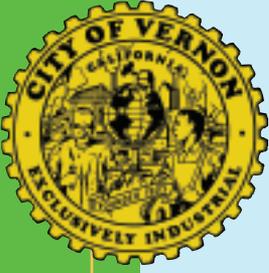


WINTER 2013



# Vernon's New Housing

Development Takes Shape

Voters to Decide on  
Three Tax Measures in April

Plus, Q&As with  
Community Services Director  
**Kevin Wilson**  
and Finance Director/  
City Treasurer  
**William Fox**

Quarterly

Vernon



# Vernon Quarterly

WINTER EDITION

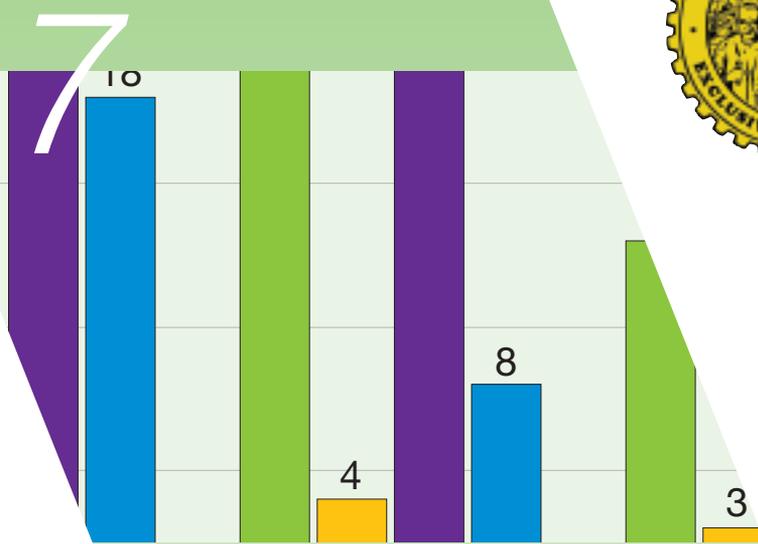
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*Vernon Quarterly* is a newsletter for the residents, businesses and other community stakeholders in this city that "means business."

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## ‘Room With a View’

A key element of the Vernon good governance reforms that were endorsed by California State Senator Kevin de León (D-Los Angeles) and unanimously approved by a vote of Vernon City Council members in August 2011 was the development and construction of approximately 50 new housing units in the city

within three years to increase the city’s voting electorate.

For the past 17 months, plans for Vernon’s new housing development have been quietly taking shape with an eye toward having a privately built and privately managed apartment complex constructed and ‘move-in’ ready for renters in 2015.

The city’s ‘point man’ overseeing the complex general plan and housing construction bid process for Vernon’s

‘Exclusively Industrial’ rental housing development is Kevin Wilson, Vernon Community Services Director.

*Vernon Quarterly* spoke with Mr. Wilson about his progress toward building the first new multi-family unit housing in Vernon in decades, and what new rental housing and new families will likely mean for the city:

**1. You’re guiding one of the most highly anticipated projects in, perhaps, Vernon’s 107-year history: the city’s planned multi-family rental housing development that could result in the doubling of the city’s voting base of residents. What’s the status of Vernon’s proposed project to privately build and privately manage a multi-unit residential apartment complex?**

City staff and consultants have been working hard to make this project a reality. What normally takes years, Vernon is trying to accomplish in a matter of months. Through a request for proposal process, the city has selected Meta Housing Corporation to develop, construct and operate a proposed 45-unit housing complex.



*Continues on page 4*

# Vernon's 52<sup>nd</sup> Street Apartment Development 'At-A-Glance'

## By the Numbers

- 2-acre site
- 5 two-story apartment unit modules
- 45 apartment units
- 9 one-bedroom apartments
- 14 three-bedroom apartments
- 22 two-bedroom apartments
- 76 parking spaces
- 2015 move-in date

## Features

- LEED Silver energy efficiency
- Classic pitched-roof design
- Stucco exteriors
- Balconies and patios with each unit
- Community building with kitchen
- Police substation office
- On-site laundry
- Edible garden area
- Security gates
- 6-foot block wall noise buffer
- Tree-lined perimeter
- Parking lots with gated entry
- Security cameras
- Stove and oven
- Granite kitchen countertops
- Play area for children

## Amenities

- After-school education programs
- Health and wellness activities
- Adult continuing education programs
- Neighborhood watch program
- Community event coordinator

# 'Room with a View'

*Continued from page 3*

Concurrently, the city has been working to amend its Zoning Code and General Plan to permit housing within the city [Most of the property Vernon is presently zoned for is for business and industrial purposes]. This will all culminate with the city entering into a development agreement with Meta Housing Corporation in February. If all goes according to plan, we will break ground on the project by the end of 2013.

