailed budgeting; preparing report submissions to the State Department of Finance; and the receipt of excess bond proceeds that will be distributed to the City to fund governmental capital assets and projects
- ✓ Increased reliance on technology has improved accuracy and efficiency, and resulted in productivity improvements, allowing staff size to be reduced from 20 fulltime personnel in 2008 to 12 budgeted positions - a decrease of 8 personnel equating to 40%
- ✓ Internal operating efficiencies have continued to take place based upon an ongoing valuation of work practices that provides an avenue for employees to share ideas to help facilitate discussion and operating improvements
- ✓ Outstanding customer service is being provided to customers by the City's knowledgeable and helpful employees and greater use/ access of technology through the development and placement of forms and applications online has enhanced customer satisfaction
- ✓ The duties of the Risk Manager were absorbed within the Finance Department by existing employees which has resulted in salary and benefit savings through deferring the hiring of a new Risk Manager; and the level of service has been preserved through training and utilization of the City's insurance broker who provides guidance on risk mitigation and claims matters which are being proactively administered
- ✓ Phase I of the City's Infrastructure Valuation Study has been completed with \$133.8 million of governmental infrastructure assets booked on the City's balance sheet

## Goals

The Finance Department is an internal service department with the focus of providing financial information in a timely and useful manner in order for City Management to optimize financial decisions. Some of the key goals for 2019/2020 include:



# CITY OF VERNON

## 2019/2020 Adopted Budget

- ✓ Lead the annual financial statement audit effort through providing timely, accurate and thoughtful responses to external independent auditor(s)
- ✓ Monitor bond ratings and provide information responses to rating agency inquiries that place the City in a favorable manner
- ✓ Provide assistance to Vernon Public Utilities with its debt management through monitoring the existing debt and identify refunding opportunities that will save interest expense and improve cash flow
- ✓ Provide assistance to Vernon Public Utilities while conducting its electric and water rate studies
- ✓ Maximize the interest and dividend income from the City's investment portfolio in accordance with the City's investment policy
- ✓ Finalize the Phase II of the City's Infrastructure Valuation Study to enable business-type capital assets to be recorded on the City's balance sheet
- ✓ Continue working diligently with the State Department of Finance to receive additional excess bond proceeds to be distributed to the City to fund governmental capital assets and projects





# HEALTH & ENVIRONMENTAL CONTROL

## Mission Statement

As one of only four cities in the state of California with its own health department, the Vernon Health & Environmental Control Department's mission is to work in partnership with City of Vernon business community and residents to assess environmental health risks; and to create a community-oriented solution that enhance the quality of life for all.

## About the Health & Environmental Control Department

The Health and Environmental Control Department focuses on the interrelationships between people and their environments, promotes human health and well-being, and fosters healthy and safe communities. The Department serves the community by protecting public health through programs that reduce chemical and other environmental exposures in air, water, soil and food.

### OBJECTIVES

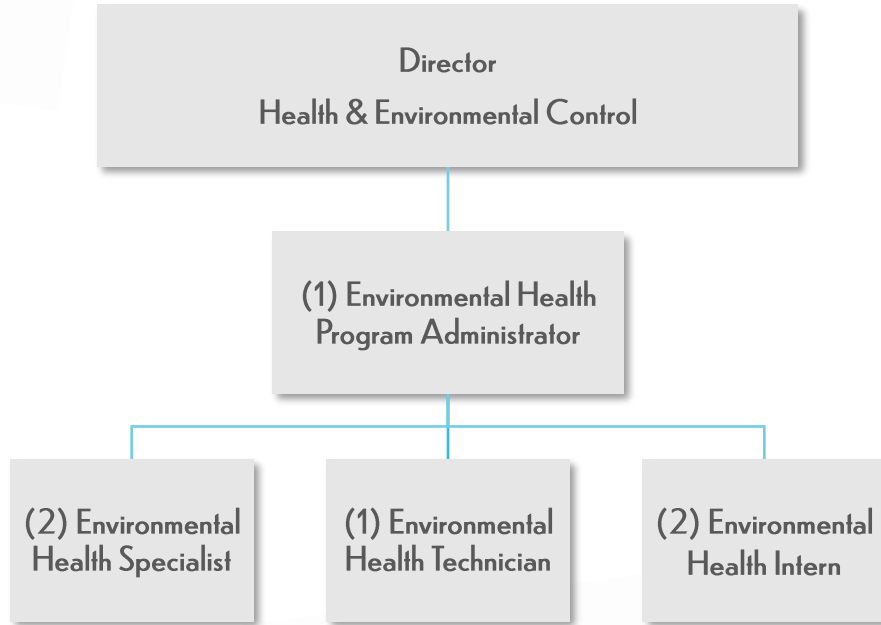
- ✓ Complete mandated inspection for the following programs:
  - Certified Unified Program Agency (CUPA)
  - Retail and Wholesale Food Inspection Program
  - Garment Manufacturing Inspection Program
  - Solid Waste Inspection Program (Local Enforcement Agency)
  - Laundry and Wiping Rag Inspection Program
- ✓ Administer the Animal & Vector Control Program
- ✓ Provide plan check review and inspection services
- ✓ Complete occupancy inspections
- ✓ Provide support for the Green Vernon Commission on sustainability issues
- ✓ Apply for and administer State grants



# CITY OF VERNON

2019/2020 Adopted Budget

## Organization



## Changes from Prior Year

The Health Department was reorganized by the City to build efficiencies, streamline processes and reduce expenditures. The City was successful in hiring a new Director, Program Administrator, Environmental Health Specialist and Environmental Health Technician resulting in a decrease in Salaries and related Benefits.

To ensure continuation of inspection services during the Health Department reorganization, the City hired temporary contract Environmental Health Specialists. The additional cost incurred for the contract services is off-set by the salaries and benefit saving realized by the reorganization.

It is also worth noting that the revenue increase in the Health Department's budget for FY 2019/2020 is attributed to the transfer of the franchised solid waste hauler fees which was previously part of the budget of the Department of Public Works. This funding source is allocated to the Health Department to administer the Solid Waste and Environmental Sustainability Services for the City of Vernon.



# CITY OF VERNON

## 2019/2020 Adopted Budget

HEALTH & ENVIRONMENTAL CONTROL	FY2019 Budget	FY2020 Budget	Increase (Decrease)
TOTAL REVENUES	\$1,520,476	\$2,949,000	\$1,428,524
SALARIES	\$989,088	\$540,226	(\$448,862)
BENEFITS	\$426,493	\$255,017	(\$171,476)
SERVICES/SUPPLIES	\$272,047	\$627,626	\$55,579
CAPITAL	-	\$11,000	\$11,000
TOTAL EXPENDITURES	\$1,687,628	\$1,433,869	(\$253,759)

### Department Highlights

- ✓ Completed mandated inspections of approximately 1800 permitted businesses
- ✓ Processed plan check submittals for food facilities, water wells, and underground hazardous material storage tanks
- ✓ Provided support for the Green Vernon Commission on sustainability issues
- ✓ Administered the annual E-waste collection event
- ✓ Administered the annual used oil calendar event in collaboration with the Vernon Elementary School and Public Works Department
- ✓ Facilitated 12 meetings with Vernon business operators to improve environmental compliance and enhance the quality of life in the community.

### Goals

- ✓ Solicit Request For Proposal (RFP) to implement a new data management system to conduct electronic inspections
- ✓ Revise permit fees to align with services
- ✓ Develop program policies and procedures
- ✓ Standardize workflows to build efficiencies
- ✓ Engage with industry to build strong collaboration



# HUMAN RESOURCES

## Mission Statement

The Vernon Human Resources (HR) Department is responsible for benefits administration, workers' compensation, employee/labor relations, classification, recruitment and selection, and training and development. Additionally, HR is responsible for all safety programs. The Human Resources Department provides support to the various departments in hiring and retaining talented people who are self-motivated and strive to deliver a high quality of service.

## About the Human Resources Department

The City's Human Resources Department maintains the integrity of the workforce. The department is designed to balance the concerns and operational activities of both the City, as the employer, and the employees. As an internal service partner, the Department engages City management providing direction and counsel regarding best employment practices and also provides support to City employees to assist them in the performance of their work. The professional staff is dedicated to creating a variety of programs, activities, policies, and procedures for City employees that are founded in sound principals and best HR practices, serving the organization as a whole.

## Organization





# CITY OF VERNON

## 2019/2020 Adopted Budget

### Changes from Prior Year

Salaries and benefits reflect the majority of financial impact to the Human Resources Department budget for FY 2019/2020. Costs in other areas remain relatively static. The chart below summarizes the HR Department's budget.

HUMAN RESOURCES	FY2019 Budget	FY2020 Budget	Increase (Decrease)
TOTAL REVENUES	\$228,257	\$228,257	-
SALARIES	\$644,211	\$620,442	(\$23,769)
BENEFITS	\$2,197,362	\$2,435,017	\$237,655
SERVICES/SUPPLIES	\$294,210	\$343,440	\$49,230
WORKERS COMP	\$83,000	\$83,000	-
TOTAL EXPENDITURES	\$3,218,783	\$3,481,899	\$263,116

### Department Highlights

- ✓ Conducted 27 recruitments
- ✓ Hired and promoted 31 City employees
- ✓ Reviewed and processed over 3,000 applications for employment
- ✓ Conducted classification and compensation studies of 19 job classifications
- ✓ Hosted Health and Wellness Fairs including health screenings for all employees
- ✓ Hosted 5 Employee Engagement Events
- ✓ Hosted 2 retirement planning workshops presented by CalPERS
- ✓ Completed Training Needs Assessment





# CITY OF VERNON

## 2019/2020 Adopted Budget

### Goals

- ✓ Continue to provide and encourage industry leading Human Resources best practices
- ✓ Develop and launch the initial phase of the Vernon Academy for Professional Development
- ✓ Complete Citywide Harassment Prevention Training for all employees to conform to new legislative requirements
- ✓ Continue to implement paperless technology
- ✓ Continue employee engagement efforts
- ✓ Secure top talent to fill existing and anticipated leadership vacancies



### INFORMATION TECHNOLOGY DIVISION

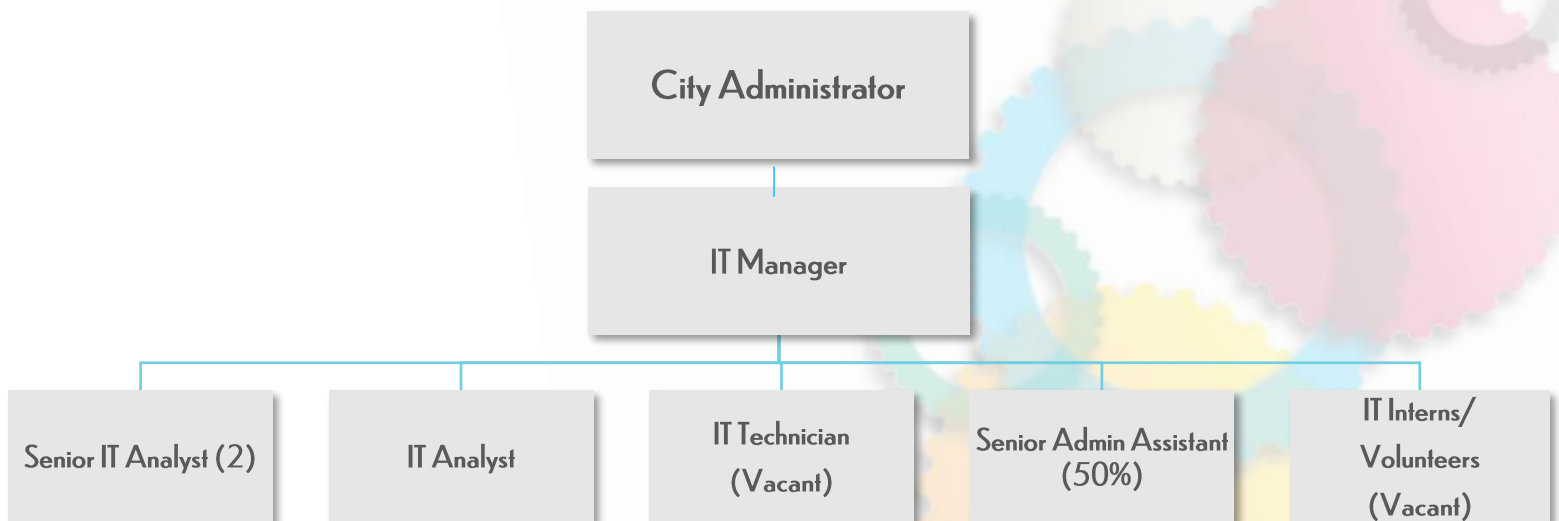
#### Mission Statement

The Information Technology Division will provide the highest quality-based services, in the most cost-effective manner, to facilitate the city's efficiency and reliable access to all information systems.

