

CITY OF

VERNON



**FY 2018/2019
ADOPTED BUDGET**



BUDGET BOOK CONTENT

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CITY ADMINISTRATOR MEMORANDUM

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

Industry, Community, and Service are fundamentals that guide the City's management of its resources and responsibilities. Each represents an equally important cog in the Vernon machine and cannot independently exist without the other. Fiscal year 2018/2019 will be a year of continued focus on the elements that define Vernon. With its foundation in industry, Vernon is unique and, therefore, its challenges, goals, and tactics to retain vitality remain markedly distinct. With a desire to honor its historical roots and simultaneously position the City for growth in the modern day, City leaders continue to strive toward a balance that couples the preservation of the character of Vernon with great success.

I proudly transmit the Fiscal Year 2018/2019 Budget Book on behalf of the City of Vernon. In an effort to uphold existing good governance practices and maintain heightened levels of transparency, this comprehensive Budget Book has been designed to serve as a companion document for the budget itself. The Budget Book contains vital information about the City's overall fiscal position, current challenges, and relevant financial strategies as they relate to the recently adopted budget. 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. The concept of the Budget Book was introduced to the Vernon community in Fiscal Year 2017/2018, and the City looks to continue distributing the Budget Book each year moving forward.

This past April, Vernon voters passed Measure R, which levies a 6% Utility Users Tax (UUT) on Industrial/Commercial customers. This was a major milestone for the City, as the revenues generated by the UUT will offset the electric utility transfer to the City's general fund (a long-time practice that the City has employed). The elimination of this transfer and injection of UUT revenues are significant, as each increase the means by which the general fund will 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 resulting short term prognosis for the City is stable. Additionally, the City's main revenue sources consisting of utility fees, property and parcel taxes, business licenses/permits, and sales and use tax, continue to steadily develop. As the City moves into the new fiscal year, we are optimistic about continued growth, but will remain attentive to the prevailing economic climate and mindful of managing enhanced services within reasonable limits. Creativity and innovation continues, as strategies to introduce new revenue streams are also being analyzed.

Last year can be summarized as a period of transformation due to targeted pursuits and new perspectives. While financial sustainability remains a priority, new ideas/methods that may offer solutions for the City through greater efficiency and/or those that yield long-term benefits are being explored. Traditional City philosophies continue to evolve in order to



2018/2019 ADOPTED BUDGET

ensure that the most effective solutions are implemented to realize City goals. It is imperative that the City make decisions in the present that will position it to handle the anticipated fiscal strains that exist on the horizon. The City has much with which to contend in the coming years and the challenges cannot be underestimated. OPEB, Pension Liability, minute shares of state and federal funding, and debt service obligations will continue to pervade the City in the short and long term. Preparing for these impacts is key. The City will continue to build on the successes and achievements realized in Fiscal Year 2017/2018, and remains dedicated in its efforts to secure its longevity.

The Adopted Budget for Fiscal Year 2018/2019 is reflective of the following priorities:

- Fiscal Responsibility
- Efficiency & Adaptability
- Elevated Service Standards
- Maximization of Resources

The many challenges the City has yet to tackle have steered City Council and staff to undergo 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 economic growth factors in the general economy and limited City resources; and while balancing community priorities with a sustainable financial plan. The FY 2018/2019 Adopted Budget exemplifies our focus to maintain a strong financial position for this current year and those to come.

In consideration of the distinctive characteristics of our City - Industry, Community and Service - a well-rounded, purposeful budget has been adopted. The Adopted Budget for Fiscal Year 2018/2019 maintains the City's trajectory to fiscal sustainability and 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.

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.

Respectfully,

A handwritten signature in black ink that reads "Carlos R. Fandino, Jr." The signature is written in a cursive style.

Carlos R. Fandino, Jr.
City Administrator

BUDGET SUMMARY

Overview

The Fiscal Year (FY) 2018/2019 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 2018/2019 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 2018/2019 Governmental Funds is as follows:

Operating revenues	\$ 57.6
Operating expenditures	64.5
<hr/>	
Operating surplus (deficit)	(6.9)
Non-operating revenues	
(expenditures)	8.5
Extraordinary items	(1.0)
<hr/>	
Net surplus (deficit)	\$ 0.6



2018/2019 ADOPTED BUDGET

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 2018/2019 Business-Type Funds is as follows:

Operating revenues	\$218.2
Operating expenditures	215.9
<hr/>	
Operating surplus (deficit)	2.3
Non-operating revenues (expenditures)	(8.5)
Extraordinary items	5.6
<hr/>	
Net surplus (deficit)	\$ (0.6)

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 2018/2019 General Fund is as follows:

Operating revenues	\$ 51.8
Operating expenditures	58.7
<hr/>	
Operating surplus (deficit)	(6.9)
Non-operating revenues (expenditures)	8.5
Extraordinary items	(1.0)
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Net surplus (deficit)	\$ 0.6



2018/2019 ADOPTED BUDGET

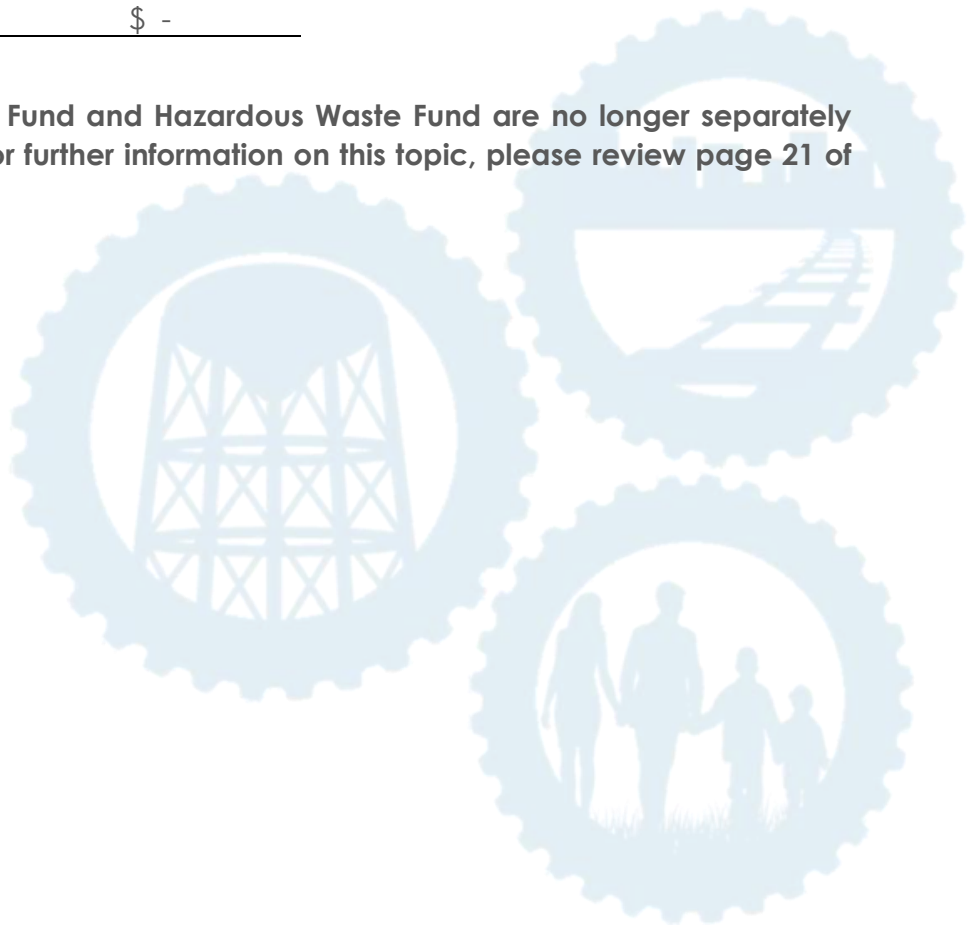
The General Fund supports the majority of basic City services such as general government, public safety, health services, and public works. Public Safety expenditures alone represent roughly \$29.8 million, or 51% of the General Fund. General Fund services are primarily supported by taxes, licenses, 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 2018/2019 Successor Agency Fund is as follows:

Operating revenues	\$5.7
Operating expenditures	\$5.7
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Operating surplus (deficit)	-
Non-operating revenues	-
(expenditures)	-
Extraordinary items	-
<hr/>	
Net surplus (deficit)	\$ -

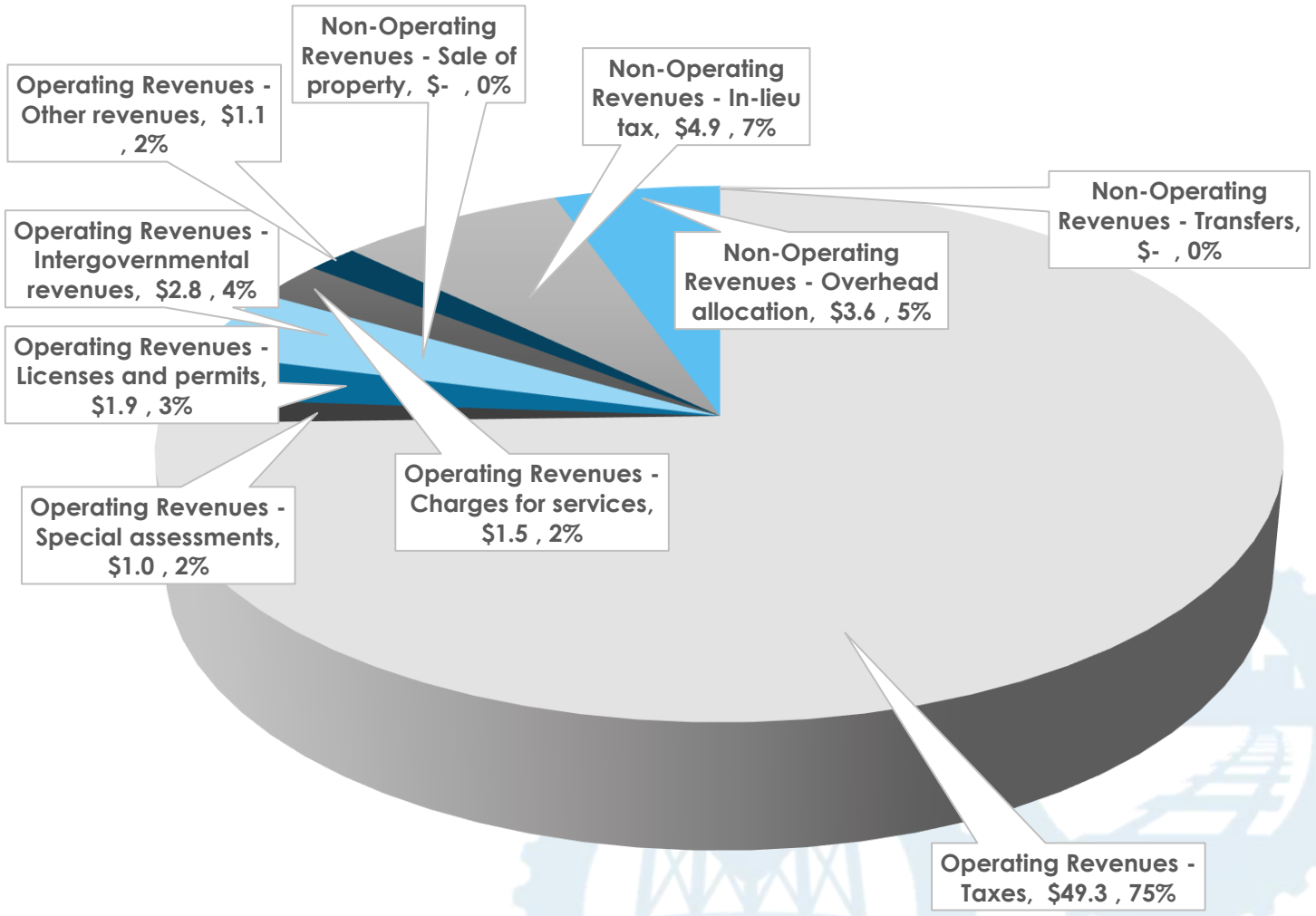
Please note that the Parcel Tax Fund and Hazardous Waste Fund are no longer separately identified in the City budget. For further information on this topic, please review page 21 of the Budget Book.





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

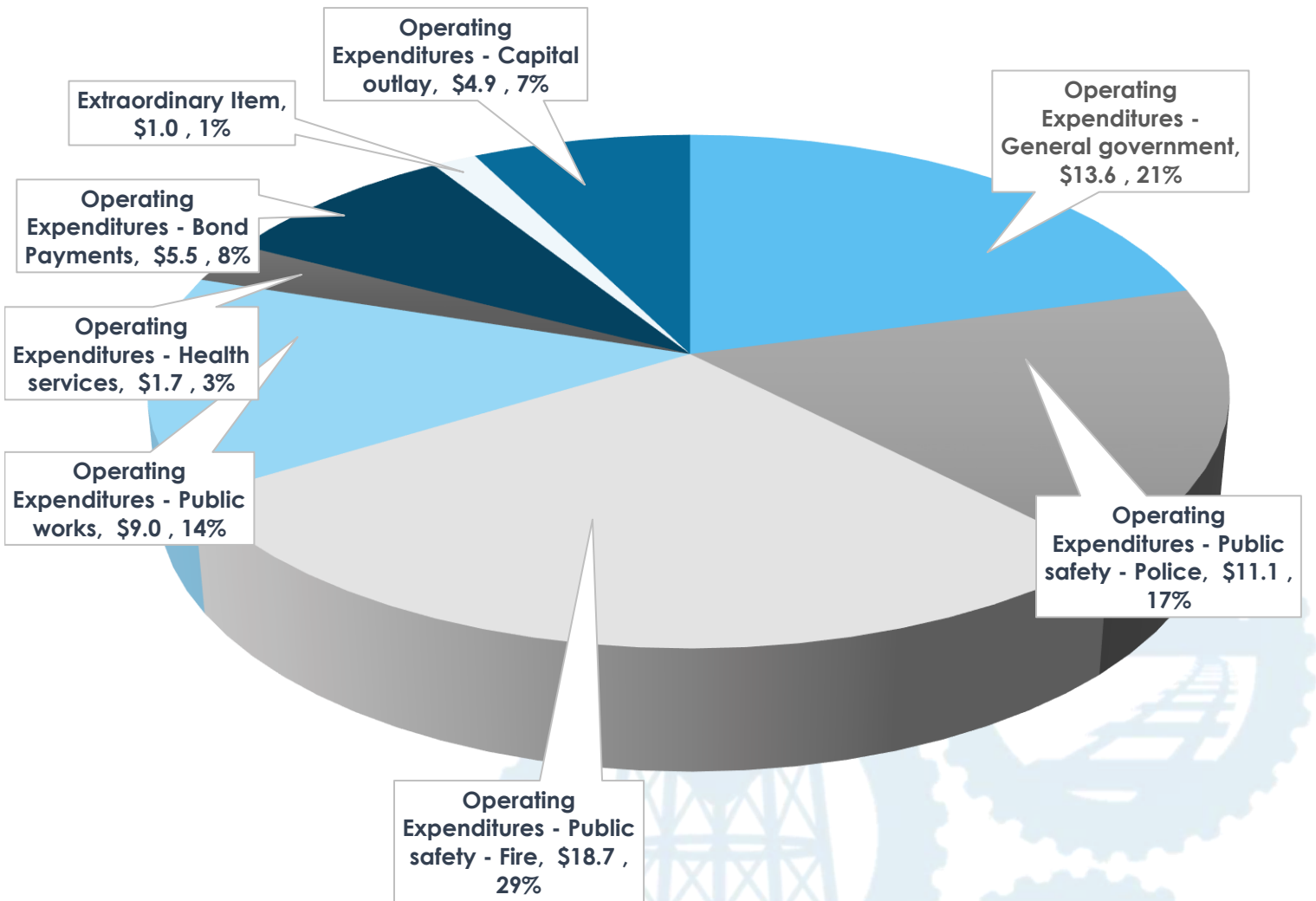
GOVERNMENTAL FUND Operating and Non-Operating REVENUES



