Vernon Quarterly

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Vernon Quarterly is a newsletter for the residents, businesses and other community stakeholders in this city that “means business.”

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In four months’ time, voters in Vernon will be asked to consider a measure that represents Vernon’s last and final step in a four-year journey that began with municipal reform and could end with the fulfillment of the city’s good governance and ethics promises.

It’s useful to recall the political climate in Vernon in the Year 2012. Vernon was on the doorstep of legislative disincorporation through a bill pushed hard by then-Assembly Speaker John A. Pérez. Only an 11th hour legislative compromise reached with state Senator Kevin de León, secured by the city’s promise to enact good governance reforms, saved Vernon as a charter city in California.

Over the past four years, Vernon city council members and city administrators have worked diligently to keep the city’s promises. More than 150 good governance reforms have been implemented since 2012. One good governance reform remains. In April 2017, Vernon’s 86 registered voters will decide whether to implement it.

Measure Q, a ballot initiative proposed for the April 11, 2017 General Municipal Election, would—if approved by voters—increase the city’s utility user tax (UUT) to 6% from its current assessment of 1%. The UUT increase would be reflected in bills residents and businesses pay for electricity, natural gas, water, telecommunications services and video services.

Measure Q would raise approximately $11 million annually. The added revenue, representing 15% of the city’s fiscal year general fund budget, would go directly into the city’s general fund to finance essential municipal services such as police patrols, Class-1 fire protection and emergency paramedics, road repair, building and safety and health inspections.

The anticipated revenue from Measure Q would replace $11 million that is presently...
For more than 20 years, the City of Vernon has operated its general fund at a deficit and during the five fiscal years 2006-07 through 2010-11, significant increases in general government and public safety expenditures, its two largest cost categories, caused this deficit to increase to the highest levels of the 20-year period. The city’s current revenue structure for its general fund does not provide sufficient revenue to pay for the services that the general fund provides. The city has funded past general fund deficits through inter-fund transfers and loans, reserves and one-time revenues such as the sale of property. However, the city’s continued and increasing reliance on other funds to cover its general fund deficits is now problematic because the funds once available from these sources have decreased. To address the structural deficit in its general fund, the city should seek long-term solutions to balance the general fund’s expenditures and revenues and lessen its reliance on transfers from other city funds.

Vernon’s financial problem regarding its fund transfers was recently compounded by actions taken by one of the city’s two bond-rating firms, Moody’s Investor

Fund transfers from municipal-owned utilities, such as the kind Vernon has used to help fund essential city services, are at risk from more than disapproving state officials who have criticized the budgetary practice. The California Supreme Court is reviewing a legal case that could invalidate municipal inter-fund transfers altogether.

If state justices rule inter-fund transfers are invalid, Vernon would be forced to halt a practice that, in part, helps keep the city’s general fund budget afloat. If left without a source of general fund revenue to replace the inter-fund transfers from VG&E’s enterprise fund, Vernon city leaders would face the prospect of having to make staggering cuts to essential services that city residents and businesses depend on daily.

Vernon residents and utility bills
Moody’s recently downgraded Vernon’s utility bonds due, in part, to the city’s decades-long practice of using enterprise fund transfers from VG&E to help pay for police, fire, health and other general government services. The Moody’s downgrade increases the interest rate Vernon must pay on financial obligations, which, in turn, raise the city’s financial costs.

The proposed solution to address each of these fiscal circumstances affecting Vernon’s budget and finances is Measure Q. Under the proposed measure, the average monthly electricity bill for Vernon residents, based on 700 kilowatt hours used, would increase by 5% equaling $3.57 per month, with an offsetting 5% electricity cost credit of $3.57. The end result is there would be no additional actual cost for using electricity in a resident’s home or apartment.

A resident’s average monthly water bill, based on 5,984 gallons, would increase by 5%, equaling $1.70 per month if Measure Q is approved by voters. The average bill for residential natural gas service based on $50 per month would increase by $2.50 per month or 5% above the current cost. Additionally, the Vernon UUT percentage increase would be applied to a resident’s internet and mobile phone usage.

Vernon-based businesses would also be subject to the increased percentage in UUT for electricity, water, natural gas, telecommunications services and video services. Electric customers would also receive a 5% credit on their electricity costs. The amount of UUT funds generated based on power consumption would almost match the total funds currently being transferred from VG&E’s enterprise fund, making the proposal almost revenue neutral from a practical standpoint for electric customers and Vernon’s fiscal year budget.

City Administrator Carlos Fandino and city department directors met on November 29, 2016 with representatives of the city’s top 100 businesses and Vernon Chamber of Commerce members to explain the good governance reform, public policy and fiscal justifications regarding Measure Q’s proposed provisions. Presentations on Measure Q to Vernon’s residents will be held at community meetings in early 2017.

Vernon city council members are expected to consider a staff recommendation to place Measure Q on the April 11, 2017 municipal election ballot when they convene for their regularly scheduled meeting on January 10, 2017.
Over the past 12 months, business activity has continued to pick up in Vernon. The encouraging trend mirrors the economic recovery being felt by many businesses throughout California.