#### About the Information Technology Division

The Information Technology (IT) Manager reports directly to the City Administrator. He/she leads the Information Technology Division in the administration and management of the City's information networks which include all technology infrastructure, servers, user accounts, security, storage, e-mail, internet access, back-up and recovery, capacity planning and help desk support. Additionally, the Division is responsible for supporting remote access connectivity to authorized staff. The Division is responsible for the installation and maintenance of all computers and related equipment and providing support to staff who experience problems with computers, peripheral devices and software applications.

#### Organization





# CITY OF VERNON

## 2019/2020 Adopted Budget

### Changes from Prior Year

The division has a slight increase in expenditures for FY 2019/2020 and is budgeted to invest in Capital projects in the upcoming year. As with many other departments, costs for salaries and benefits will also increase in FY 2019/2020. The overall impact to the division is a total increase of approximately \$270,000. IT is committed to ensuring that service and performance of all technological systems are operating effectively and efficiently.

INFORMATION TECHNOLOGY	FY2019 Budget	FY2020 Budget	Increase (Decrease)
SALARIES	\$585,430	\$607,879	\$22,449
BENEFITS	\$209,131	\$236,904	\$27,773
SERVICES/SUPPLIES	\$1,129,646	\$1,261,225	\$131,579
CAPITAL	\$216,000	\$312,000	\$96,000
TOTAL EXPENDITURES	\$2,140,207	\$2,418,008	\$277,801

### Department Highlights

- ✓ Completed Video Camera project for VG&E Remote Locations
- ✓ Currently implementing two factor authentication for remote users
- ✓ Expanded our use of server virtualization, server consolidation, and server redundancy
- ✓ Upgraded Network Data Closet Equipment
- ✓ Upgraded the Fire Department's Enterprise Filemaker Pro System to latest version
- ✓ Assisted Fire Department in setting up Fire Field Inspection System
- ✓ Final stages of the Utility Billing System Upgrade
- ✓ Updated City Hall Signage to a Digital Signage System
- ✓ Assisted Police Dispatch in migrating to new Motorola Radio System
- ✓ Upgraded City Hall's Core Routing Infrastructure
- ✓ Upgraded Network Switching Infrastructure Bandwidth Capacity
- ✓ Citywide implementation of new time keeping system
- ✓ Implemented new Work Order System for the Public Works Department



# CITY OF VERNON

## 2019/2020 Adopted Budget

### Goals

- ✓ Continue to implement industry best practice in Information Technology
- ✓ Upgrade all City Hall End User computers to Windows 10
- ✓ Upgrade all Servers to latest Operating System
- ✓ Continue to advance and improve our Disaster Recovery System for our computer systems
- ✓ Continue to advance the City's GIS System
- ✓ Complete scheduling/time keeping software implementation for various departments
- ✓ Continue to advance City Well Sites, Substations, and City Hall camera systems
- ✓ Install Additional new high definition camera systems at all Fire Stations
- ✓ Continue to advance server virtualization infrastructure
- ✓ Continue to upgrade switching networking infrastructure
- ✓ Complete Utility Billing System Upgrade
- ✓ Continue to advance Cyber Security Infrastructure
- ✓ Continue to advance the use of our Laserfiche Document Management/Paperless Office System
- ✓ Update City Website to allow for a better user experience
- ✓ Upgrade Digital Phones to VOIP Phones
- ✓ Implement Sharepoint Local Intranet Site



# CITY OF VERNON

2019/2020 Adopted Budget

## PUBLIC SAFETY: FIRE

### Mission Statement

Vernon Fire's purpose is to protect and preserve lives, property, and the environment, by providing dedicated and skillful service.

### Core Values

The Core Values that reflect fundamental expectations from the men and women representing the Vernon Fire Department are:

- COURAGE – to act
- INTEGRITY – without compromise
- PRIDE – in yourself and the Department
- PROFESSIONALISM – in attitude and performance

### About the Fire Department

Vernon Fire Department team members are highly-trained to provide "all hazards" fire and life-safety fire protection services. Fire Department personnel core responsibilities and readiness expectations are: Fire Suppression, Emergency Medical Services, Emergency Management, Fire Apparatus & Equipment, Training & Safety, Hazardous Materials and Administration.

Vernon Fire Department team members are public servant-oriented and take pride in the superior service that is provided to the community.

### 2018-2019 Challenges

- Sustaining 60 Operations positions and commensurate logistical provisions

### 2019-2020 Solutions

- Optimized to 49 Operations positions
- Complete annexation into Los Angeles County Fire District (LA County) by July 2020

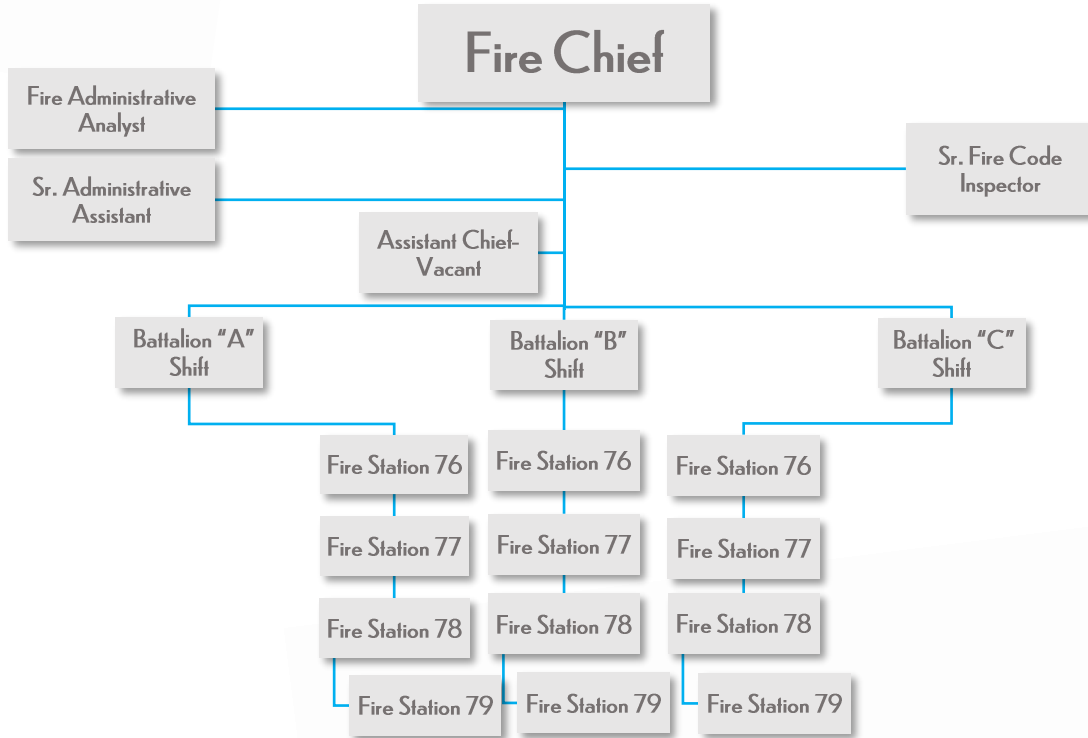




# CITY OF VERNON

2019/2020 Adopted Budget

## Organization\*



\*Proposed LA County Staffing model which will take effect in July of 2020. With the transition to LA County Fire Services, changes to staffing will come. The below chart represents the model to be employed by LA County.

Vernon Station	LA County Staff/Equipment Per Shift	Post Positions
76	Engine Truck	3 4
77	Engine Paramedic Squad	4 2
78	Station Closed	
79	Station Closed	
City Hall	Fire Prevention Engineering Asst. II Captain Firefighter Specialist (Inspector)	.5 .3 2



# CITY OF VERNON

2019/2020 Adopted Budget

## Changes from Prior Year

<b>PUBLIC SAFETY: FIRE</b>	<b>FY 2019 Budget</b>	<b>FY 2020 Budget</b>	<b>Increase (Decrease)</b>
REVENUES	\$1,482,495	\$393,250	(\$1,089,245)
SALARIES	\$11,397,926	\$5,326,889	(\$6,071,037)
BENEFITS	\$6,178,653	\$3,521,026	(\$2,657,627)
SUPPLIES/SERVICES	\$1,112,453	\$8,447,176	\$7,334,723
CAPITAL	\$577,031	\$365,800	(\$211,231)
<b>TOTAL EXPENDITURES</b>	<b>\$19,266,063</b>	<b>\$17,660,891</b>	<b>(\$1,605,172)</b>

The budget adopted by City Council reflects a “hybrid” of the existing operational costs coupled with the LA County operational costs. As such, the supplies/ services category includes the expense for the City’s Fire Services contract with LA County and, therefore, this budget line item is significantly greater than that of the previous year. Inversely, salaries, benefits, and capital expenses are lower than those of the previous year due to the anticipated transition to LA County.

## Department Highlights

- ✓ Provided leadership training and education
- ✓ Started a department wide safety and wellness program through Santa Ana College
- ✓ Prepared and conduct an Emergency Operation Center (EOC) drill to test City emergency readiness, including the EOC notification process
- ✓ Implemented technology to upgrade Fire Field Inspection System



# CITY OF VERNON

2019/2020 Adopted Budget

## Goals

- ✓ Continue to develop EOC operations and Hazard Mitigation Plan
- ✓ Maintain Fire Department Programs Cost-Efficiencies
- ✓ Enhance Emergency Management understanding and capabilities through meaningful participation by Command & Control Committee members
- ✓ Coordinate a Seamless Transition into the County of Los Angeles Fire District
- ✓ Continue joint training efforts and continue to seek opportunities to minimize the transition cost to the City.



# CITY OF VERNON

2019/2020 Adopted Budget

## PUBLIC SAFETY: POLICE

### Mission Statement

The mission of the Vernon Police Department is to provide swift, skillful and responsive law enforcement services to the people and businesses of the Vernon community through the application of proactive problem-solving strategies and the development of equal partnerships with the people served.