## 2. Why was the site that was chosen for the apartment development in Vernon deemed to be the best location for new residents?

City staff conducted a field survey of vacant and under-utilized properties throughout the entire city. Staff subsequently narrowed down the potential sites to the few areas within the city that are in close proximity to residential services and amenities—such as shopping, schools and recreational facilities—that make for a decent quality of life for individuals and families [Many of these residential amenities are in short supply throughout much of the city].

In addition, consistent with the city's mission, a key consideration

was to ensure that any new residential development would not impede on existing industrial uses in Vernon or impact the city's ability to continue to attract a broad range of light industry or heavy industries. For these reasons, the currently vacant property located along 52<sup>nd</sup> Drive was deemed to be the most appropriate location upon which to build a rental housing development for new residents.

## 3. How will Vernon—a city that is zoned almost solely to meet the needs of large industrial business operations—need to change to make this apartment development possible and livable for residents?

The city will be updating its General Plan and Zoning Ordinance to permit housing in an overlay zone. The development agreements for the new housing, which will be signed between the developer [Meta Housing Corporation] and the city, will ensure the site is developed in such a manner as to provide livable housing units, proper security for its residents and sufficient open space.

The development agreements will contain provisions to ensure the





new housing units are constructed in an architecturally pleasing style to fit well with the neighboring residential properties.

**4. Will new residents be able to co-exist in harmony with the businesses in Vernon?**

An existing residential community in the City of Maywood borders the proposed site. Businesses located in the area where the new housing will be built have co-existed with their residential neighbors for more than 50 years. When the city's private housing developer builds the new rental housing complex, block walls will be constructed to help reduce noise impacts and trees will be

planted on the interior property lines of the new development to provide an aesthetic buffer.

**5. When the housing development is built and occupied with new families, how do you think you'll feel about this milestone in Vernon's history and your role in it?**

During my tenure with the City of Vernon, I have witnessed quite a few changes and improvements to the city. This single project may be the city's most noteworthy project in the last half century as it will be the key piece to the city's good-governance reform measures.

This is not like rebuilding a sewer system, repaving our city streets, patching up a crumbling bridge or making way for a light rail line; all of which I'm involved in as a part of my job as Community Services Director here in Vernon.

This is different. I will feel good knowing that I have been instrumental in providing a comfortable home for Vernon's future residents and families, and at some point in time, its future leaders. I'm proud to have been entrusted to make this proposed project come to life successfully, in close collaboration with our housing development partner.



# City Cuts Programs, Retires 35 Workers to Reduce Looming Deficit

Over the past several years, Vernon city officials have been working to address the structural deficit in the city's general fund budget. The city's structural deficit exists largely because it does not generate enough general fund revenue to fully pay the costs of public safety and infrastructure repair called for in the city's general fund budget.

## A Look Back

In February 2012, city staff explored the possibility of establishing a special parcel tax to raise an estimated \$16 million to close a substantial general fund budget deficit.

The special parcel tax that had been proposed to be collected over a 10-year period was not well received by the approximately 900 property owners and residents who would have paid the proposed special parcel tax. Due to strong objections by residents and city business leaders, the special parcel tax proposal was scrapped.

With the special parcel tax dead-on-arrival and the city still facing a multi-million-dollar budget shortfall that threatened spending for police and fire services, city staff considered input from various city stakeholders and proposed a utility user tax as an alternative revenue-raising vehicle to fund essential city services.

The proposed utility user tax was presented to city voters in a mail-only ballot election in September 2012.



Vernon voters rejected the proposed utility user tax ballot measure by a wide margin. When the proposed utility user tax measure was defeated, city officials were forced to find short-term funding alternatives to pay for essential city services during this fiscal year, ending June 30.