According to forecasters with the Kyser Center for Economic Research at the Los Angeles County Economic Development Corporation, “California has enjoyed remarkable economic growth in recent years. For three years running, the state has added jobs at a faster pace than the nation as a whole. California’s economy is also growing at a faster rate than that of the nation (3.9% vs. 2.4% in 2015).”

Jim Moore, Vernon electrical inspector, claimed the indicators of new growth in Vernon’s business community are plain to see, “The amount of construction in Vernon so far this year is up, up like never before. It is evident, even to the casual observer, by the visible number of new buildings being erected every day in Vernon.”

According to Derek Wieske, director of Vernon public works, water and development services, permits for new construction and remodeling have soared, heralding the arrival of new businesses to the city. “There are 12 new industrial projects in the pipeline that are valued at more than $84 million—from concrete, tilt-up buildings to ground-up, build-to-suit projects and multi-story retail projects to warehouse shell structures. I think it’s safe to say that Vernon is once again appearing high on the radar screens of corporate real estate managers at industrial businesses looking for an ideal place to set up shop in Southern California, and that means more good-paying jobs coming to our city and L.A. County,” Mr. Wieske said.

Compared to 2015, permits for new construction in Vernon have nearly doubled. Projects marking substantial new investments in Vernon include a $9-million project in the 5000 block of Soto Street, an $11-million project planned in the 5300 block of Boyle Avenue, a $21-million project in the 4400 block of Bandini Boulevard and a $23.5-million project in the 3200 block of Fruitland Avenue. There are five more projects in the permitting process throughout the city, ranging from more than $1 million to over $5.5 million in valuation. Many of the projects are expected be completed in 2017 while others are expected to be completed in 2018.
New Enterprises and Jobs Coming to Vernon

Four companies are poised to make their mark in Vernon:

**Millennium Products**, makers of the health drink Kombucha, is setting up shop in a 100,000-square-foot, $21-million manufacturing facility that was formerly the site of Clorox’s Vernon facility. Kombucha, a fermented tea, has become one of the hottest beverage products in gourmet food retail stores.

**Popcornopolis**, which bills itself as “Makers of the World’s Best Gourmet Popcorn,” has plans for a 145,000-square-foot building in the 3200 block of Slauson Avenue. Popcornopolis’ sweet and savory gourmet popcorn products rank as some of the most sought-after snack foods in supermarkets, shopping malls and sports venues.

**R Plant Earth** will bring its plastic recycling technology to the 5300 block of Boyle Avenue where its $11-million facility will be built. R Plant Earth has developed a method to convert recycled plastic into pellets for reuse in new manufactured plastic products.

**Jersey Mike’s** is preparing to satisfy the submarine sandwich appetites of Vernon residents and workers throughout the city when it opens for business at Dedeaux Properties’ 25th/Alameda retail center now under construction at 25th and Alameda Street. Jersey Mike’s Subs is a Manasquan, New Jersey-based made-to-order submarine sandwich chain. The Jersey Mike’s franchise has more than 1,000 locations open and in development across the United States.

Brett Dedeaux, president and principal of Dedeaux Properties, said, “We look at our 25th/Alameda multi-tenant retail development as a gateway to Vernon. We’re hoping to create an oasis that people really enjoy visiting. Vernon is in need of new options for dining and ancillary retail services. Our location is perfect for this development; not only to service businesses in Vernon, but to service nearby L.A. businesses, as well.”

Dedeaux Properties is one of Vernon’s active real estate developers with the completion of three state-of-the-art projects for MG Produce on Ross Street, Nature’s Produce building on Bandini Boulevard and Color Story Textile on 26th Street. Dedeaux Properties focuses on building and acquiring distribution facilities, refrigerated warehouses and transportation-oriented properties.
Members of the Vernon City Council appointed Michael A. Earl to serve as director of the city’s Human Resources Department on October 19. He previously served as a human resources manager for the City of Santa Monica where he was responsible for the city’s Employee Relations and Benefits Division. Over the course of his career, Mr. Earl has been a human resources management professional for the cities of Hermosa Beach, South Gate and El Cajon.

Mr. Earl has 28 years of public sector human resources management experience. In addition, he served for two terms as treasurer of the Southern California Personnel Management Association and served as a governing board alternate to the Independent Cities Management Authority for more than a decade. He is a member of the California Public Employees Labor Relations Association. He assumed his new position on Monday, October 24, 2016.

Mr. Earl brings to his role nearly three decades of HR experience

Mr. Earl earned his master’s and bachelor’s degrees in Public Administration from San Diego State University.

Vernon Quarterly talked with Mr. Earl about his HR role in Vernon:

VQ – When HR does its best work, what is the result?

When HR is doing its best work, the organization is recruiting and retaining highly qualified employees who are engaged in their work and providing high-quality service to the community; policies and procedures are being applied in a fair and equitable manner consistent with their intent; and employees are provided the tools, training and development opportunities to be successful in their work. Additionally, successful HR work results in partnerships with the other city departments in the efficient and successful delivery of service.