Vernon Police Department (VPD) will seek to ensure a sense of well-being in the community, guided by commitment to working closely with the industrial population. VPD is dedicated to maintaining the highest degree of professionalism and ethical standards in its pursuit of this mission, ever mindful of the need to safeguard the individual liberties of all members of the community.

The Police Department subscribes to a set of governing values, which clearly state the department's beliefs as an agency.

- Integrity; "We share a commitment to ethical conduct by all members of the Department"
- Quality Service; "Service to the Community is paramount"
- Professionalism; "We are committed to community betterment by creating an environment of teamwork, innovation and continuing professional development"
- Teamwork; "Our greatest asset is our people"
- Innovation; "We are open to new ideas, methodologies and technologies in our efforts to prevent crime and solve community problems"

### About the Police Department

The Vernon Police Department provides a full range of policing services to a very unique community comprised primarily of businesses and industry. The Department Patrol Division is the largest unit in the Police Department. The Patrol Division also utilizes a Bicycle Patrol Team, Mental Health Team, Mobile Field Force Team and a D.A.R.E. Program for the local Vernon Elementary School.

Patrol officers respond to all calls for service from the community. They are responsible for handling a wide variety of duties including responding to emergencies, investigating crimes and filing reports, checking out suspicious persons and vehicles, conducting traffic accident investigations and enforcing all traffic laws. Officers take a very pro-active approach to reducing the opportunity for crime and work closely with members of the business community to ensure a safe environment in which to



# CITY OF VERNON

## 2019/2020 Adopted Budget

conduct business. Our officers maintain a high level of visibility within the community and work to identify and eliminate those conditions or situations that may be attractive to the criminal element.

To accomplish its mission, the Department operates two major divisions: Patrol and Support Services.

### *Divisions*

#### **Patrol Division**

The Patrol Division is responsible for handling all calls for service from the public. The Division is managed by a Police Lieutenant who manages both the day and night patrol shifts. The Patrol Division also utilizes specialized uniform details such as Bicycle Patrol, Mental Health Team, Mobile Field Force Team and a D.A.R.E. Program for the local elementary school.

#### *Drug Abuse Resistance Education Program:*

The Department implemented the Drug Abuse Resistance Education (D.A.R.E.) Program at the Vernon City Elementary School since 1999. The program consists of 10 weekly lessons that include lectures, discussion, cooperative learning group activities, role-playing, classwork, homework and the introduction of role models. Students are taught to recognize various drugs and other harmful substances. They learn about the effects of these substances on themselves, family and community. Personal worth is reinforced and they are taught the skills which can help them to avoid involvement with drugs in the future. The idea is to educate them prior to the opportunity for drug involvement.

The D.A.R.E. officer and a program administrator work closely with the staff at the Vernon City Elementary School to coordinate the presentation of the D.A.R.E. curriculum to all 5th grade students.

The D.A.R.E. officers also visit with the children in grades kindergarten through 5th grade, presenting information on a variety of child safety topics. This contact helps to create positive relationships between law enforcement and the children while building interest and enthusiasm for participating in the D.A.R.E. program when they get older.

#### *Mobile Field Force:*

The Mobile Field Force was developed by the Department in the early 1990's. The Mobile Field Force is an experienced and well-disciplined squad, trained to address crowd management and deal with large gatherings that can transition into an unlawful assembly or riot. The team currently has nineteen members and two Sergeants.

The Mobile Field Force is a part of the Los Angeles County area "E" mutual aid program that includes twenty-four other surrounding cities.





# CITY OF VERNON

## 2019/2020 Adopted Budget

### Support Services

The Support Services Division includes the Detective Bureau, Communications Center, Records, and Professional Standards.

#### *Detective Bureau:*

The Police Department Detective Bureau consists of a Sergeant, four full time detectives, and one detective assigned to a task forces. The sergeant handles the administrative duties and manages the daily operations of the Detective Bureau.

Each Detective is assigned a specific desk and investigates cases associated with that assignment. For example, one detective handles all of the thefts in the City while another handles all of the robberies.

The Detective Bureau conducts follow-up investigations to ensure a successful prosecution on criminal cases. This includes obtaining DNA samples from suspects, interviewing witnesses, victims and suspects, analyzing cell phone data, retrieving surveillance videos, preparing and serving search warrants, and conducting parole and probation searches.

Detectives file criminal cases with the Los Angeles County District Attorney's Office and can respond to emergency calls to help augment patrol officers. They also arrange for extradition of suspects from out of the county or state.

Detectives work with other local, county, state and federal law enforcement agencies to help solve crimes. Many suspects are identified through this mutual partnership.

#### *Communications Center:*

The Communications Center is responsible for one of the most important services provided by the Vernon Police Department. It is the link between the public and the Police Department. Vernon's Public Safety Dispatchers are responsible for answering E911, emergency, internal lines and business lines. The Communications center dispatch personnel are trained to handle a variety of police related calls.

The Communications Center is equipped with Tri-Tech Computer Aided Dispatch (CAD) system. The CAD system is linked to the E911 system, Records Management System (RMS) and the mobile computer units (MCTs) mounted in each of the patrol units. This configuration allows for the efficient flow of information, resulting in reduced response times and allowing critical information to reach officers in the field as quickly as possible. The CAD system is also linked to local, state and federal databases, allowing for access to a variety of information for officers assigned to patrol functions.

The Department's E911 upgraded system provides the businesses and citizens of Vernon with the most responsive system available. The E911 system delivers E911 calls, emergency calls and business calls to all three dispatch positions. Each call is recorded and instantly replayed if needed. The E911 system automatically provides information to the CAD, reducing the amount of information that must be entered before officers can be sent to a call.



# CITY OF VERNON

## 2019/2020 Adopted Budget

All calls received by the Communications Center are entered into the computer and prioritized dependent on the nature of the call.

### *Records Division:*

The Records Division maintains the Police Department's statistics for internal staff, other City Departments and various California agencies. The Records Division is responsible for reviewing and validating every report generated by Patrol and the Detective Bureau, distributing and archiving the reports as required. The Division provides support services for the different divisions within the department, to the city at large and the general public.

### *Professional Standards Division:*

The Professional Standards Division is responsible for the business labor relations, crime prevention, citizen personnel complaints, training, recruitment, and for the coordination and release of information to the public and news media.

The division establishes a liaison with the labor/management community to provide expertise during disputes. The unit maintains positive liaisons with related governmental agencies, such as the National Labor Board. They ensure that crimes evolving from labor/management disputes are investigated promptly and the investigations are carried to their proper conclusion.

The division works with the community on crime prevention as well. This is an area of primary concern of the Department. The unit members will respond to businesses in the community and will make recommendations on how to improve business security and provide information on crime prevention.

The Internal Affairs Unit of the Division conducts internal investigations for citizen personnel complaints.

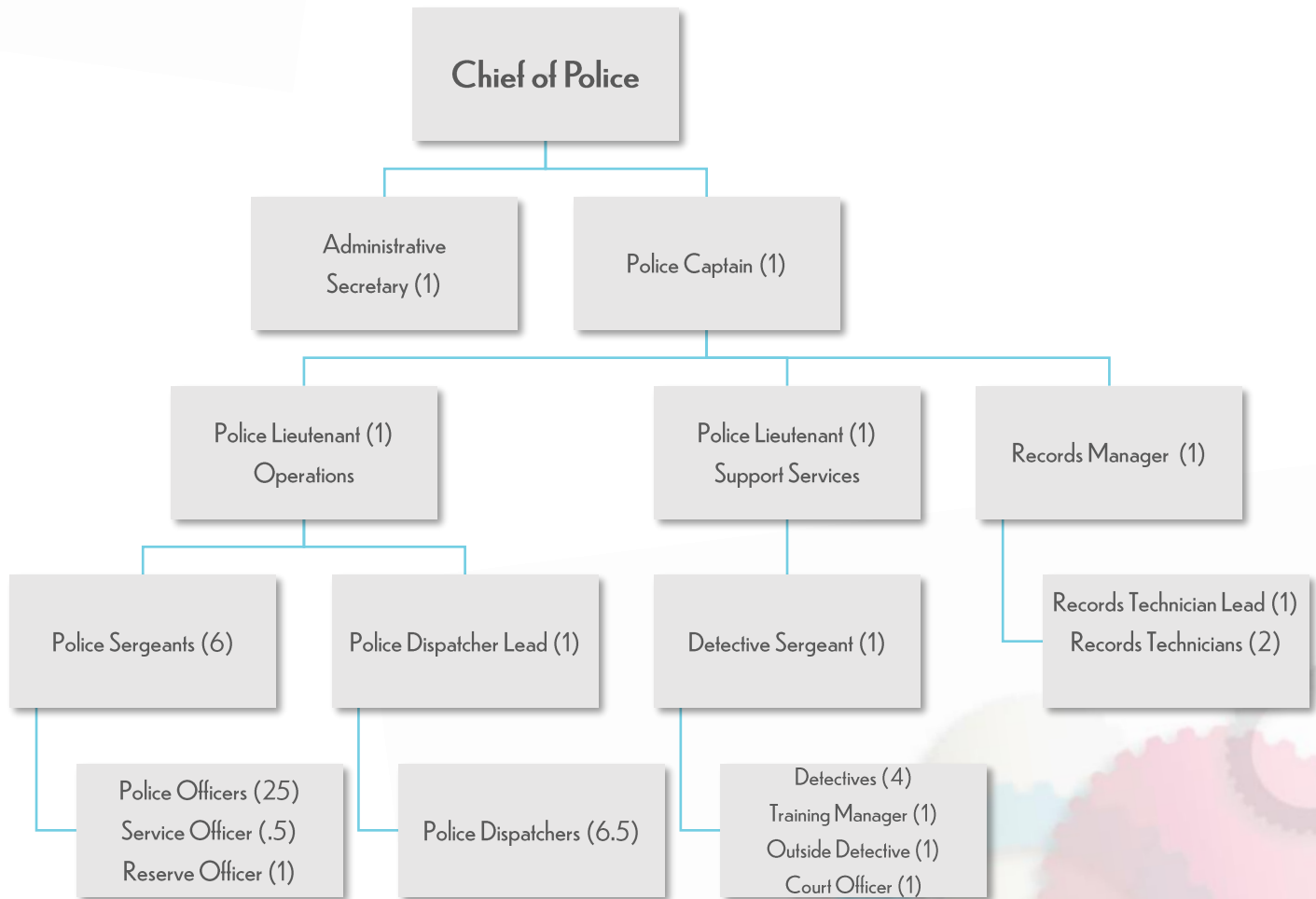
The Training Unit is responsible for ensuring that all officers and staff are properly trained as required by the California Commission on Peace Officers' Standards and Training and the Department of Corrections and Rehabilitations Corrections Standards Authority.



# CITY OF VERNON

2019/2020 Adopted Budget

## Organizational Chart



## Changes from Prior Year

- The Department addresses homelessness with support from local law enforcement agencies, the Southeast Region Mental Health Evaluation Teams ("SRMET"), and members from participating Los Angeles regional efforts. Homelessness is a regional issue and working with region wide partners has developed strides in providing temporary housing for people seeking resources at local homeless shelters.
- To address a recent spike of homelessness in the City and surrounding city borders, patrol staff has been working with local law enforcement agencies and members from SRMET to conduct monthly homeless outreach within the Southeast region.