Total for FY 2018/2019 = \$66.1 mil



GOVERNMENTAL FUND Operating and Non-Operating EXPENDITURES



Total for FY 2018/2019 = \$65.5 mil

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 \$1.4 million budgeted as reserves applied. The adopted budget for the FY 2018/2019 Electric Fund is as follows:

Operating revenues	\$ 199.0
Operating expenditures	192.0
<hr/>	
Operating surplus (deficit)	7.0
Non-operating revenues (expenditures)	(7.9)
Extraordinary items	1.4
<hr/>	
Net surplus (deficit)	\$ 0.5

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 2018/2019 Gas Fund is shown below.

Operating revenues	\$ 9.9
Operating expenditures	10.5
<hr/>	
Operating surplus (deficit)	(0.6)
Non-operating revenues (expenditures)	-
Extraordinary items	-
<hr/>	
Net surplus (deficit)	\$ (0.6)



2018/2019 ADOPTED BUDGET

Water Fund

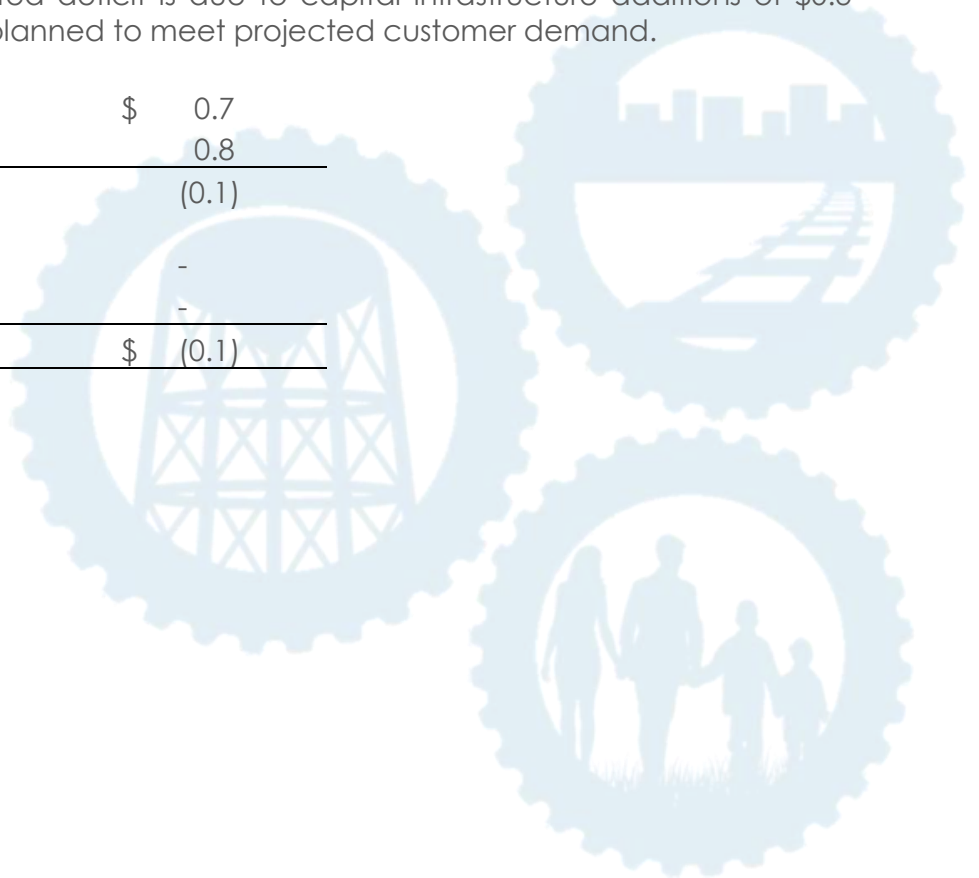
The Water Fund accounts for maintenance and operations of the City's water utility system. Revenue for this fund is primarily derived from charges for water services. Under Proposition 218 and 26, the State of California precludes transfers of excess revenues as operating transfers. For FY 2018/2019, there is an extraordinary item of \$4.2 million budgeted as reserves applied to cover the cost of capital outlay. The adopted budget for the FY 2018/2019 Water Fund is shown below.

Operating revenues	\$ 8.6
Operating expenditures	12.6
<hr/>	
Operating surplus (deficit)	(4.0)
Non-operating revenues	
(expenditures)	(0.6)
Extraordinary items	4.2
<hr/>	
Net surplus (deficit)	\$ (0.4)

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 2018/2019 Fiber Optics Fund is shown below. The \$0.1 million budgeted deficit is due to capital infrastructure additions of \$0.3 million. System expansions are planned to meet projected customer demand.

Operating revenues	\$ 0.7
Operating expenditures	0.8
<hr/>	
Operating surplus (deficit)	(0.1)
Non-operating revenues	
(expenditures)	-
Extraordinary items	-
<hr/>	
Net surplus (deficit)	\$ (0.1)