After thoughtful review and careful consideration, city officials sold a portion of Vernon's excess water rights last year, finding it as one of the more feasible options available for raising general fund revenues quickly to protect the city's police and fire departments from massive cuts in sworn personnel and public safety services provided to residents and businesses.

## A Look Ahead

Vernon continues to face serious municipal financial challenges. There is an \$8 million deficit in its current budget (FY 2012-2013). The city is searching for a solution to its long-term general fund structural deficit

affecting its future annual budgets, beginning on July 1 (FY 2013-2014). To meet these challenges, City Council members, at their January 8, 2013 meeting, approved an early retirement plan for qualified city workers (age plus years of service) that has reduced the city's workforce by 35 employees. The PARS employee early retirement plan is projected to reduce the city's budget spending by approximately \$1.9 million in the next fiscal year (FY 2013-2014).

City officials plan to cut an additional \$500,000 in outside legal fees paid to law firms working on behalf of the city. When added to previous outside legal expense cuts, the city hopes to achieve an overall savings of \$2.4 million this year. The city plans to further reduce its budget by an additional \$2.1 million by FY 2015-2016 by making even deeper cuts in outside legal costs, reducing employee overtime and encouraging more veteran employees to retire.

# Vernon Voters to Decide Proposed City Tax Measures on April 9

**V**ernon voters will be asked to vote on Tuesday, April 9 to approve or reject three proposed taxes to fund city services and pay for police, fire and health services.

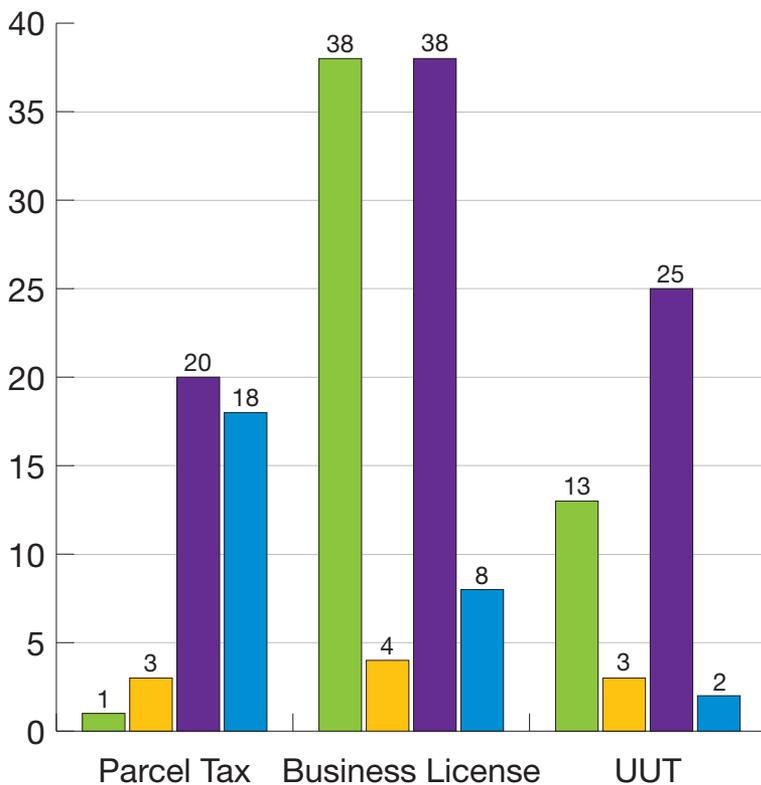
Vernon's registered voters will be asked to decide the fate of Propositions K, L and M, three tax measures on the city's mail-only ballot. Propositions K and M would raise taxes to pay for existing city

services. Proposition L would impose a parcel tax to pay for city police, fire and health services.

Measures K, L, and M are designed to raise tax funds to help balance the

city's current and future fiscal year budgets. If voters approve the three tax measures, the city would collect an estimated \$8 million in new tax revenues. The City of Vernon currently has an \$8 million budget deficit.