# CITY OF VERNON

## 2019/2020 Adopted Budget

- The Department has committed to providing a wide-range of training for performing critical core tasks that will build confidence and provide staff development.
- The Department received grant funding from the Office of Traffic Safety to conduct Driving Under the Influence (DUI) and driver license checkpoints, as well as pedestrian safety enforcement events to reduce collisions and pedestrian's injuries, motorcycle and bicycle safety enforcement, and improve traffic safety.

The aforementioned issues have impacted the budget planning for FY 2019/2020. Increases in Salaries, Benefits and Services/Supplies have elevated the overall budget for this fiscal year. A chart below depicts a comparison between FY 2018/2019 and FY 2019/2020.

POLICE	FY2019 Budget	FY2020 Budget	Increase (Decrease)
REVENUES	\$364,300	\$306,300	(\$58,000)
SALARIES	\$6,713,758	\$6,765,061	\$51,303
BENEFITS	\$3,815,984	\$4,323,535	\$507,552
SERVICES/SUPPLIES	\$448,295	\$469,426	\$21,131
WORKERS COMP	\$116,684	\$116,684	-
CAPITAL	\$65,000	\$120,200	\$55,200
TOTAL EXPENDITURES	\$11,159,721	\$11,794,907	\$635,186

## Department Highlights

- ✓ Maintained response times at 3 minutes and 30 seconds on average for Part I crimes
- ✓ Provided management and first line supervisors additional training as part of succession planning and staff development
- ✓ Secured State funding to upgrade the Dispatch 9-1-1 system and remodel the Communications Center
- ✓ Utilized federal asset forfeiture funds to purchase necessary non-budgeted police equipment (expenditures: well over \$365K)
- ✓ Hired five Police Officer trainees during this fiscal year



# CITY OF VERNON

## 2019/2020 Adopted Budget

- ✓ Raised the level of civic engagement
- ✓ 2 Coffee with a Cop events
- ✓ 1 Chat with the Chief
- ✓ PD staff meeting in 2 local businesses: Zankou Chicken and Tag Time USA
- ✓ Open Streets event
- ✓ Participated in City-sponsored Family Game Night
- ✓ Participated in City-sponsored Easter event
- ✓ Hosted 2019 National Night Out at the Village Apartments
- ✓ Partnered with Vernon Fire on the Great Shake Out Earthquake drill
- ✓ Greeted Vernon Elementary students on the 1<sup>st</sup> day of school
- ✓ Participated in the Halloween Spooktacular Event, Station wide maze 1<sup>st</sup> Place
- ✓ Responded to Woolsey Fire assisted with major wildland fire
- ✓ Celebrated our first Employee appreciation dinner at the PD
- ✓ Represented the City of Vernon in the Annual Huntington Park Christmas Parade in a classic 1961 Vernon PD police cruiser
- ✓ Delivered Soccer balls to every student at Vernon Elementary School
- ✓ Partnered with Vernon Fire on Operation Santa gift giving to every child in Vernon
- ✓ Had Detective Larry Gaytan honored on the field at Dodger Stadium for Law Enforcement Appreciation Night.
- ✓ Installed state-of-the-art ICI radio system
- ✓ Chief Miranda threw out the 1<sup>st</sup> pitch at Dodger Stadium for Pink Patch Night

## Goals

- ✓ Maintain the highest level of customer service
- ✓ Proactive approach dealing with homeless in Vernon
- ✓ Full time Mental Evaluation Team member
- ✓ Continue to build on our community policing efforts
- ✓ Maintain our average response time of 3:30 or less for priority 1 calls
- ✓ Continue succession planning; there are 5 anticipated retirements within the next 5 years
- ✓ Continue efforts to provide supervisory and management leadership training for succession planning
- ✓ Assign a detective to the Los Angeles County Task Force for Regional Auto Theft Prevention aka: TRAP
- ✓ Install new equipment lockers in the sally port for patrol officers





# CITY OF VERNON

2019/2020 Adopted Budget

## PUBLIC WORKS

### Mission Statement

Public Works' mission is to preserve and enhance the physical environment and economic vitality of Vernon by efficiently and effectively providing prompt and sustained maintenance, design, construction, planning, and inspection services in support of our residents, businesses, other City Departments, the City Administrator, and the City Council.

### About the Public Works Department

The City of Vernon Public Works Department offers a streamlined approach to permitting for new development. One counter serves as the central location to process permits and answer questions regarding building codes, zoning codes and work in the public right of way.

Consistent with its goal of providing streamlined services, the City has consolidated its divisions pertaining to community development and maintenance of the public infrastructure into one department. The consolidation of these divisions permits the coordination of projects and programs to promote consistency, efficiency, and proper customer service to the community.

### *Divisions*

#### Administration

The Public Works Administration Division provides administrative, financial, legislative, and employee relations support for the Department

#### OBJECTIVES

- ✓ Coordinate interdivisional and interdepartmental activities
- ✓ Provide organizational analysis
- ✓ Review and approve all agenda bills, staff reports, resolutions, ordinances and agreements for City Council
- ✓ Provide research and analysis of Public Works legislation and major Public Works issues
- ✓ Coordinate departmental budget development and provide fiscal administration
- ✓ Coordinate and monitor progress toward achieving the Public Works Department Work Program goals
- ✓ Respond to phone calls involving customer inquiries, complaints, and requests for extra services
- ✓ Respond to citizen notifications/complaints regarding illegally dumped items and possible hazards
- ✓ Process payroll, invoices, purchase orders, warehouse/purchase requisitions, warrants, budget transfers, fixed asset transfers and inventories.



# CITY OF VERNON

## 2019/2020 Adopted Budget

- ✓ Maintain divisional personnel records
- ✓ Process correspondence, maintain records/files and assist the public with information
- ✓ Monitor the City's solid waste program to ensure compliance with State mandates
- ✓ Conduct inspections of solid waste facilities and prepare and file regulatory reports

### Street Operations

The Street Operations Division includes both the engineering section and street maintenance field crews. The engineering section administers the Department's Capital improvement program, including the design and construction of roadway rehabilitation projects, sewer and storm drain upgrades, bridges, traffic signals and City buildings including City Housing. The section also reviews private development grading plans and processes lot mergers, lot line adjustments, compliance with storm water pollution requirements and City easements and deeds. This section is also responsible for the issuance of encroachment permits for all construction within the public right of way. The Division's field crews are responsible for the maintenance of the City's streets, storm drain and sewer systems and traffic sign and striping. This division provides graffiti abatement, and oversees street sweeping, tree trimming and traffic signal maintenance contracts.

### OBJECTIVES

- ✓ Award and effectively administer contracts for all applicable capital improvement projects
- ✓ Provide timely engineering and administrative support to other City departments
- ✓ Respond to public inquiries and concerns on engineering matters
- ✓ Provide inspection of construction work in the public right-of-way
- ✓ Address unsafe or improper construction activities within the public right of way
- ✓ Maintain and update engineering records and City Maps
- ✓ Issue and monitor permits for all work and encroachments in the public right of way
- ✓ Maintain City streets, sewers, storm drain and traffic signals in a first class condition
- ✓ Implement recently adopted regulatory programs for Low Impact Development

### Building and Planning

The Building and Planning Division is primarily responsible for oversight of private development to ensure that all construction is performed in accordance with City requirements. The work of this division includes conducting field inspections, plan checks, development review, code updates and issuing compliance orders. The building section is comprised of three inspectors and one permit technician and one assistant planner, with regular collaboration with the Department's Engineering Division, Fire Department, and Health Department. These inspectors are also responsible for performing code enforcement. All inspectors hold multiple International Code Council (ICC) certifications for inspection and plan examination. In order to maintain ICC certification, staff members attend regular training seminars to accumulate the required amount of units to satisfy recertification. The City of Vernon enforces codes and regulations stipulated by the California Building Standards Commission. The planning section is responsible to ensure that all new development conforms to the City's General Plan and zoning ordinance. It also processes entitlements for private development projects including parcel and tract maps, conditional use permits, variances and development agreements.



# CITY OF VERNON

## 2019/2020 Adopted Budget

### OBJECTIVES

- ✓ Respond in a timely manner to the public, other departments, contractors and new development
- ✓ Work through construction issues and other development matters concerning private development
- ✓ Provide streamlined entitlement, plan check and inspection services

### Garage

The City's Garage Division is responsible for the maintenance of 462 City vehicles and pieces of equipment. These vehicles are an integral part of the daily operation of the City. This section does much of its work in-house.

### OBJECTIVES

- ✓ Respond to all vehicle repairs and maintenance requests in a timely manner
- ✓ Continue to maintain the City's fleet in a good condition
- ✓ Ensure compliance with State mandated regulations for municipal fleets
- ✓ Provide vehicle acquisition and disposal consultation to all City Department

### Warehouse

The Warehouse Division maintains the required supplies and parts necessary to support the operations of the Public Works Department. Refined inventory control procedures and practices ensure that adequate supplies are available for routine and emergency situations. A database is used to track and control inventory related requirements. The Warehouse Section also performs a variety of miscellaneous functions including maintaining the fuel pumps, generating monthly partial payments, performing dispatch duties, preparing vehicle accident reports, and preparing personnel injury reports.

### OBJECTIVES

- ✓ Continue to maintain the City's supplies and equipment required to support the daily operations of Public Works

### City Housing

The Housing Division is responsible for the administration of the City's 26 housing units including the day-to-day activities of the City's housing stock, its tenants, and the administrative duties related to prospective tenants. This Division is also responsible for the maintenance and repair of 18 City-owned housing units, and 8 City-owned apartment units.

### OBJECTIVES

- ✓ Maintain the City's housing stock in a safe and habitable condition
- ✓ Continue to monitor City housing's repair and maintenance
- ✓ Respond to all tenant requests within a reasonable timeframe