In His Own Words

Michael Earl
Vernon HR Director

Mr. Earl brings to his role nearly three decades of HR experience
VQ – Vernon had faced numerous challenges during the brutal fight to stave off disincorporation. One significant challenge was maintaining morale in a workforce that was concerned about its future as public employees. How would you describe morale of the city’s staff today?

Certainly, the challenges that the City of Vernon has faced have had an impact on the organization’s morale. It is clear however, that Vernon has turned a corner. Under the leadership of the Vernon City Council and City Administrator Carlos Fandino and their commitment and focus on best practices, transparency and inclusion, the vast majority of city staff is engaged and energetic in their work. In my short time here, I have already seen many examples of a committed workforce that sincerely cares about the community and strives to provide the best level of service. I’ve also heard several comments from residents, businesses and staff from other municipal agencies about the professionalism and customer service provided by City of Vernon staff. I believe these are some indications of the level of morale in the organization.

VQ – How does Vernon compare as a workplace to other cities you’ve worked for?

Certainly, the makeup of the community in the City of Vernon—being primarily industrial with a small residential population—is the most significant difference from the other cities I’ve worked for. The City workforce in Vernon of approximately 255 is much smaller than at the City of Santa Monica, where I most recently worked, which had about 2,300 employees.

VQ – For persons your office might recruit to fill open staff positions, what would you tell them are Vernon’s selling points if they’re interested in working for the city?

I would tell them that in coming to work for the City of Vernon they will have the opportunity to make a positive difference in the provision of municipal services; particularly if they share a commitment to good governance. There are opportunities to be creative and implement policies and programs that can become models for other agencies. Also, by working in the City of Vernon, they will have opportunities to gain experience and participate in a wide range of municipal government services.

Todd Dusenberry, 2016 chairperson of the T&D – E&O Working Group and VG&E utilities operations manager, conducted the conference that welcomed more than 200 participants from 11 municipal owned utilities throughout SCPPA’s Southern California Region.

SCPPA conferences promote information sharing and networking between the region’s publicly owned utilities (POU). The conference encouraged dialogue and discussion of utility industry trends and development of industry best practices to address technological change throughout the industry’s various fields, in addition to emphasizing employee growth and development.

Carlos Fandino, Vernon city administrator and former VG&E department director, served as featured conference presenter. Leadership, teamwork and personal growth were the emphasis of his message to attendees.

Lisa Umeda, VG&E utilities compliance manager, delivered a presentation on Effective Tailgate Meetings and Human Performance Improvement that offered important guidelines for reducing utility operating errors and incidents. Additional industry-related topics presented at the SCPPA conference included Alternative Pole Technology, Using Technology to Improve Arc Flash Safety, Field Audit of Joint Pole Contracts, Distributed Generation and Renewable Energy Penetration.

Todd Dusenberry talked with Vernon Quarterly about the importance of VG&E staff participation in utility industry conferences:
VQ – What do VG&E staff gain by participating in a SCPPA conference on engineering and operations?

VG&E staff gain valuable insight into the engineering projects and operational actions and procedures that our neighboring POUs undertake and employ. Many of the other SCPPA utilities design and implement pilot programs to address local safety, efficiency or regulatory issues, which we learn from, versus learning by trial and error. The conference also provides us a peer audience that helps VG&E shape and improve our own initiatives when we are on the forefront. The conference also provides an opportunity for emerging staff members to speak in front of an audience and formulate presentations in order to grow and gain the experience necessary to present to council or in departmental meetings in the future.

VQ – Does the information sharing among utilities at these conferences lead to more efficient operations that may lead to lower utility costs?

The conference allows us to form a consensus among local industry experts and leaders as to best practices, the most safe and efficient operations and prudent and innovative ways in which to confront the technological changes impacting the industry. Ensuring the safety of the public and our staff, being out in front of new technology and implementing tried and true best practices all work to lower utility costs. Typically to participate in training and conferences, local utilities must send staff off site—sometimes out of state. By holding the conference locally and working together, not only do we lower the cost and time out of the office, but we also address concerns unique to POUs in our region.

VQ – What have Vernon’s neighboring municipal utilities learned from VG&E due to the department’s participation in SCPPA conferences?

This year, Vernon presented in two areas at the conference. First, Carlos Fandino presented a track on leadership and personal development. One of the overarching goals of the conference is developing future leaders through succession planning and inspiring staff growth. As many experienced employees are set to retire from the workforce in the very near future, training, inspiring and developing staff to seamlessly transition into leadership roles is vital. Second, Lisa Umeda administered a track on Human Performance Improvement. Among SCPPA utilities, VG&E is leading the way with regard to this program that aims to reduce operating errors and industrial workplace accidents. Over the past two years, VG&E has shown other utilities how to implement a Human Performance program and innovative ways to engage staff members to employ safe and efficient work practices that equate into successful, reliable operation of vital systems.

Carlos Fandino spoke on leadership and personal development.
Vernon ‘Decks the Halls’ for a Merry Holiday Season

Best wishes for a happy holiday season and a prosperous 2017