## INDUSTRY EXAMPLES (by sample company)



**Measure K** would generate an estimated \$4.5 million annually in additional general fund revenues through increases to existing rates of business license taxes. Additionally, modifications would be made to the city's method for calculating business license taxes to clarify and streamline the administration of the tax that applies to businesses engaged in multiple business activities in the city and for contractors doing business at worksites in the city.

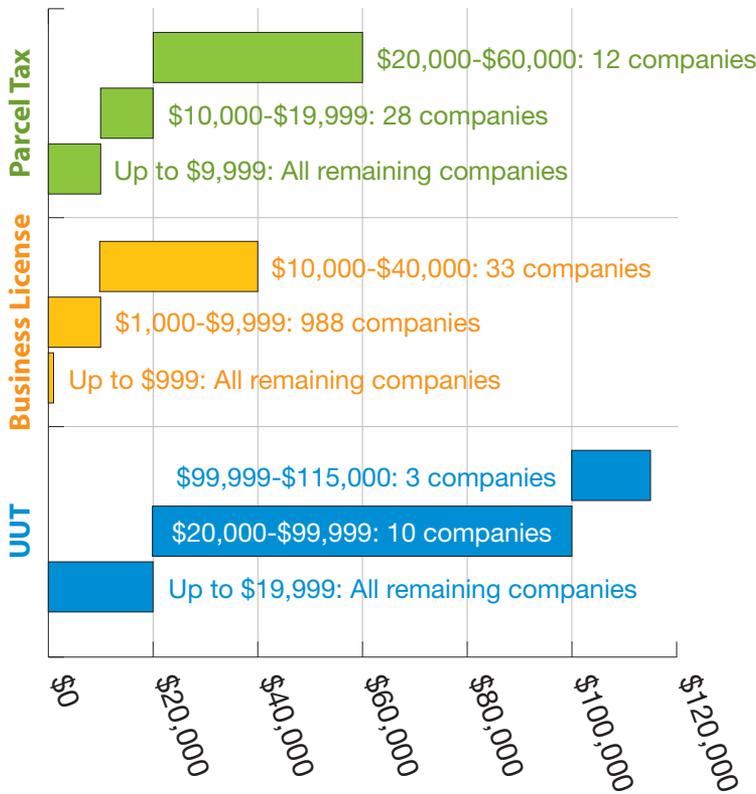


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# Vernon Voters to Decide Proposed City Tax Measures on April 9

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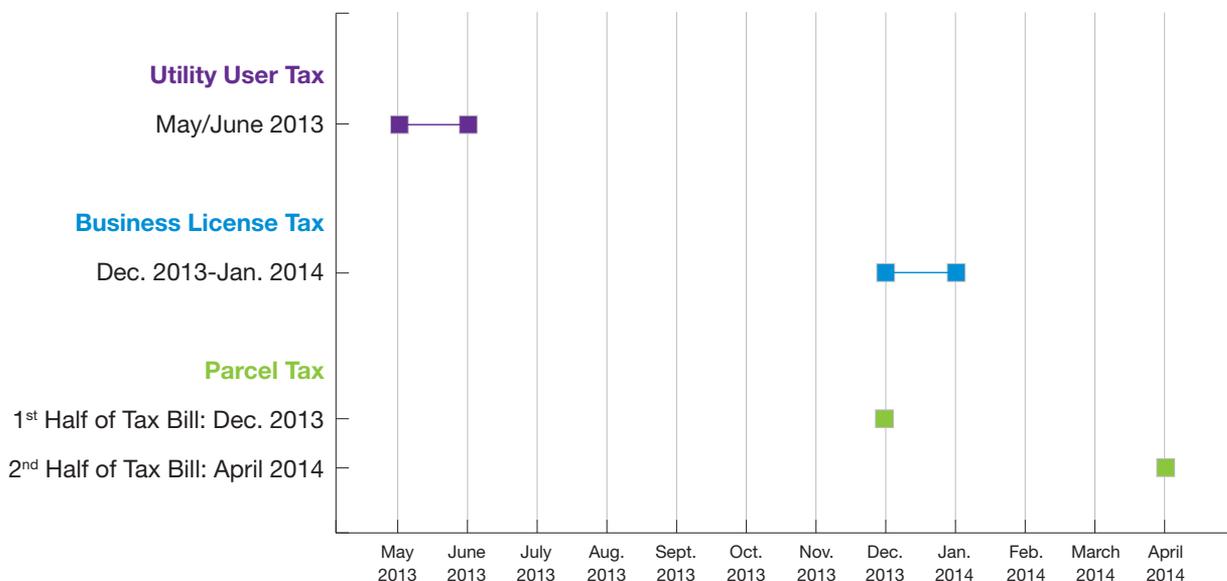
## ESTIMATED IMPACTS