# CITY OF VERNON

## 2019/2020 Adopted Budget

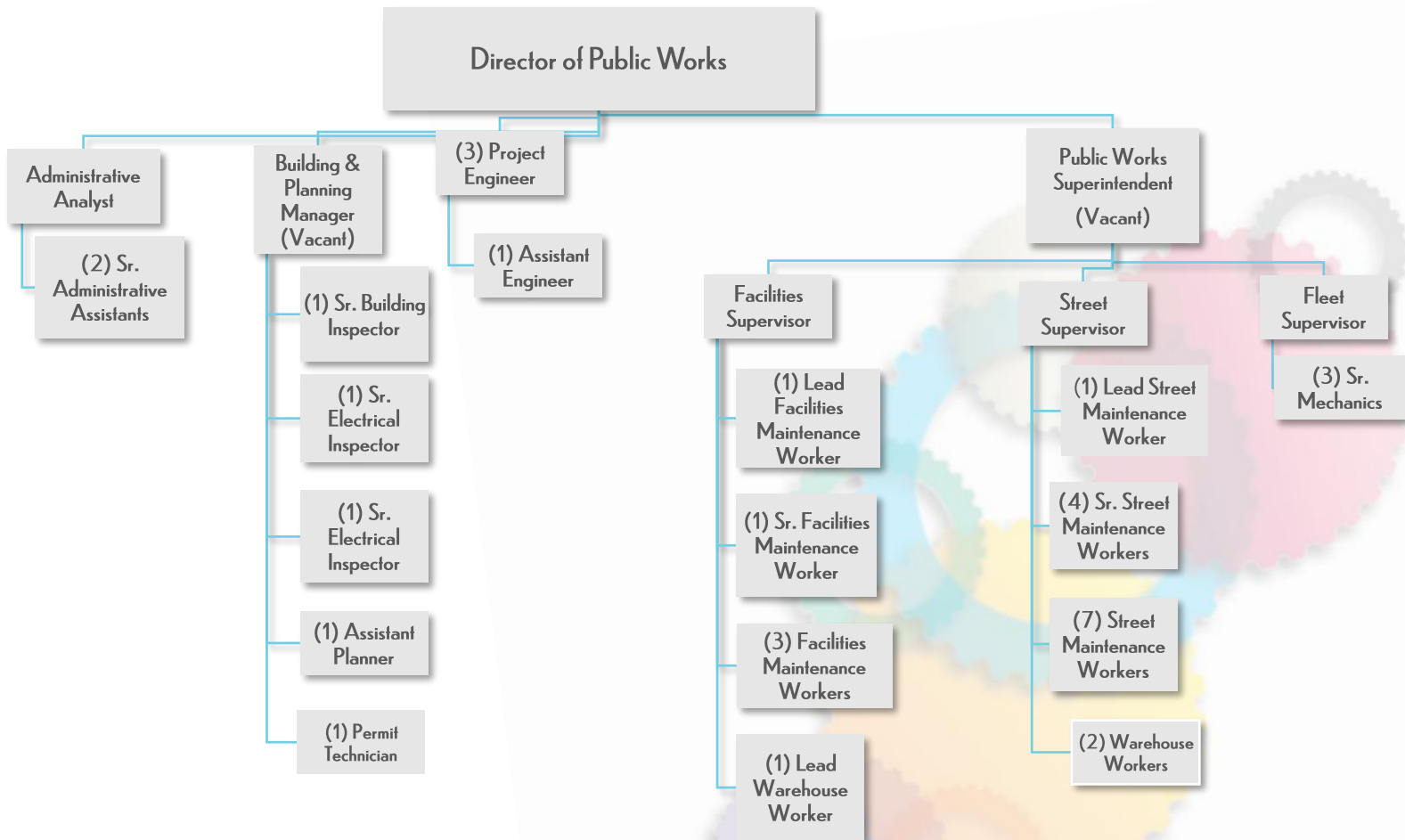
### Facilities

The Facilities Division is responsible for the maintenance of City owned buildings. This Division performs routine maintenance functions including minor and major remodeling, painting, plumbing, minor heating and air conditioning checks, underground tank maintenance, and electrical work. The Division also handles the logistical functions associated with facility upgrades and repairs. This Division oversees the grounds maintenance and janitorial contracts.

### OBJECTIVES

- ✓ Continue to maintain all City buildings in a safe and habitable condition
- ✓ Respond to all maintenance repairs in a timely manner

### Organization





# CITY OF VERNON

## 2019/2020 Adopted Budget

### Changes from Prior Year

Several significant changes are to occur in Fiscal Year 2020. The Department will eliminate several currently vacant positions and transfer some personnel between divisions. This will result in a reduction in budgeted Salaries and Benefits costs. The Department will also increase capital spending by \$1 million.

PUBLIC WORKS	FY2019 Budget	FY2020 Budget	Increase (Decrease)
REVENUES	\$17,537,767	\$20,387,526	\$2,849,759
SALARIES & BENEFITS	\$6,505,795	\$6,132,550	(\$373,245)
SERVICES/SUPPLIES	\$3,646,430	\$3,798,570	\$152,140
CAPITAL	\$4,068,296	\$5,104,000	\$1,035,704
TOTAL EXPENDITURES	\$14,220,521	\$15,035,120	\$814,599

Other expenses in the department related to Supplies/Service have undergone minimal changes for FY 2019/2020. These diagrams depict comparisons between the last fiscal year and FY 2019/2020.

### Highlights

#### Engineering Division

- ✓ Completed remodeling of two City owned homes
- ✓ Reconstructed Downey Road
- ✓ Annual Slurry Seal Project
- ✓ Cross walk improvements at Soto/54<sup>th</sup>, Soto/56<sup>th</sup>, Vernon/St. Charles

#### Building and Planning Division

- ✓ Issued 748 permits, w/ a construction valuation of \$116.8 million in 2018





# CITY OF VERNON

## 2019/2020 Adopted Budget

- ✓ Issued 195 Certificates of Occupancy in 2018

### Public Works Crews Maintained

- ✓ 49.1 centerline miles of streets
- ✓ 44.6 miles of sewer lines
- ✓ 12.4 miles of storm drain lines
- ✓ 431 catch basins/grates
- ✓ 6 bridges
- ✓ 12 buildings
- ✓ 26 housing units
- ✓ 168 city vehicles
- ✓ 42 traffic signals
- ✓ 1,044 city trees
- ✓ 4,971 street and traffic signs

### City Building and Housing Division

- ✓ Completed Annual Housing Inspections and repairs
- ✓ Complete remodel of two City-owned housing units
- ✓ Completed Roofing Projects
- ✓ Established a public used oil collection station at the City Yard

### Goals

- ✓ Add a second graffiti abatement crew
- ✓ Plant 200 street trees
- ✓ Vernon to be named a "Tree City, USA"
- ✓ Initiate a regular sidewalk sweeping program
- ✓ Inspect and repair sidewalks city-wide
- ✓ Upgrade the City Hall air conditioning system for comfort and efficiency
- ✓ Initiate and complete city-wide traffic signal upgrades
- ✓ Complete abatement work at O.E. Clark Building
- ✓ Repave Sierra Pine Avenue, 53<sup>rd</sup>, 54<sup>th</sup>, 55<sup>th</sup>, 57<sup>th</sup> and Hampton Streets
- ✓ Conduct a sewer system capital improvement masterplan and rate study



# CITY OF VERNON

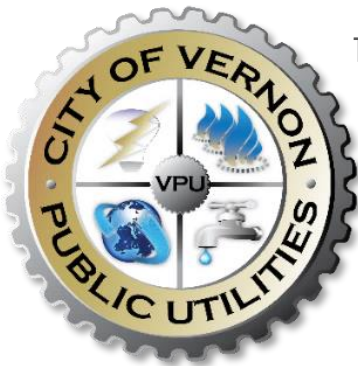
2019/2020 Adopted Budget

## VERNON PUBLIC UTILITIES

### Mission Statement

Vernon Public Utilities (VPU) is committed to building a resilient utility dedicated to reliability and safety by providing responsive services to businesses and residents through a cost effective, sustainable, customer-oriented approach.

### About Vernon Public Utilities



The City of Vernon Public Utilities Department (VPU) plays a vital role in serving the City's business and residential communities, providing personal, dependable, high-quality utility services at competitive rates. VPU offers electricity, natural gas, water, and fiber optic services to Vernon based businesses and residents, often at a cost savings compared to neighboring utility providers. The City-owned electric, water, natural gas and fiber optic distribution systems have a strong, established history of reliability, capable of efficiently and successfully serving the needs of the City's uniquely industrial customer base.

### Divisions

#### Compliance

The Compliance Division evaluates existing and proposed legislative issues and regulatory standards, ensuring that VPU's programs, documentation, and certifications are maintained in accordance to applicable regulations and requirements. VPU Compliance Administrators serve as liaisons to regulatory and legislative bodies in order to maintain compliance and convey VPU's objectives and goals. The Compliance Division also identifies and assists in mitigating risks to the safe and reliable supply of services to VPU customers including financial, legal, and organizational risks. Additionally, the Division coordinates safety and training activities to enhance employee skillsets, improve performance, and foster engagement.

#### Customer Service

The Customer Service Division is responsible for providing timely and accurate billing, prompt processing of utility transactions, and delivering excellent customer service either by telephone or in person to all Vernon utility customers. The Division also offers Customer incentives/rebates for all electric and gas customers to encourage energy efficiency and reduce the greenhouse gas emissions which are consistent with the goals of Assembly Bill 32 (AB-32). Customer Service manages the solar and net metering program which is intended to increase installations of commercial/industrial solar energy systems within the City of Vernon. The Division has taken a key account approach to address in person customer's concerns and issues and/or offer remedies to solutions, so Vernon customers can be more successful.



# CITY OF VERNON

## 2019/2020 Adopted Budget

### Engineering

The Engineering Division is committed to designing and preparing work packages to construct, reconfigure and upgrade the VPU electric system in a safe, reliable, efficient manner, while considering industry best practices and regulatory standards. The Division prepares a capital improvement plan (CIP) and related budget, issues notice inviting bids (NIB) or request for proposals (RFP) for the procurement of substation and electric service delivery equipment and related services. This Division also manages the Fiber Optics service for VPU.

#### ➤ Fiber Optics

The Fiber Optic Division is responsible for the design, construction, and installation of the City's facilities area network communication connections with the use of fiber optic cabling system. The Division also provides secure point-to-point dark fiber optic connection services to businesses in Vernon with multiple facilities while delivering high-speed dedicated internet access to both businesses and residents.

### Integrated Resources

The Integrated Resource Division is responsible for the planning, procurement, scheduling and dispatching of gas and electric resources. The Division procures resources to meet customer demand, and reliability and regulatory requirements. The Division strives to procure resources at the lowest possible cost and generates additional revenues for the City through various bilateral trades. The Division is also responsible for compliance with environmental laws and rules including the renewable portfolio standard and greenhouse gas reduction regulations, and for the procurement of resources, as well as the submission of compliance reports to regulatory agencies.

### Department Operations:

#### ➤ Electric Utility

Electric Operations is staffed 24/7 by Utilities Dispatchers and Electric Operators who continuously monitor real-time operations and the maintenance activities of the electric generation, the electric distribution systems, gas system and water system. Additionally, the Utilities Dispatchers and Electric Operators receive and handle all customer calls outside of regular City operating hours regarding street, gas and water issues.

#### ➤ Gas Utility

The Gas Division has grown significantly over the past decade and now serves as an important resource for the City's business community, providing reliable, high-quality service at some of the lowest rates. The Vernon-owned natural gas distribution system has history of dependable and steady operation having advanced capabilities to effectively serve the City's large manufacturing sector.