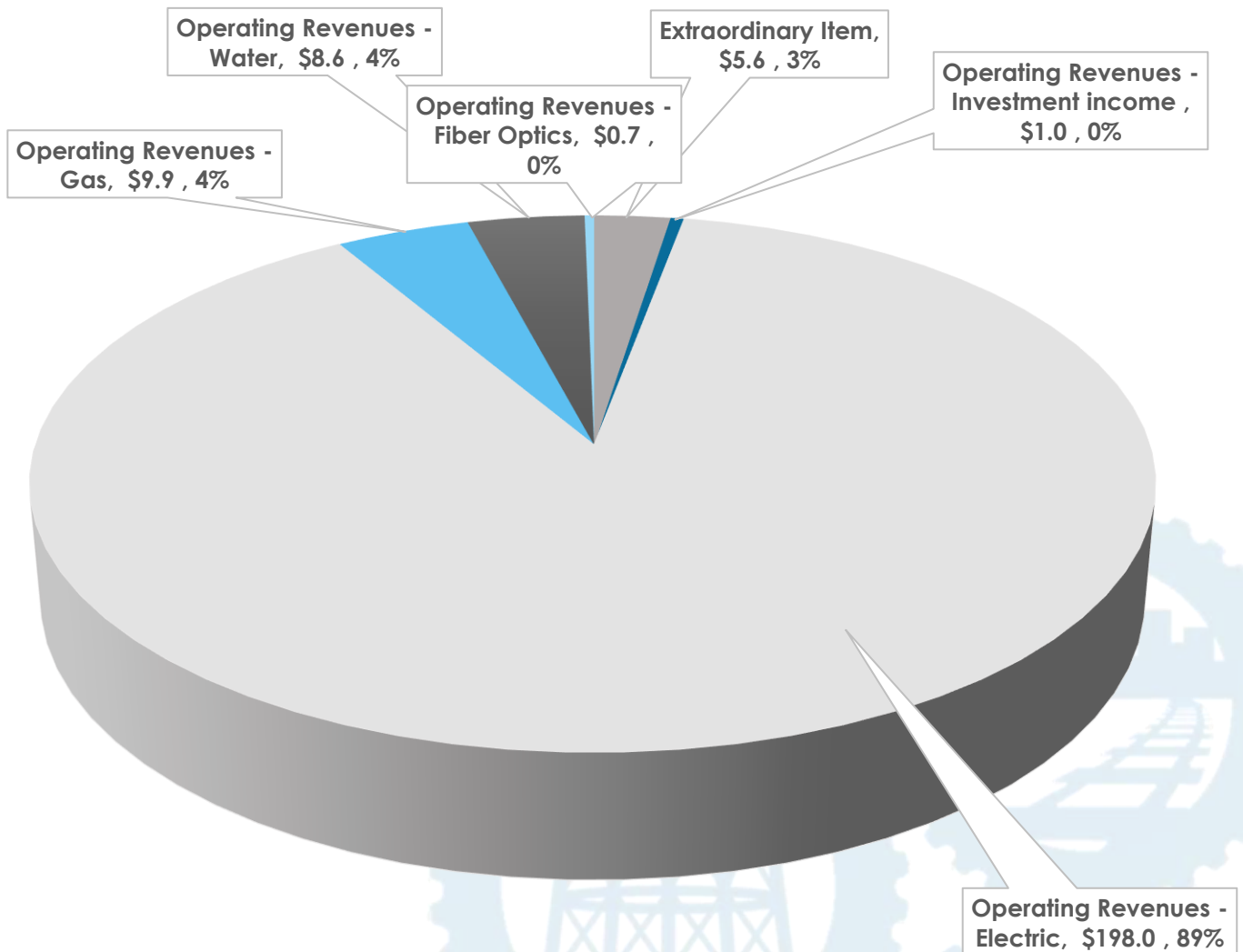




2018/2019 ADOPTED BUDGET

The following pie-charts demonstrate the City's Enterprise Fund budget by detailing anticipated revenues and budgeted expenditures during FY 2018/2019:

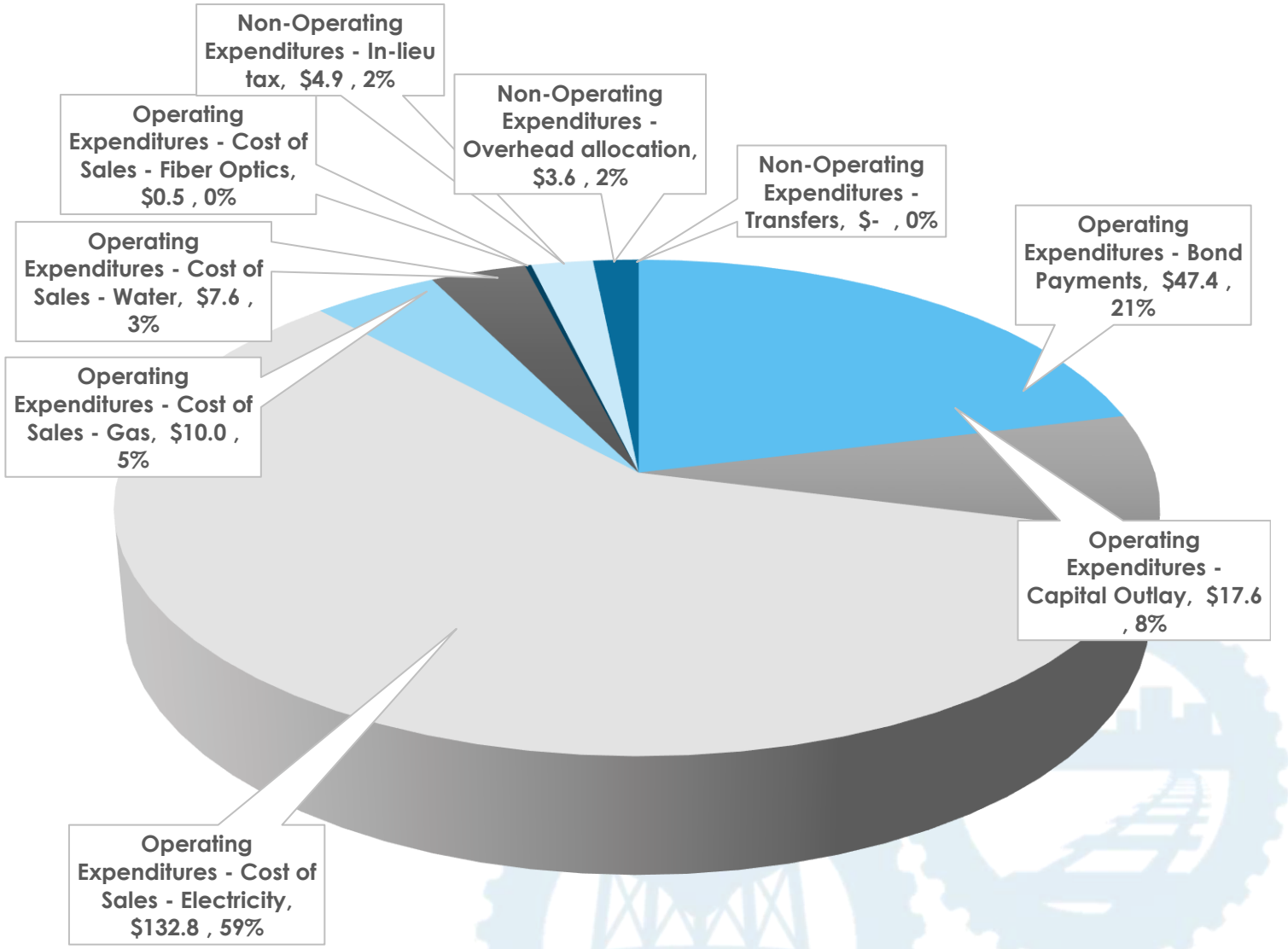
ENTERPRISE FUND Operating and Non-Operating REVENUES



Total for FY 2018/2019 = \$223.8 mil



ENTERPRISE FUND Operating and Non-Operating EXPENDITURES



Total for FY 2018/2019 = \$224.4 mil



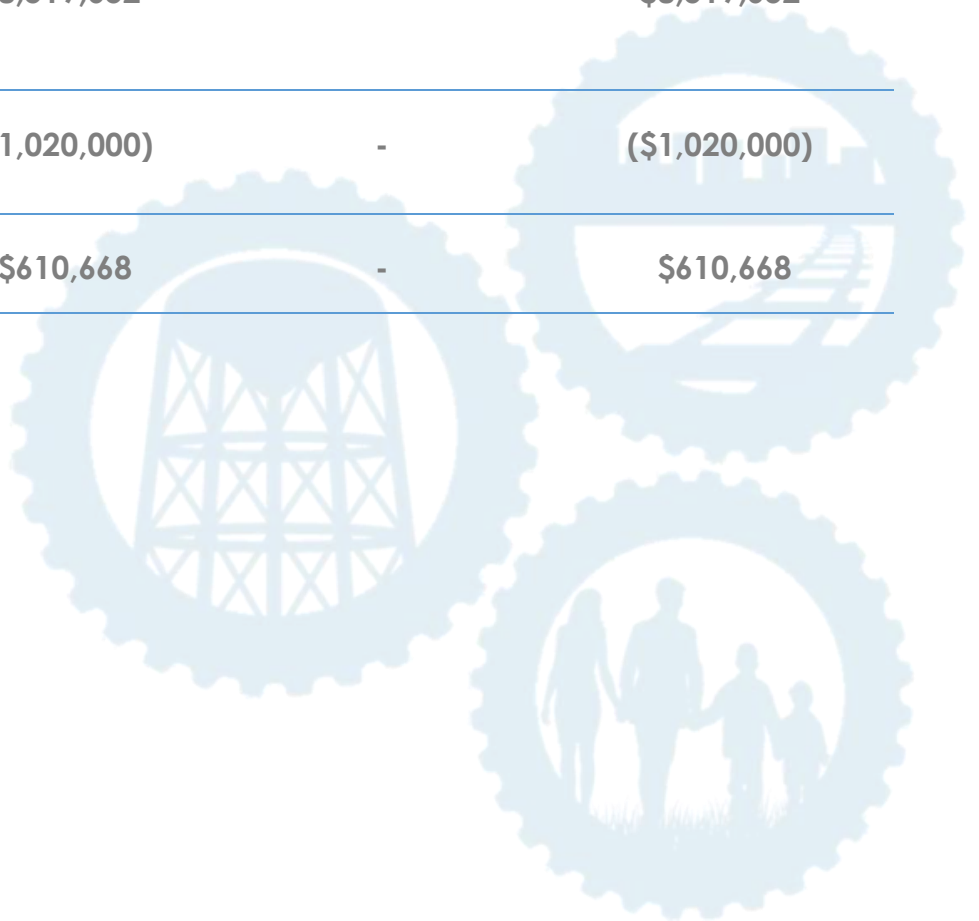
2018/2019 ADOPTED BUDGET

A summary of the FY 2018/2019 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 \$610,668.