**Measure L** would generate an estimated \$1.9 million in revenue annually for 10 years to fund public safety services and projects through a special parcel tax on non-residential parcels. The proposed parcel tax would not be applied to the portion of a business' square footage that is presently taxed under the city's Warehouse Parcel Tax.

**Measure M** would generate an estimated \$1.6 million annually through the levy of a 1% utility users tax on electricity, natural gas, water and telecommunications services. The proposed Vernon Utility Users Tax would sunset 10 years following its date of adoption.

## PROPOSED EFFECTIVE DATES



## Impartial Analysis of Measure K

Measure K would increase the rates of the city's existing business license taxes to raise revenue for general city purposes, and it would also make some changes in the method for calculating such taxes.

The City of Vernon currently imposes business license taxes on most business entities and persons who conduct business in the city. Most businesses pay an annual tax, per location, based on the number of employees that work for the business at that location. Warehousing businesses pay a tax for each location based on the square footage of building space used at that location for warehousing. Certain other businesses, primarily itinerant businesses or businesses that operate from vehicles (such as taxicabs and food trucks), pay a flat rate.

Measure K proposes a tax ordinance that increases each of the rates of the business license taxes. For example, the annual tax on a business location with 2 to 10 employees, if taxed on a number-of-employees basis, would increase from \$230 to \$1,150. The annual tax on a business location with 1,001 to

1,100 employees, if taxed on a number-of-employees basis, would increase from \$3,140 to \$15,700. For businesses taxed on a square foot basis, the tax for a main location (currently \$240 for the first 5,000 square feet, plus 4.2 cents per additional square foot up to a maximum square footage tax of \$2,390), would increase to \$1,200 for the first 5,000 square feet, plus 21 cents per additional square foot, up to a maximum square footage tax of \$11,950. Each rate would automatically further increase, annually, based on the change in the Consumer Price Index, according to a formula specified in the ordinance. A complete list of tax rates is included in the tax ordinance.

Measure K would also change how taxes are calculated and collected. With respect to the warehousing tax, it would eliminate a distinction made between square footage at main and "offsite" locations, applying the same rate structure to each location. Contractors could opt to pay their taxes quarterly rather than annually. Measure K would also clarify the methodology for taxing businesses that conduct both warehousing and

some other business at a single site by requiring that such businesses pay both a tax based on square footage (for warehousing operations), and a tax based on employees (for other operations), and that square footage and employees be apportioned for tax purposes among the two types of businesses. It would formalize the city's existing practice of not treating the leasing of real property by its owner as a business and make several other miscellaneous clarifications.

Proceeds of the business license tax are, and would continue to be, placed in the city's general fund and available for any municipal purpose. Business license taxes collected by the city for 2011 totaled \$1.3 million. If Measure K is approved, city staff estimates that the business license tax will yield \$5.7 million annually. The new rates, if approved, would go into effect January 1, 2014.

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Nicholas George Rodriguez, City Attorney:  
The above statement is an impartial analysis of Measure K. If you desire a copy of the ordinance presented to the voters by Measure K, please call the elections official's office at 323-583-8811, ext. 363 and a copy will be mailed at no cost to you.

## Impartial Analysis of Measure L

Measure L would establish an annual special parcel tax on non-residential parcels in the City of Vernon for a 10-year period, to raise revenue solely for fire protection, public health and police-related services and projects.

Measure L proposes a tax ordinance establishing the maximum rate of the special parcel tax. For Fiscal Year 2013-2014, the maximum rate would be 3 cents per square foot of taxable parcel area. This maximum rate would increase annually, based on

the change in the Consumer Price Index, according to a formula specified in the ordinance. For each fiscal year, the tax would be calculated based on the then-applicable maximum rate, unless the Council chose to levy the tax at some lower rate. The last year in which the tax would be collected would be Fiscal Year 2022-2023, and the tax would automatically end after that.