#### ➤ Water Utility

The Water Utility provides potable drinking water to Vernon at some of the lowest rates in the region, maintaining a system of ground water wells, reservoirs, and conveyance systems. It oversees the administration and maintenance of this system and the construction of new water service infrastructure. The Water Division manages a water system

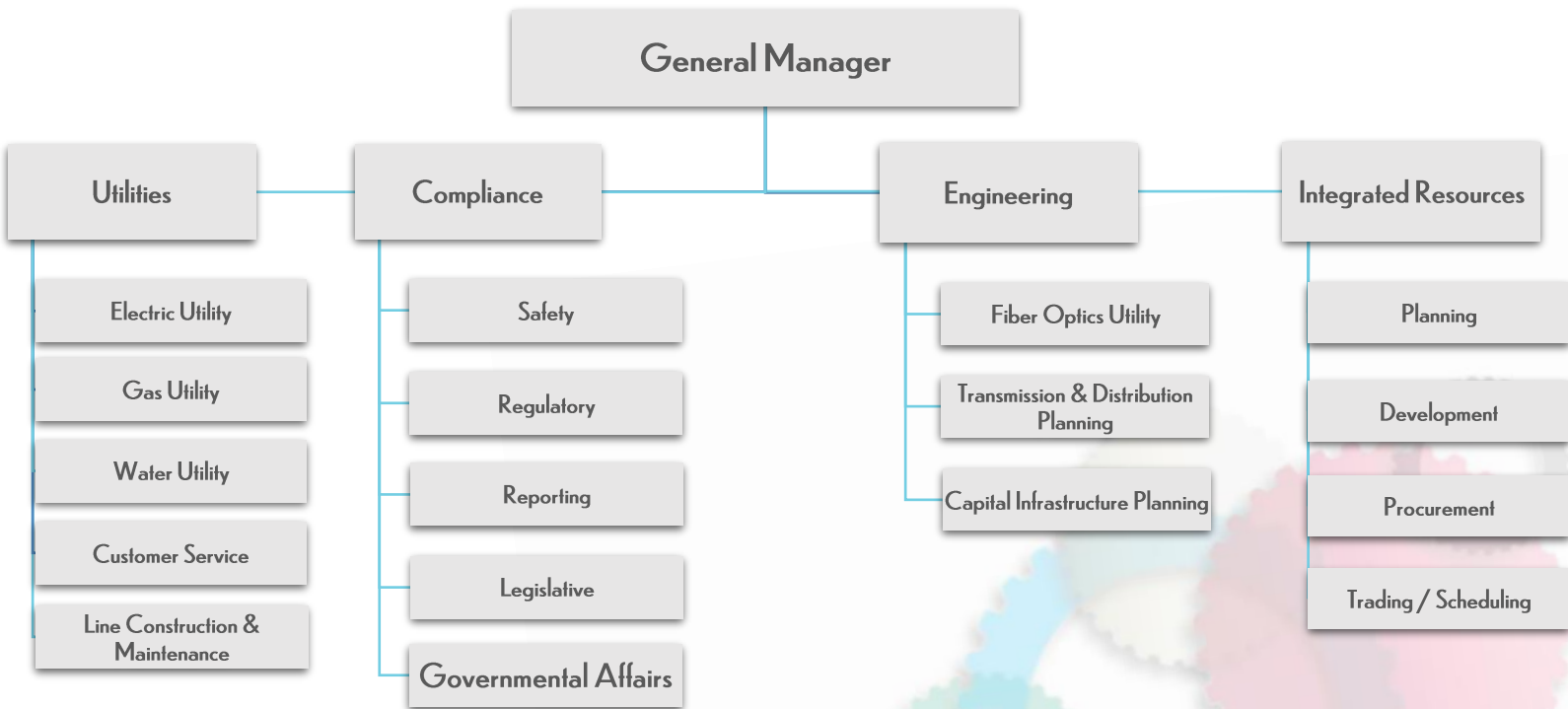


# CITY OF VERNON

## 2019/2020 Adopted Budget

serving approximately 1,000 connections, distributing approximately 2.8 billion gallons of water annually. The Water Division is responsible for developing and producing an annual public water quality report regarding water rates and quality.

### Organization





# CITY OF VERNON

## 2019/2020 Adopted Budget

### Changes from Prior Year

PUBLIC UTILITIES	FY2019 Budget	FY2020 Budget	Increase (Decrease)
TOTAL REVENUES	\$239.2	\$264.9	\$25.7
SALARIES & BENEFITS	\$11.9	\$11.6	(\$0.3)
SERVICES / SUPPLIES	\$210.3	\$232.8	\$22.5
CAPITAL	\$17.6	\$20.6	\$3.0
TOTAL EXPENDITURES	\$239.8	\$264.9	\$25.1

Historically, the actual expenditures have been lower than budgeted. This is because VPU projects conservative estimates based on best information available at the beginning of the fiscal year. Throughout the fiscal year, VPU proactively manages contracts, purchases, and O&M costs to control expenditures, ensuring that the budget ceiling shall not be reached.

There are five main categories of expenditures that yield variation from last year. The cost of natural gas has increased due to a Southern California Gas Company pipeline outage and unusually high temperatures. Across the electric industry, energy and capacity costs have increased. Power transmission costs have also increased due to the addition of new transmission lines in the CAISO balancing area to accommodate increased and distant renewable resources. Increased renewable energy resources to meet state requirements increases costs as well. Finally, the utilities' infrastructure is undergoing a significant maintenance and capital improvement plan (CIP). Maintenance of the infrastructure will help save future costs in terms of outages and reliability. Any shortages created by the CIP will be funded by reserves.

VPU has seen a number of notable changes in staffing, particularly in management during this fiscal year. After the departure of the former General Manager in April 2019, the Integrated Resources Manager has taken the role of Interim General Manager. Similarly, other vacancies resulting from retirement and separation are being filled by existing staff. VPU employees have undertaken these additional tasks while maintaining a consistent level of service to Vernon customers.





# CITY OF VERNON

## 2019/2020 Adopted Budget

### Highlights

#### Department Wide

- ✓ Earned APPA RP3 Diamond Level Recognition of Operational Excellence in the key areas of Reliability, Safety, Workforce Development, System Improvement
- ✓ Earned 1<sup>st</sup> Place in the 2018 APPA Safety Award of Excellence (Low Incidence Rate/Exposure Hours)
- ✓ Conducted 2 Integrated Resource Plan (IRP) Customer Outreach Events and stakeholder survey
- ✓ Staff Development and Electric System Functional Training
- ✓ Elected to serve in California Utilities Emergency Association Board of Directors
- ✓ Established First Intra-Departmental Training
- ✓ Tri-Annual Team Training (Field Staff)
- ✓ Customer Outreach Program Customer Site Visits
- ✓ Community Outreach
- ✓ Positive credit article in Moody's Credit Outlook April 2018 publication
- ✓ Benchmarking study ranks VPU electric reliability top 10% nationwide
- ✓ Served on SCPPA Executive Committee
- ✓ Created webpage for IRP community outreach
- ✓ Implemented a notifications system for notifying customers of electric outages
- ✓ Multiple VPU staff members were nominated and received VEPP (Vernon Exceptional Employee Program) awards in both individual and team categories in acknowledgment of their exceptional work throughout the year

#### Electric Division

- ✓ Ongoing replacement and conversion of the 7kV Leonis Substation Number 3 Bank which has been in service from 1957 to 16kV Substation Distribution Transformer
- ✓ Completed replacement of the Leonis Substation Number 2 Bank 66 to 7KV Substation Distribution Transformer in service since 1951
- ✓ Replacement of Number 4 and 5 Bank 16KV Circuit Breaker in progress
- ✓ Installed first Automatic Line Recloser to limit amount of customers out of service during interruptions
- ✓ Implemented remote reading meter upgrade program to increase efficiency and increase safety

#### Resource Division

- ✓ Increased revenues from Resource Adequacy transactions and raising Ancillary Service Capacity from 41 MW to 51MW



# CITY OF VERNON

## 2019/2020 Adopted Budget

- ✓ Renegotiated division contracts to lower on-going cost
- ✓ Completed long-term 20-year Integrated Resource Plan consistent with SB 350
- ✓ Developed four (4) year cost of service based electric rates and received City Council approval
- ✓ Met CEC compliance period 2 (22% of retail sales) Renewable Portfolio Standard (RPS) mandate
- ✓ Revised and updated the Economic Development Rate opportunity programs

### Water Division

- ✓ One of only two cities awarded Water Replenishment District New Well Construction and Rehabilitation loan of \$1.5 million
- ✓ Began implementation of program to automate efficient operation of water production, storage, and conveyance facilities
- ✓ Initiated a meter upgrade program.
- ✓ Revised the 5-year Capital Improvement Plan
- ✓ Performed first proactive maintenance based bi-directional flushing program
- ✓ Repaired pump and motor of Well 11 and 16 which feeds the City's 10 million gallon reservoir

### Gas Division

- ✓ Total gas customers in Vernon has surpassed 100 (with 10 additional Vernon businesses connected to the Gas System)
- ✓ Increased efficiency and cost savings through cooperative programs with Vernon Public Works and Water
- ✓ Extended gas transmission line and bolstered reliability through looping
- ✓ Conducted various public awareness meetings: Ryerson Steel, Hannibal Steel, Bon Appetit, Petrelli Electric, COV Departments
- ✓ New Gas Operator Training Program – huge cost savings

### Compliance

- ✓ Performed Gas System Compliance Gap Analysis
- ✓ Participated in American Public Power Association (APPA) Legislative Rally in Washington, DC
- ✓ Nominated to APPA's Reliable Public Power Provider grading panel
- ✓ Reliability Metrics benchmarked among the highest in the country in 2017
  - SAIDI in the top decile across the US (32.9 min v. 94 min)
  - SAIFI in the top quartile across the US (0.53 vs 0.97)
  - CAIDI in the top decile across the US (62.38 min vs 99 min)
- ✓ Featured participant in national APPA Mutual Assistance Table Top Exercise.



# CITY OF VERNON

## 2019/2020 Adopted Budget

### Goals

Reinforcing Vernon's "Exclusively Industrial" and "Vernon Means Business" ideals, VPU has adopted a new guiding principle "Committed to Customer Competitiveness." VPU strives to plan, operate, and offer programs to give our business community a competitive edge, and enable Vernon to remain one of the region's "Most Business Friendly Cities."

#### Ongoing Department Goals

- ✓ Provide valuable, responsive, and reliable services to businesses and residents cost effectively, sustainably and with a customer service approach
- ✓ Improve customer relations through education programs, outreach, and visits
- ✓ Provide supervisory training in order to foster stronger working relationships and increase effective communication between management and staff
- ✓ Research potential revenue streams to fund Capital Improvement Projects & reinvest in utility infrastructure
- ✓ Work through SCPPA to procure long-term renewable PPAs to meet the 60% RPS mandate by 2030
- ✓ Explore various energy markets and transaction platforms to reduce cost and increase contracting efficiency
- ✓ Expand the counterparty pool for electric and gas trading
- ✓ Research safe & effective methods to decrease frequency & duration of electric outages

#### Division Goals

##### Resource Planning

- ✓ Develop Business Plan to market Resource Adequacy Capacity, and to provide Scheduling Coordinator Services to other utilities

##### Water Division

- ✓ Secure tax-exempt water bond funding
- ✓ Water Rate Study
- ✓ Destroy Well #5 as required by the State Water Resources Control Board, drill and construct first new ground water Well #22 since 1989, rehabilitate ground water Well #15 and #17.
- ✓ Commission standalone Water SCADA Control and Automation Platform
- ✓ Install Water System Smart Meters



# CITY OF VERNON

## 2019/2020 Adopted Budget

### Electric Division

- ✓ Various equipment replacement at Leonis and Vernon Substations.
- ✓ Add additional Automatic Line Reclosers to 16kV system.