Fiscal Year 2018/2019 Governmental Funds Budget

	General Fund	Successor Agency Funds	Governmental Funds Total
Total Operating Revenues	\$51,835,757	\$5,744,361	\$57,580,118
Total Operating Expenditures	\$58,724,741	\$5,744,361	\$64,469,102
Net Operating Increase (Decrease)	(\$6,888,984)	-	(\$6,888,984)
Total Non-Operating Revenues (Expenditures)	\$8,519,652	-	\$8,519,652
Total Extraordinary Items	(\$1,020,000)	-	(\$1,020,000)
Net Increase (Decrease)	\$610,668	-	\$610,668



2018/2019 ADOPTED BUDGET

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 decrease for the year is \$610,668.

Fiscal Year 2018/2019 Business-Type Funds Budget

	Electric Fund	Gas Fund	Water Fund	Fiber Optics Fund	Business-Type Funds Total
Total Operating Revenues	\$198,979,345	\$9,952,436	\$8,573,244	\$708,220	\$218,213,245
Total Operating Expenditures	\$191,956,839	\$10,516,626	\$12,647,801	\$815,527	\$215,936,793
Net Operating Increase (Decrease)	\$7,022,506	(\$564,190)	(\$4,074,557)	(\$107,307)	\$2,276,452
Total Non-Operating Revenues (Expenditures)	(\$7,944,652)	-	(\$575,000)	-	(\$8,519,652)
Total Extraordinary Items	\$1,435,532	-	\$4,197,000	-	\$5,632,532
Net Increase (Decrease)	\$513,386	(\$564,190)	(\$452,557)	(\$107,307)	(\$610,668)

A summary of the overall City budget reflects that a balanced budget was approved. The Governmental Funds Budget recognizes a net increase of \$610,668, while the Business-Type Funds Budget reflects a net decrease of \$610,668. The net effect is that, on a consolidated basis, the overall budget is zero with reserves applied of \$5,632,532.

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



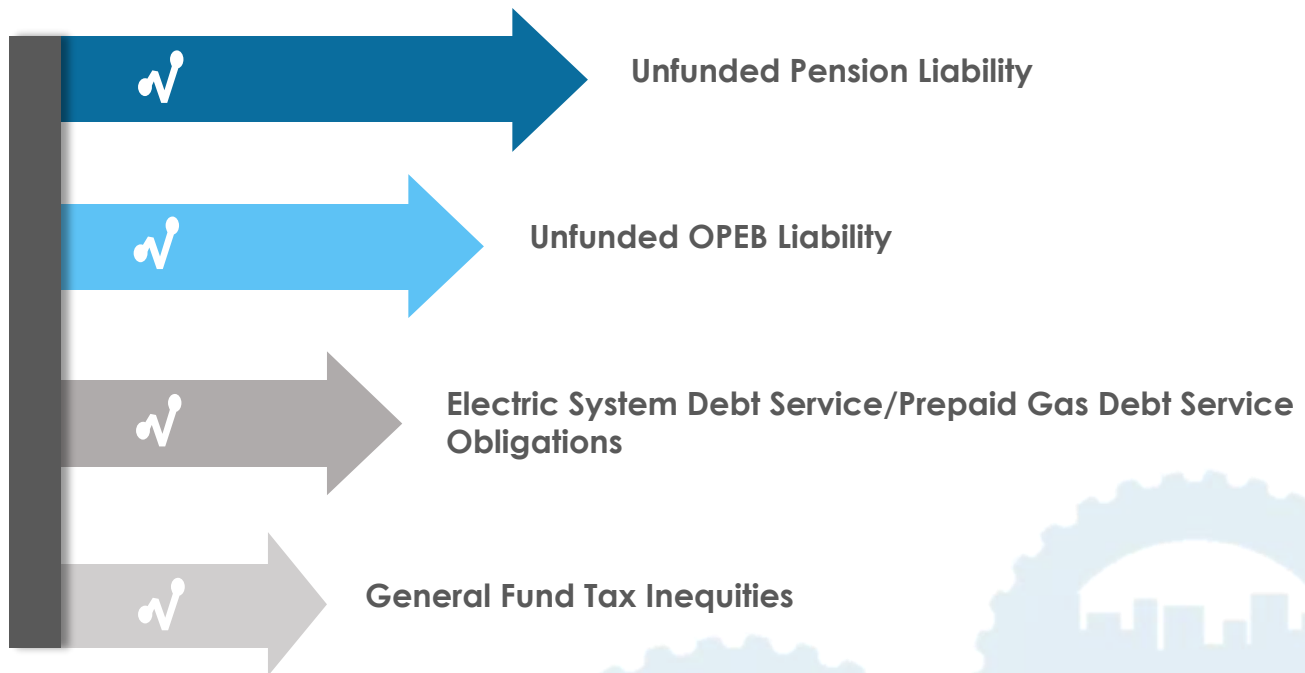
CITY OF VERNON
Fiscal 2018-2019 Final Budget Summary
Cash Basis

	Governmental Funds				Business-Type Funds					City-Wide Total	
	General Fund	Successor Agency Funds	Parcel Tax Fund	Hazardous Waste Fund	Governmental Funds Total	Electric Fund	Gas Fund	Water Fund	Fiber Optics Fund		Business-type Funds Total
Operating revenues											
Taxes	43,588,183	5,744,361	-	-	49,332,544	-	-	-	-	-	49,332,544
Special assessments	1,025,000	-	-	-	1,025,000	-	-	-	-	-	1,025,000
Licenses and permits	1,865,667	-	-	-	1,865,667	-	-	-	-	-	1,865,667
Fines, forfeitures and penalties	170,300	-	-	-	170,300	-	-	-	-	-	170,300
Investment income (loss)	136,455	-	-	-	136,455	1,000,000	-	-	-	1,000,000	1,136,455
Intergovernmental revenues	2,839,808	-	-	-	2,839,808	-	-	-	-	-	2,839,808
Charges for services	1,541,889	-	-	-	1,541,889	197,975,845	9,952,436	8,573,244	708,220	217,209,745	218,751,634
Other revenues	668,455	-	-	-	668,455	3,500	-	-	-	3,500	671,955
Total operating revenues	51,835,757	5,744,361	-	-	57,580,118	198,979,345	9,952,436	8,573,244	708,220	218,213,245	275,793,363
Operating expenditures											
General government	13,363,088	250,000	-	-	13,613,088	-	-	-	-	-	13,613,088
Public safety - Police	11,094,721	-	-	-	11,094,721	-	-	-	-	-	11,094,721
Public safety - Fire	18,689,031	-	-	-	18,689,031	-	-	-	-	-	18,689,031
Public works	8,963,946	-	-	-	8,963,946	-	-	-	-	-	8,963,946
Health services	1,687,628	-	-	-	1,687,628	-	-	-	-	-	1,687,628
Principal retirement	-	2,580,000	-	-	2,580,000	29,305,000	-	-	-	29,305,000	31,885,000
Interest payment	-	2,914,361	-	-	2,914,361	18,074,350	-	-	-	18,074,350	20,988,711
Capital outlay	4,926,327	-	-	-	4,926,327	11,735,000	543,686	5,043,245	300,000	17,621,931	22,548,258
Cost of sales	-	-	-	-	-	132,842,489	9,972,940	7,604,556	515,527	150,935,512	150,935,512
Total operating expenditures	58,724,741	5,744,361	-	-	64,469,102	191,956,839	10,516,626	12,647,801	815,527	215,936,793	280,405,895
Net operating surplus (deficit)	(6,888,984)	-	-	-	(6,888,984)	7,022,506	(564,190)	(4,074,557)	(107,307)	2,276,452	(4,612,532)
Non-operating revenues (expenditures)											
Sale of property	-	-	-	-	-	-	-	-	-	-	-
In-lieu tax transfer in (out)	4,925,975	-	-	-	4,925,975	(4,925,975)	-	-	-	(4,925,975)	-
Overhead allocation in (out)	3,593,677	-	-	-	3,593,677	(3,018,677)	-	(575,000)	-	(3,593,677)	-
Operating transfer in (out)	-	-	-	-	-	-	-	-	-	-	-
Total non-operating revenues (expenditures)	8,519,652	-	-	-	8,519,652	(7,944,652)	-	(575,000)	-	(8,519,652)	-
Extraordinary items											
Non-operating transfer in (out)	(1,020,000)	-	-	-	(1,020,000)	-	-	-	-	-	(1,020,000)
Excess bond proceeds	-	-	-	-	-	-	-	-	-	-	-
Reserves applied	-	-	-	-	-	1,435,532	-	4,197,000	-	5,632,532	5,632,532
Total extraordinary items	(1,020,000)	-	-	-	(1,020,000)	1,435,532	-	4,197,000	-	5,632,532	4,612,532
Net increase (decrease)	610,668	-	-	-	610,668	513,386	(564,190)	(452,557)	(107,307)	(610,668)	-