The special parcel tax would be collected by the County of Los

Angeles on the annual property tax bill, collected in two equal installments, and which are delinquent if not paid by December 10 and April 10, of each year. The special parcel tax would be subject to the same penalties, interest and collection procedures as the annual property tax.

Generally, the special parcel tax ordinance defines the "taxable parcel area" of a parcel to be the square footage of that parcel. However,

*Continues on page 10*

# Vernon Voters to Decide Proposed City Tax Measures on April 9

*Continued from page 9*

certain parcels used as warehouses, truck terminals, freight terminals, railroad facilities and distribution facilities are already subject to a special parcel tax under existing law. Where a parcel is subject to this existing tax, commonly known as the "Warehouse Tax," that parcel's "taxable parcel area" would be reduced by a number of square feet equal to the Warehouse Tax liability of the parcel divided by the rate of the Warehouse Tax. This adjustment would effectively cause each square foot of a taxed parcel to be charged either the Warehouse Tax or the new special parcel tax, but not both taxes. The special parcel tax would not be

levied on parcels that: (i) are exempt from the special parcel tax pursuant to the Constitution or the laws of the United States or of the Constitution or the laws of the State of California, or (ii) are exempt from the ad valorem property tax or have an ad valorem property tax liability of zero.

Proceeds of the proposed special parcel tax would be maintained by the city in a separate fund and could be expended only on: (i) city fire protection services and projects, (ii) city health services and projects, and (iii) city police services and projects. Services and projects include, but are not limited to, salaries, benefits,

equipment and capital improvements. City staff estimates the special parcel tax will raise \$1.9 million for these purposes in Fiscal Year 2013-2014. Because proceeds of the special parcel tax will be restricted as to use, Measure L will pass only if approved by two-thirds of those casting ballots on the Measure.

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Nicholas George Rodriguez, City Attorney:  
The above statement is an impartial analysis of Measure L. If you desire a copy of the ordinance presented to the voters by Measure L, please call the elections official's office at 323-583-8811, ext. 363 and a copy will be mailed at no cost to you.

## Impartial Analysis of Measure M

Measure M would establish a utility users' tax on electricity, gas, telecommunications, video and water utility services in the City of Vernon for a period of 10 years to raise revenue for general city purposes. Measure M provides an exemption for low income and disabled residents, and would cap the utility users' tax liability to an aggregate, maximum annual amount of \$250,000, for any one user for gas, electricity and water services.

Measure M proposes an ordinance establishing the utility users' tax as a tax upon the user of the utility service. If approved, the tax would generally be collected along with utility service charges by the provider of the utility service. The tax would be calculated as 1% of the charge for utility service. For example, if an electric ratepayer incurs \$1,000 of electric charges, a \$10 tax will be added to that ratepayer's utility bill. Utility service

providers are generally required by the ordinance to bill users for the tax and are required to remit collected taxes to the city on a monthly basis.

The tax applies to services provided to locations in the City of Vernon. For mobile telecommunications services (and other telecommunication services that are not associated with a fixed location), it generally applies to services with a "place of primary use" in the city. The "place of primary use" is the street address representative of where a person's use of such service primarily occurs, which must be either the residential street address or the primary business street address of such person. Telecommunications services subject to the proposed tax generally include services that transmit, convey or route voice, data, audio, video or any other information or signals to a point, or between or among points, whatever the technology used.

The tax would not apply to residential services provided to service users meeting criteria for disability or low income set forth in the ordinance, so long as such users establish their exempt status with the city.

Proceeds of the utility users' tax would be placed in the city's general fund and available for any municipal purpose. City staff estimates the utility users' tax will raise \$1.6 million annually.

The tax would be effective upon certification of voter approval of Measure M by the City Council and would automatically end 10 years after such certification.

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Nicholas George Rodriguez, City Attorney:  
The above statement is an impartial analysis of Measure M. If you desire a copy of the ordinance presented to the voters by Measure M, please call the elections official's office at 323-583-8811, ext. 363 and a copy will be mailed at no cost to you.