### Customer Service Division

- ✓ Transition to Remote Reading Meters
- ✓ Launching New Utility Billing System
- ✓ Provide customers with simplified process to start and change service of utilities

### Fiber Optics Division

- ✓ Increase source carrier bandwidth (capacity) from 400 mbps to 2000 mbps while lowering monthly cost
- ✓ Increase customer base by at least 50%
- ✓ Restructure customer rates and plans (more advertising to increase customer base growth)

### Gas Division

- ✓ Loop gas transmission system across 26th St Bridge
- ✓ Complete PHMSA Audit

### Compliance

- ✓ Develop Utility Strategic Plan
- ✓ Implement Compliance Management Software
- ✓ Develop an Alternative Fuel Vehicle Infrastructure Plan
- ✓ Perform quarterly updates of Key Performance Indicators
- ✓ Develop a VPU Communication Plan to provide customers and stakeholders clean and consistent information and messaging.
- ✓ Finalize Federal Communications Commission (FCC) compliant wireless communications pole attachment procedures and cost-based attachment rates



# CITY OF VERNON

2019/2020 Adopted Budget

## APPENDIX I







# CITY OF VERNON

## 2019/2020 Adopted Budget

### RESOLUTION NO. 2019-36

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF  
VERNON APPROVING A BUDGET FOR THE FISCAL YEAR  
2019-2020

WHEREAS, on June 5, 2018, the City Council of the City of  
Vernon adopted Resolution No. 2018-18 approving a budget for the fiscal  
year 2018-2019; and

WHEREAS, the City Council of the City of Vernon wishes to  
establish a new budget to anticipate the requirements for fiscal year  
2019-2020 for the different departments of the City of Vernon; and

WHEREAS, on June 4<sup>th</sup>, June 18<sup>th</sup>, and August 6, 2019, all City  
Department Heads, with the exception of the Fire Chief, presented to  
the City Council the proposed budgets for their respective departments  
for Fiscal Year 2019-2020; and

WHEREAS, on August 6, 2019, the City Council of the City of  
Vernon adopted Resolution No. 2019-29, approving and authorizing the  
execution of an agreement to delegate fire protection, paramedic and  
incidental services to the Los Angeles County Fire District (the "LACFD  
Agreement"); and

WHEREAS, by virtue of the City's entry into the LACFD  
Agreement, the budget for the Fire Department has been adjusted to  
reflect costs accordingly; and

WHEREAS, the expenditures proposed in the budget are well  
under the limitations imposed pursuant to the Gann Initiative for  
Fiscal Year 2019-2020; and

WHEREAS, the budget maintains the proper balance between  
revenues and expenditures, and establishes well thought out priorities;  
and



# CITY OF VERNON

## 2019/2020 Adopted Budget

WHEREAS, approval of the budget is in the public interest.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF VERNON AS FOLLOWS:

SECTION 1: The City Council of the City of Vernon hereby finds and determines that the above recitals are true and correct.

SECTION 2: The City Council of the City of Vernon finds that this action is exempt under the California Environmental Quality Act (CEQA), because adoption of the budget is the creation of a government funding mechanism or other government fiscal activity that does not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment and is therefore not a "project" as defined under Section 15378(b)(4). Further, even if adoption of the budget were considered a "project," it would be exempt from CEQA review, in accordance with Section 15061(b)(3), the general rule that CEQA only applies to projects that may have a significant effect on the environment.

SECTION 3: The City Council of the City of Vernon hereby approves the budget as set forth in Exhibit A, attached hereto and incorporated by reference, to anticipate the requirements for fiscal year 2019-2020 for the different departments of the City of Vernon.

SECTION 4: The anticipated revenues for the fiscal year 2019-2020 are set forth in Exhibit B, attached hereto and incorporated by reference.

SECTION 5: The City Council of the City of Vernon hereby finds and determines that certain items provided for in individual department budgets are in the nature of community promotion and education, and the City Council of the City of Vernon further finds and determines that the same are in the best interests of the City of



# CITY OF VERNON

## 2019/2020 Adopted Budget

Vernon, and necessary for the further development of the City and constitute a reasonable expenditure of public funds.

SECTION 6: The Interim City Clerk, or the Interim City Clerk's designee, of the City of Vernon is hereby directed to file this Resolution (along with each exhibit) with the County Auditor of Los Angeles County, located at the following address, within sixty (60) days after July 1, 2019:

County of Los Angeles  
Office of Auditor/Controller  
Hall of Administration  
500 West Temple Street  
Los Angeles, CA 90012

SECTION 7: The Interim City Clerk of the City of Vernon shall certify to the passage, approval and adoption of this resolution, and the Interim City Clerk, of the City of Vernon shall cause this resolution and the Interim City Clerk's certification to be entered in the File of Resolutions of the Council of this City.

APPROVED AND ADOPTED this 20<sup>th</sup> day of August, 2019.

Name: **Melissa A. Ybarra**

Title: Mayor / ~~Mayor Pro Tem~~

ATTEST:

  
Deborah Harrington,  
Interim City Clerk

APPROVED AS TO FORM:

  
Brian Byun,  
Senior Deputy City Attorney





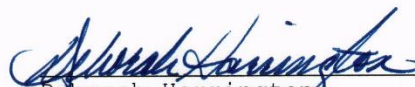
# CITY OF VERNON

## 2019/2020 Adopted Budget

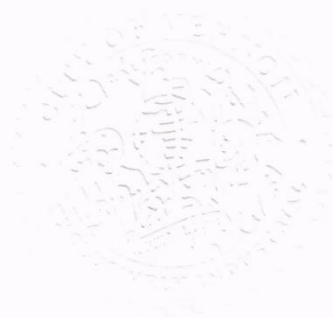
STATE OF CALIFORNIA       )  
  ) ss  
COUNTY OF LOS ANGELES    )

I, Deborah Harrington, Interim City Clerk of the City of Vernon, do hereby certify that the foregoing Resolution, being Resolution No. 2019-36, was duly passed, approved and adopted by the City Council of the City of Vernon at a regular meeting of the City Council duly held on Tuesday, August 20, 2019, and thereafter was duly signed by the Mayor or Mayor Pro-Tem of the City of Vernon.

Executed this 3rd day of September, 2019, at Vernon, California.

  
\_\_\_\_\_  
Deborah Harrington  
Interim City Clerk

(SEAL)





# CITY OF VERNON

2019/2020 Adopted Budget

**EXHIBIT A**





# CITY OF VERNON

## 2019/2020 Adopted Budget

### CITY OF VERNON EXPENDITURE BUDGET 2019-2020

DEPARTMENT	SALARIES	BENEFITS	SUPPLIES/ SERVICES	CAPITAL OUTLAY	TOTAL
CITY COUNCIL	\$ 146,349	\$ 61,579	\$ 39,984	\$ -	\$ 247,912
CITY ADMINISTRATION	570,062	295,607	78,871	-	944,540
CITY ATTORNEY	785,281	342,808	427,500	-	1,555,589
CITY CLERK	363,910	141,725	93,000	-	598,635
FINANCE	1,334,418	562,287	1,458,294	-	3,354,999
HUMAN RESOURCES	620,442	2,435,017	426,440	-	3,481,899
COMMUNITY PROMOTION	-	-	500,000	-	500,000
COMMUNITY DEVELOPMENT	-	-	500,000	-	500,000
INFORMATION TECHNOLOGY	607,879	236,904	1,261,225	312,000	2,418,008
<b>SUB-TOTAL ADMIN</b>	<b>4,428,341</b>	<b>4,075,927</b>	<b>4,785,314</b>	<b>312,000</b>	<b>13,601,582</b>
HEALTH/ENVIRONMENTAL CTRL	540,226	255,017	627,626	11,000	1,433,869
<b>SUB-TOTAL HEALTH</b>	<b>540,226</b>	<b>255,017</b>	<b>627,626</b>	<b>11,000</b>	<b>1,433,869</b>
POLICE	6,765,061	4,440,220	469,426	120,200	11,794,907
FIRE	5,326,889	3,521,026	8,447,176	365,800	17,660,891
<b>SUB-TOTAL SAFETY</b>	<b>12,091,950</b>	<b>7,961,246</b>	<b>8,916,602</b>	<b>486,000</b>	<b>29,455,798</b>
ADMIN-ENGR-PLANNING	1,909,563	921,941	2,326,780	3,680,000	8,838,284
BUILDING DEPARTMENT	654,764	288,209	273,250	250,000	1,466,223
PUBLIC WORKS	446,080	242,850	5,840	-	694,770
INDUSTRIAL DEVELOPMENT	-	-	51,230	-	51,230
CITY GARAGE	378,818	169,580	274,500	45,000	867,898
CITY WAREHOUSE	157,490	82,921	10,950	70,000	321,361
CITY HOUSING	177,657	93,979	134,200	370,000	775,836
CITY BUILDINGS	416,338	192,360	773,050	689,000	2,070,748
<b>SUB-TOTAL COMM SER</b>	<b>4,140,710</b>	<b>1,991,840</b>	<b>3,849,800</b>	<b>5,104,000</b>	<b>15,086,350</b>
<b>TOTAL GENERAL FUND</b>	<b>\$ 21,201,227</b>	<b>\$ 14,284,030</b>	<b>\$ 18,179,342</b>	<b>\$ 5,913,000</b>	<b>\$ 59,577,599</b>
<b>TOTAL GENERAL FUND</b>	<b>\$ 21,201,227</b>	<b>\$ 14,284,030</b>	<b>\$ 18,179,342</b>	<b>\$ 5,913,000</b>	<b>\$ 59,577,599</b>

EXHIBIT "A"

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# CITY OF VERNON

## 2019/2020 Adopted Budget

### CITY OF VERNON EXPENDITURE BUDGET 2019-2020

DEPARTMENT	SALARIES	BENEFITS	SUPPLIES/ SERVICES	CAPITAL OUTLAY	TOTAL
RDA OBLIGATION RETIREMENT FUND	-	-	5,698,006	-	5,698,006
<b>UTILITIES</b>					
<u>WATER FUND</u>					
WATER OPERATIONS	1,511,156	694,320	7,589,986	8,252,000	18,047,462
RECYCLED WATER	-	-	-	-	-
<b>SUB-TOTAL WATER</b>	<b>1,511,156</b>	<b>694,320</b>	<b>7,589,986</b>	<b>8,252,000</b>	<b>18,047,462</b>
<u>LIGHT &amp; POWER</u>					
FIELD OPERATIONS	692,033	245,899	510,228	536,000	1,984,160
SYSTEM DISPATCH	1,888,740	695,700	797,804	340,000	3,722,244
STATION A	-	-	635,045	60,000	695,045
TRANS/DISTRIBUTION	-	-	7,182,204	-	7,182,204
BUILDING MAINTENANCE	-	-	283,090	255,000	538,090
CUSTOMER SERVICE	256,716	132,024	8,848,257	110,000	9,346,997
ADMINISTRATION	1,017,052	441,981	58,450,677	360,000	60,269,710
ELECTRICAL ENGINEERING	1,114,091	439,050	344,000	9,275,000	11,172,141
RESOURCE MANAGEMENT	1,050,237	408,596	133,995,816	-	135,454,649
ENERGY MANAGEMENT	35,912	13,624	1,100,000	-	1,149,536
<b>SUB-TOTAL L &amp; P</b>	<b>6,054,781</b>	<b>2,376,874</b>	<b>212,147,121</b>	<b>10,936,000</b>	<b>231,514,776</b>
<b>GAS</b>	<b>577,531</b>	<b>242,417</b>	<b>12,693,267</b>	<b>1,125,000</b>	<b>14,638,215</b>
<b>FIBER-OPTICS</b>	<b>68,097</b>	<b>30,801</b>	<b>324,186</b>	<b>250,000</b>	<b>673,084</b>
<b>TOTAL UTILITIES</b>	<b>8,211,565</b>	<b>3,344,412</b>	<b>232,754,560</b>	<b>20,563,000</b>	<b>264,873,537</b>
<b>GRAND TOTAL</b>	<b>\$ 29,412,792</b>	<b>\$ 17,628,442</b>	<b>\$ 256,631,908</b>	<b>\$ 26,476,000</b>	<b>\$ 330,149,142</b>

EXHIBIT "A"