Budgetary Challenges

There are major factors that have an impact on the City and each are taken into account 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 will offset the City's general fund deficit by generating tax revenues via a 6% User Utility Tax (UUT) on commercial/industrial customers. The revenues will be used to 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:

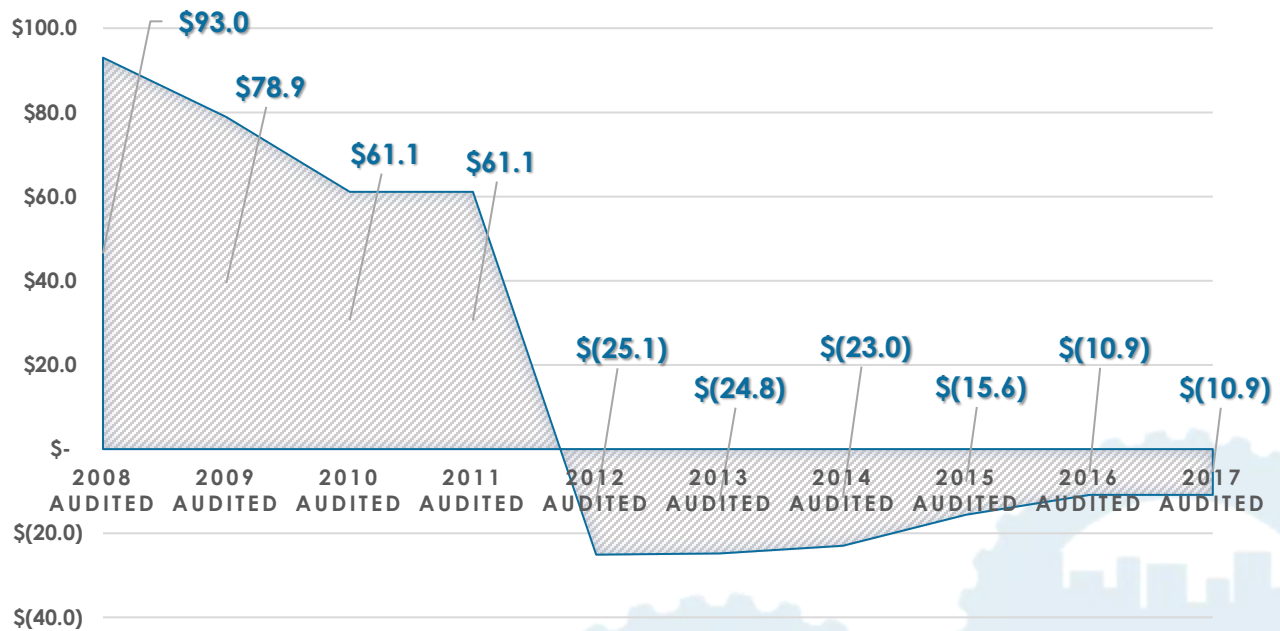
- Vernon Municipal Code Chapter 8.3 requires that tax revenues be generated to fund governmental expenditures
- Historically, tax revenues have not been sufficient to meet governmental expenditures
- To balance the budget, there has been a reliance on Public Utility excess revenue transfers
- A structural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



2018/2019 ADOPTED BUDGET

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 \$10.9 million - a \$14.2 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 will effectively halt the transfer moving forward, and the revenues generated will 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.

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 2017/2018, the City funded \$9.5 million and in FY 2018/2019, it will be funding a total of \$11.0 million. Based on the City's unfunded pension liability of \$95.2 million, there is potential for the structural deficit to climb without the implementation of new tax measures and/or other 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.

Unfunded Liability Projected Employer Contributions (In \$Millions)

Fiscal Year	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Miscellaneous	2.4	2.9	3.1	3.7	4.2	4.5	4.7
Safety	4.4	5.3	6.0	6.8	7.5	8.0	8.4
Total	6.8	8.2	9.1	10.5	11.7	12.5	13.1
Dollar Increase		\$1.4	\$0.9	\$1.4	\$1.2	\$0.8	\$0.6
% Increase		20.6%	11.0%	15.4%	11.4%	6.8%	4.8%

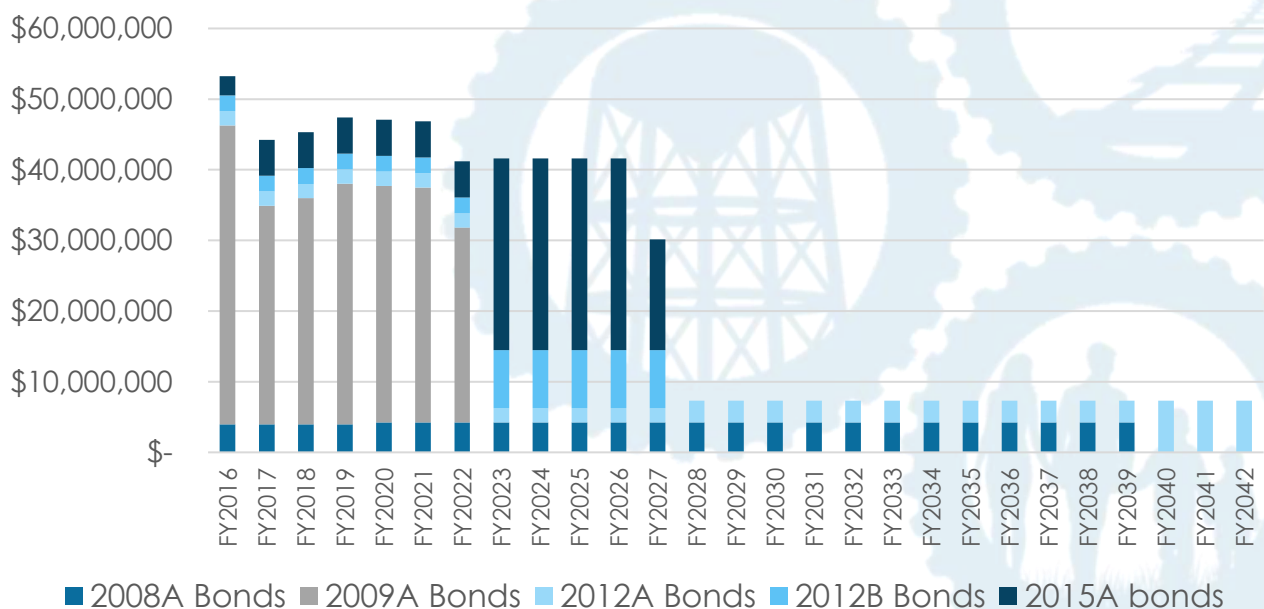
Other Post-Employment Benefits (OPEB)

Another major factor impacting the City is the cost associated to post-employment benefits other than pensions. As of June 30, 2017, the City's unfunded OPEB liability was \$35.4 million. The unfunded liability is the result of the 2013 negotiated 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.