# William Fox

## Takes the Reins of Vernon's Finances

**W**illiam F. Fox, former Chief Financial Officer for the Las Vegas Valley Water District and Treasurer for the Southern Nevada Water Authority, has assumed his new role as Finance Director/City Treasurer for the City of Vernon.

Vernon City Council members unanimously appointed Mr. Fox to oversee Vernon's finances and investments in December 2012. He succeeds Vernon's retired Finance Director/City Treasurer Rory Burnett.

Mr. Fox has a lengthy professional record in local government finance and strong ties to Southern California. He served as Assistant General Manager of Utility Financial Planning and Risk Management for the City of Glendale Water and Power Department (GWP). Prior to Mr. Fox's work for GWP, he worked for a decade as Glendale's City Auditor.

Before moving to the public sector in Glendale, Mr. Fox worked for two decades in private sector management, accounting and auditing at Rosemead-based Southern California Edison (SCE).

Mr. Fox is a certified public accountant (CPA), certified internal auditor and certified fraud examiner. He earned a Bachelor of Science degree in Accounting and a Master's degree in Business Administration from California State Polytechnic University, Pomona.



### Q&A With William F. Fox, Finance Director/ City Treasurer

#### **1. You've recently started overseeing Vernon's financial matters, what are the biggest challenges you face as you assume the responsibilities of former Vernon Finance Director Rory Burnett?**

One major challenge that Vernon faces is the same as most other cities in California. We have to continue to provide quality services to our constituency within our financial constraints. My role is to provide the financial information, guidance and assistance to ensure that our mission is carried out. A second major challenge is to institutionalize the mindset to both control spending and identify enhancements in revenue sources. This means we must continue to re-examine ourselves to make improvements. A third challenge is that of providing transparency of the city's financial information. This will be done through quarterly Council

briefings, community outreach, budget study sessions and public review of the annual audit results.

#### **2. An average Vernon resident, business executive or line employee union member may know what Vernon's budget and financial audit looks like, but they all may not be able to make complete sense of the blizzard of numbers contained in those documents. How can you help them understand the complex details of municipal finance in a unique city like Vernon?**

Vernon is subject to complex financial reporting requirements that have been dictated by the Government Accounting Standards Board, also known as GASB. All government entities are subject to follow these rigorous requirements to ensure proper financial reporting results. As the Finance Director, it is my job to educate, translate and bridge the gap between the technical reporting into workable and understandable information so that budget decisions and understanding

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# William Fox

## Takes the Reins of Vernon's Finances

*Continued from page 11*

can be achieved. This is definitely an art in being able to provide information in a format and terminology to enhance understanding among different stakeholder groups.

### **3. How have your past professional experiences prepared you for your current role and responsibilities as Vernon Finance Director?**

My professional career spans more than 33 years in various organizations. I started in public accounting with Arthur Andersen & Company and was exposed to many organizations and learned about business processes, accounting, budgeting and financial reporting. I then moved to Southern California Edison where I spent two decades holding various positions of increasing responsibility in both internal auditing and accounting.

Probably the most relevant was the Manager of Accounting for subsidiary operations where I had responsibility for all aspects of accounting, budgeting, financial and tax reporting and cash management. I then spent 11 1/2 years at the City of Glendale in various positions, including the City Auditor, acting Director of Finance and Assistant General Manager of Glendale Water & Power. These positions provided in-depth experience in governmental and utility operations. My most recent position prior to coming to Vernon was the Chief Financial Officer for the Las Vegas Valley Water District. In this position, I was able to refine my skills in debt management, cash management, budgeting and financial planning. I will bring to Vernon various skills I have learned from these other organizations and adapt them as required to maintain and improve the financial operations of Vernon.

### **4. What specific things do you hope to achieve as Finance Director before the end of the current fiscal year on June 30?**

There are a number of activities I am looking forward to accomplishing prior to the end of this current fiscal year. The most important is to ensure we provide a balanced budget where Vernon is living within its financial means. Specific initiatives include developing a long-range financial plan; examining the debt structure for possible refinancing opportunities; reducing the reliance on outside consultant support; performing RFPs on outside services to ensure that competitive pricing is being obtained; and developing initiatives that will identify internal cost efficiencies and potential new revenue sources. I look forward to the challenges that lie ahead and the opportunity to help make a difference.