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# CITY OF VERNON

2019/2020 Adopted Budget

**EXHIBIT B**



# CITY OF VERNON

## 2019/2020 Adopted Budget

### CITY OF VERNON ESTIMATED REVENUES 2019-2020

GOVERNMENTAL FUND TYPE		FY2020	
GENERAL			
400110	SECURED PROPERTY TAX-CURRENT	\$	3,863,645
400210	PRIOR YEAR SECURED	\$	(8,658)
400310	REAL PROPERTY TRANSFER TAX	\$	237,548
400311	BNSF	\$	624,792
400500	PROPERTY TAX-INTEREST & PENALTIES	\$	7,576
400610	PROP "A" FUNDS	\$	4,340
400630	PROP "C" FUNDS	\$	3,600
400700	HOMEOWNERS' PROPERTY TAX EXEMPTION	\$	16,883
400820	PUBLIC SAFETY AUGMENTATION FUND	\$	1,840
400900	PARCEL TAXES - WAREHOUSE	\$	11,825,874
400950	PARCEL TAXES - SAFETY	\$	2,145,162
401000	UTILITY USERS TAX	\$	12,000,000
401200	SALES AND USE TAX	\$	7,854,000
401206	MEASURE R LOCAL RETURN	\$	2,700
401207	MEASURE M LOCAL RETURN	\$	3,060
401208	ROAD MAINTENANCE AND REHAB - SB1	\$	3,459
401209	TDA ARTICLE 3	\$	5,000
401600	ADMINISTRATIVE FEES - SB2557	\$	(35,541)
401650	STATE FEE - SB1186	\$	1,100
407500	GAS TAX 2103	\$	1,783
407510	GAS TAX 2105	\$	1,163
407600	GAS TAX 2106	\$	5,487
407700	GAS TAX 2107	\$	1,527
407800	GAS TAX 2107.5	\$	1,000
410100	BUSINESS LICENSES	\$	6,000,000
410210	BUILDING PERMITS	\$	1,026,200
410211	FIRE PERMIT FEES	\$	27,500
410212	ALARM PERMITS	\$	14,500
410240	PUBLIC HEALTH PERMITS	\$	1,100,000
410250	HEALTH PERMIT LATE FEES	\$	12,000
410270	FILMING PERMITS	\$	4,000
410271	SPECIAL EVENT PERMIT FEES	\$	500
410280	CONDITIONAL USE PERMITS	\$	13,927
410290	ISSUANCE FEE	\$	19,000
410300	FRANCHISES AND AGREEMENTS	\$	115,008
410310	SOLID WASTE FRANCHISE FEES	\$	1,200,000
410320	SOLID WASTE FRANCHISE LATE FEES	\$	12,000
410400	CLOSURE REVIEW FEES	\$	5,000
410410	PLAN CHECK REVIEW FEES	\$	100,000
410430	ANNUAL BUSINESS FIRE INSPECTION	\$	70,000
410460	ANNUAL BUSINESS FIRE RE-INSPECITON	\$	1,750
410470	FIVE YEAR SPRINKLER SYSTEM TESTING	\$	3,750
410480	FALSE ALARM FEES	\$	27,750
410490	FIRE EXTINGUISHER TRAINING	\$	250
420100	VEHICLE CODE FINES	\$	60,000
420110	OTHER VEHICLE FINES	\$	20,000
420130	VEHICLE INSPECTION FEE	\$	4,000
420510	PARKING CITATIONS	\$	30,000
420515	FRANCHISE TOWING FEES	\$	15,000
420520	COMMUNITY SERVICES INCOME	\$	37,000
420525	IMPOUNDED VEHICLE RELEASE FEES	\$	3,000
420530	DUI VEHICLE RELEASE FEES	\$	3,000
420535	REPOSSESSED VEHICLE RELEASE FEE	\$	300
430110	INVESTMENT INCOME	\$	85,000
431000	RENTS	\$	528,920
440100	GRANT REVENUE	\$	2,897,031
442001	MOTOR VEHICLE IN-LIEU TAX	\$	8,500
450110	FIRE SERVICE	\$	10,000

EXHIBIT "B"

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# CITY OF VERNON

## 2019/2020 Adopted Budget

### CITY OF VERNON ESTIMATED REVENUES 2019-2020

GOVERNMENTAL FUND TYPE		FY2020
GENERAL		
450120	ENGINEERING INSPECTION FEES	\$ 70,000
458000	GENERAL CITY ADMINISTRATIVE SERVICES	\$ 3,665,551
459030	GROUP MEDICAL REVENUE	\$ 228,257
461100	MISCELLANEOUS AND PENALTIES	\$ 54,238
466200	PLAN CHECK FEES	\$ 443,830
466220	GREEN BUILDING STANDARDS FEE	\$ 10,262
466230	ANNUAL FEE	\$ 1,000
466600	COPIES AND PUBLICATIONS	\$ 18,650
466900	MISCELLANEOUS	\$ 20,147
467000	STRIKE TEAM REIMBURSEMENT	\$ 125,000
467100	EMS REIMBURSEMENT	\$ 72,500
468400	VARIANCES	\$ 6,597
469300	RESERVE APPLIED	\$ (2,849,552)
499700	CREDIT FOR GARAGE WORK ORDERS	\$ 375,000
600910	OTHER INCOME	\$ 387,920
630055	LIGHT AND POWER IN-LIEU TAX	\$ 4,925,975
<b>TOTAL GENERAL FUND</b>		<b>59,577,600</b>
<u>FIDUCIARY FUND</u>		
022	RDA/SUCCESSOR AGENCY TAX INCREMENT	5,698,006
<b>SUB-TOTAL FIDUCIARY FUND</b>		<b>5,698,006</b>
<b>TOTAL GOVERNMENTAL TYPE FUNDS</b>		<b>65,275,606</b>
<u>PROPRIETARY FUND TYPES</u>		
<u>WATER DEPARTMENT</u>		
020	WATER - REVENUES	8,573,244
020	WATER - PROCEEDS FROM LONG-TERM DEBT	1,500,000
020	WATER - RESERVES APPLIED	7,974,218
<u>LIGHT AND POWER</u>		
055	LIGHT AND POWER - REVENUES	222,206,778
055	LIGHT AND POWER - RESERVES APPLIED	9,307,997
<u>FIBER-OPTICS</u>		
057	FIBER-OPTICS - REVENUES	983,220
057	FIBER-OPTICS - RESERVES APPLIED	(310,136)
<u>GAS UTILITY</u>		
056	GAS - REVENUES	14,081,125
056	GAS - RESERVES APPLIED	557,090
<b>SUB-TOTAL ENTERPRISE FUNDS</b>		<b>264,873,536</b>
<b>GRAND TOTAL ALL FUNDS</b>		<b>\$ 330,149,142</b>





# CITY OF VERNON

2019/2020 Adopted Budget

## APPENDIX II





# CITY OF VERNON

2019/2020 Adopted Budget

## Operating Revenues

### Government Funds & Business Type Funds

	General Fund	Successor Agency Funds	Governmental Funds Total
<b>Operating revenues</b>			
Taxes	44,683,670	5,698,006	50,381,676
Special assessments	1,212,000	-	1,212,000
Licenses and permits	2,322,627	-	2,322,627
Fines, forfeitures and penalties	200,038	-	200,038
Investment income (loss)	85,000	-	85,000
Intergovernmental revenues	3,137,250	-	3,137,250
Charges for services	1,286,499	-	1,286,499
Other revenues	944,084	-	944,084
<b>Total operating revenues</b>	<b>53,871,168</b>	<b>5,698,006</b>	<b>59,569,174</b>

	Electric Fund	Gas Fund	Water Fund	Fiber Optics Fund	Business-type Funds Total
<b>Operating revenues</b>					
Investment income (loss)	1,000,000	-	-	-	1,000,000
Charges for services	207,070,534	14,081,125	8,573,244	983,220	230,708,123
Other revenues	-	-	-	-	-
<b>Total operating revenues</b>	<b>208,070,534</b>	<b>14,081,125</b>	<b>8,573,244</b>	<b>983,220</b>	<b>231,708,123</b>
<b>Grand Total</b>					<b>291,277,297</b>



# CITY OF VERNON

2019/2020 Adopted Budget

## Operating Expenditures Government Funds & Business Type Funds

	General Fund	Successor Agency Funds	Governmental Funds Total
<b>Operating expenditures</b>			
General government	13,706,874	125,000	13,831,874
Public safety - Police	11,674,707	-	11,674,707
Public safety - Fire	17,295,091	-	17,295,091
Public works	8,600,601	-	8,600,601
Health services	1,422,869	-	1,422,869
Community promotion	500,000	-	500,000
Community development	500,000	-	500,000
Principal retirement	-	2,825,000	2,825,000
Interest payment	-	2,748,006	2,748,006
Capital outlay	5,913,000	-	5,913,000
Cost of sales	-	-	-
<b>Total operating expenditures</b>	<b>59,613,142</b>	<b>5,698,006</b>	<b>65,311,148</b>

	Electric Fund	Gas Fund	Water Fund	Fiber Optics Fund	Business-type Funds Total
<b>Operating expenditures</b>					
Principal retirement	25,815,000	-	-	-	25,815,000
Interest payment	19,497,322	-	-	-	19,497,322
Capital outlay	10,936,000	1,125,000	8,852,000	250,000	21,163,000
Cost of sales	153,145,183	13,513,215	8,608,962	423,084	175,670,444
<b>Total operating expenditures</b>	<b>209,373,505</b>	<b>14,638,215</b>	<b>17,460,962</b>	<b>673,084</b>	<b>242,145,766</b>
<b>Grand Total</b>					<b>307,456,914</b>



# CITY OF VERNON

2019/2020 Adopted Budget

## Non-Operating Revenues & Expenditures Government Funds & Business Type Funds

	General Fund	Successor Agency Funds				Governmental Funds Total
Non-Operating Revenues (Expenditures)						
Sale of property	-	-				-
In-lieu tax transfer in (out)	4,925,975	-				4,925,975
Overhead allocation in (out)	3,665,551	-				3,665,551
Operating transfer in (out)	-	-				-
Total non-operating revenues (expenditures)	8,591,526	-				8,591,526

	Electric Fund	Gas Fund	Water Fund	Fiber Optics Fund	Business-type Funds Total
Non-Operating Revenues (Expenditures)					
Proceeds from long-term debt	-	-	1,500,000	-	1,500,000
In-lieu tax transfer in (out)	(4,925,975)	-	-	-	(4,925,975)
Overhead allocation in (out)	(3,079,051)	-	(586,500)	-	(3,665,551)
Operating transfer in (out)	-	-	-	-	-
Total non-operating revenues (expenditures)	(8,005,026)	-	913,500	-	(7,091,526)
Grand Total					1,500,000



# CITY OF VERNON

2019/2020 Adopted Budget

## Extraordinary Items

### Government Funds & Business Type Funds

	General Fund	Successor Agency Funds	Governmental Funds Total
<b>Extraordinary items</b>			
Non-operating transfer in (out)	-	-	-
Excess bond proceeds	-	-	-
Reserves applied	(2,849,552)	-	(2,849,552)
<b>Total extraordinary items</b>	<b>(2,849,552)</b>	<b>-</b>	<b>2,849,552</b>

	Electric Fund	Gas Fund	Water Fund	Fiber Optics Fund	Business-type Funds Total
<b>Extraordinary items</b>					
Non-operating transfer in (out)	-	-	-	-	-
Excess bond proceeds	-	-	-	-	-
Reserves applied	9,307,997	557,090	7,974,218	(310,136)	17,529,169
<b>Total extraordinary items</b>	<b>9,307,997</b>	<b>557,090</b>	<b>7,974,218</b>	<b>(310,136)</b>	<b>17,529,169</b>
<b>Grand Total</b>					<b>14,679,617</b>