As a first step toward resolution, in June 2017 (for FY 2016/2017), the City established an OPEB Trust Fund with CalPERS. The first annual payment to the OPEB Trust Fund in the amount of \$1.1 million was made in June 2017. The same level of funding has been allocated in the FY 2018/2019 Budget. Year over year, as the City sets aside funds into the OPEB Trust, there will be assets to net against the OPEB liability. The City will continue to investigate verified methods in which to reduce such liabilities.

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 on the previous page 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.

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 302 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 2018/2019 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.

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

- ✓ Wise utilization of \$22.6 million of Successor Agency funding of Excess Bond Proceeds
- ✓ Pursue additional Excess Bond Proceeds currently held by the Successor Agency
- ✓ Conduct updated Fee Study to optimize revenue generation for City services
- ✓ Explore feasibility of generating a transaction tax
- ✓ Continue to examine existing revenues, as well as cost control measures for efficiency management



Transparency

- ✓ Explore inclusion of Full Financial Impact statement (addressing long-term impact), as opposed to Fiscal Impact statement (one year impact) in Staff Report recommendations and presentations made to City Council
- ✓ Engage in full discussion on the risks and rewards of providing additional pension and OPEB benefits prior to adoption (Govt. Code 7507)

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





DEPARTMENTAL REVIEWS

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

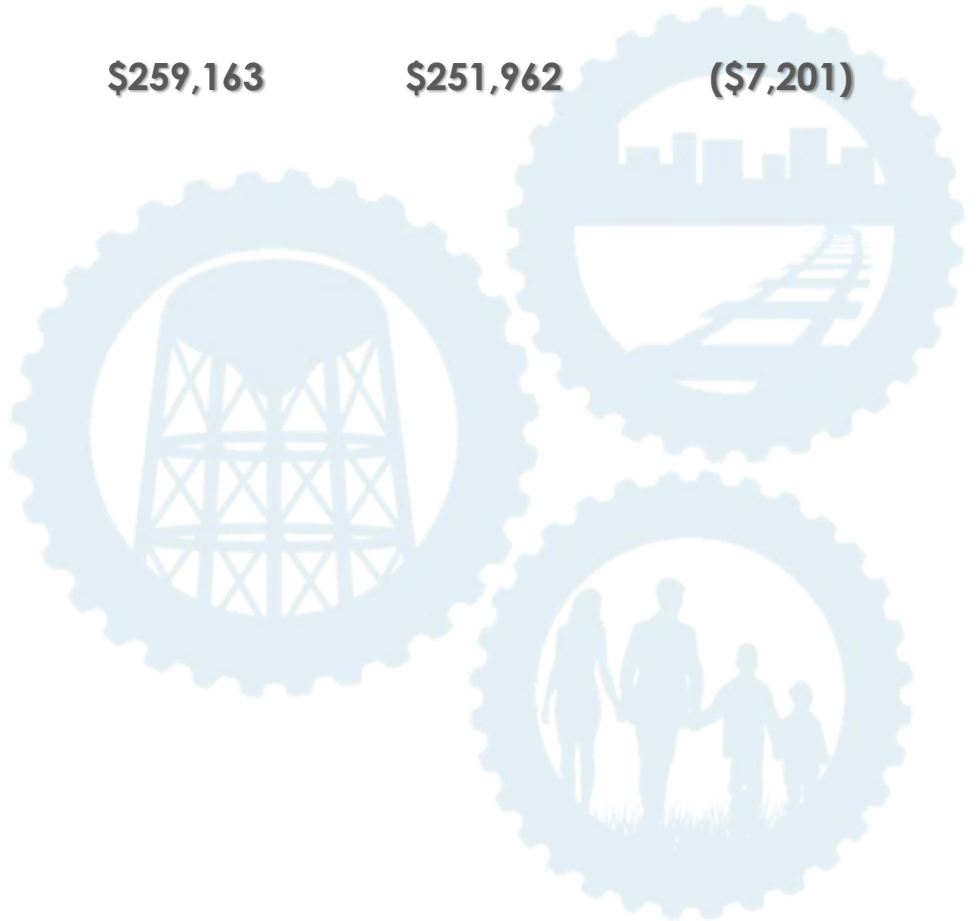
- ✓ Provide legislative policy directives for City programs and services
- ✓ Approve programs and policies that are in the best interest of the City's socio-economic development
- ✓ Represent the interests of Vernon residents and businesses at various levels of government
- ✓ Encourage cooperation and 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



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 \$7,000. When there is an opportunity identified that allows for cost savings, it is consistently leveraged.

CITY COUNCIL	FY2018 Budget	FY2019 Budget	Increase (Decrease)
SALARIES	\$133,968	\$136,646	\$2,678
BENEFITS	\$72,396	\$62,517	(\$9,879)
SERVICES/SUPPLIES	\$52,799	\$52,799	-
TOTAL EXPENDITURES	\$259,163	\$251,962	(\$7,201)





DEPARTMENTAL REVIEWS

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



Changes From Prior Year

CITY ADMINISTRATION	FY2018 Budget	FY2019 Budget	Increase (Decrease)
SALARIES	\$765,129	\$637,954	(\$127,175)
BENEFITS	\$287,055	\$271,827	(\$15,228)
SERVICES/SUPPLIES	\$238,177	\$222,871	(\$15,306)
TOTAL EXPENDITURES	\$1,290,361	\$1,132,652	(\$157,709)

The City Administration Department continues to make strides toward streamlining processes and reducing expenditures. As evidenced in the chart below, 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 position) in FY 2018/2019. 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

- ✓ Completed last remaining JLAC item
- ✓ Implemented Resident Newsletter
- ✓ Increased outreach to Vernon and neighboring communities
- ✓ Spooktacular Halloween
- ✓ Huntington Park Holiday Parade
- ✓ Spring Egg-stravaganza
- ✓ Active City promotion and communication via social media channels
- ✓ Established general fund revenue stream to stabilize government operations
- ✓ Continued Vernon CommUNITY Fund good neighbor program



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
- ✓ Increase community engagement
- ✓ Coordinate additional outreach events for the community:
 - Co-Host a successful first-time Open Streets event with Huntington Park in August 2018
 - Summertime outreach event
 - Holiday Tree-Lighting Ceremony in December 2018





DEPARTMENTAL REVIEWS

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

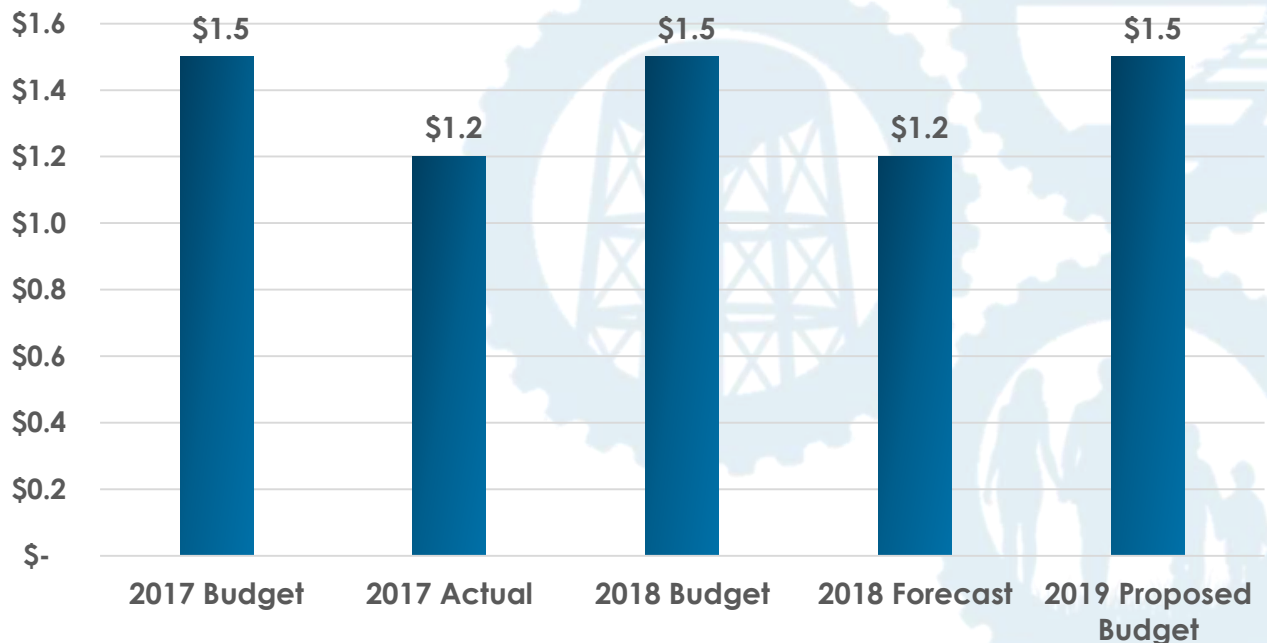


Changes from Prior Year

The City Attorney's Office continues to make strides toward streamlining processes and reducing expenditures. As evidenced in the chart on the next page, the City Attorney's Office continues its conscientious approach to spending at all times.

CITY ATTORNEY'S OFFICE	FY2018 Budget	FY2019 Budget	Increase (Decrease)
SALARIES	\$699,218	\$753,004	\$53,786
BENEFITS	\$357,368	\$313,824	(\$43,544)
SERVICES/SUPPLIES	\$439,300	\$439,300	-
TOTAL EXPENDITURES	\$1,495,886	\$1,506,128	\$10,242

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. For example, since FY 2013/2014, the Office has decreased total legal costs by over 63% across the City. 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.





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 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





DEPARTMENTAL REVIEWS

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, with 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 the official City records (City Clerk is Custodian of the City Seal); 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 FPPC forms, manages Public Records Act requests and Subpoena processing from start to finish, 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 City Clerk 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.

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, the City Clerk staff are constantly looking at new ways to enhance services to the public, as well as internal city staff.

CITY CLERK'S OFFICE

	FY2018 Budget	FY2019 Budget	Increase (Decrease)
SALARIES	\$398,921	\$430,780	\$31,859
BENEFITS	\$160,582	\$166,778	\$6,196
SERVICES/SUPPLIES	\$112,900	\$102,400	(\$10,500)
TOTAL EXPENDITURES	\$672,403	\$699,958	\$27,555



2018/2019 ADOPTED BUDGET

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 2018). This is the second highest voter participation in ten years.

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:
 - Continued Department Outreach
 - Community (e.g. Vernon's Election Process)
 - Staff (e.g. various topic workshops)
 - Municipal Code Audit
 - Exploring Feasibility of New Public Services
 - Passport Service Center
 - Website Information Portal

DEPARTMENTAL REVIEWS

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 standards 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 \$110 million in 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 in compliance 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 Government Accounting Standards Board (GASB). As part of this responsibility, it coordinates the External Auditor's requests for information and is the liaison with other City departments throughout the audit process. The Finance Department prepares the Annual Financial Report for the External Auditor's review and to validate. The City's Annual Financial Report and the independent auditor's opinion are then filed annually with the following agencies: 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, including procurement cards; 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. The objectives in place are to develop policies, programs, and services that meet or exceed regulatory requirements in a cost effective manner.

Business Licenses & Permits

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 boundaries of the City, every sole proprietor or other 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 renewal applications and taxes are due by December 31st. There is a grace period prior to penalties being applied. 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.



2018/2019 ADOPTED BUDGET

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. A step by step guide and online sign up has been developed for convenience and enhanced functionality.

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. The Finance Department is responsible for maintaining the records and support of its capital assets for several major reasons including: Capital improvement planning; Capital budgeting, Capital project management; Capital asset maintenance; Insurance; and financial 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.

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 check limitations are in place to act as early warning signals that can only be exceeded, with higher level approvals. 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. Timely payment processing helps to maintain a good credit rating and confidence with City vendors, suppliers, and consultants.

Accounts Receivable / Collection

Revenue generation is important in providing the foundation for a stable institution that can provide reliable and orderly 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 and updates the general ledger for the City. The general ledger is the framework that houses the City's recorded financial 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 2005/2006 for general ledger transactions. 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's Finance Director. As part of the process,



2018/2019 ADOPTED BUDGET

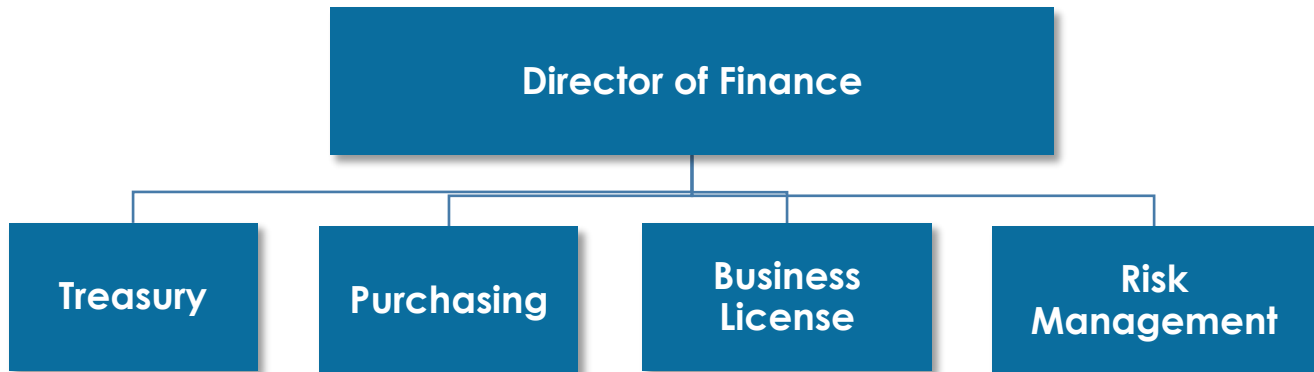
the independent auditor is required to audit every general ledger account, including the accounts of all departments. The City's general ledger keeps track of all financial transactions using a double entry system. This is then reconciled with the cash activity records of financial institutions holding City funds on a monthly basis.

Grant Accounting

The Finance Department has been using Eden Financial Management Software Solutions (Eden), since fiscal year 2005/2006. 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 in compliance 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.



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 2019 budgeted revenues are \$39.1 million versus fiscal 2018 budgeted revenues of 2018 are \$50.1 million. There is a decrease in revenues of \$11 million when comparing the two years. The decrease is due to parcel tax revenues being budgeted under Public Works. The decrease in operating transfer revenues from VPU has been eliminated due to the passage of Measure R which is expected to bring in an equal amount of Utility Users Tax. The fiscal year 2019 budgeted expenditures are \$3.3 million compared to \$3.1 million for

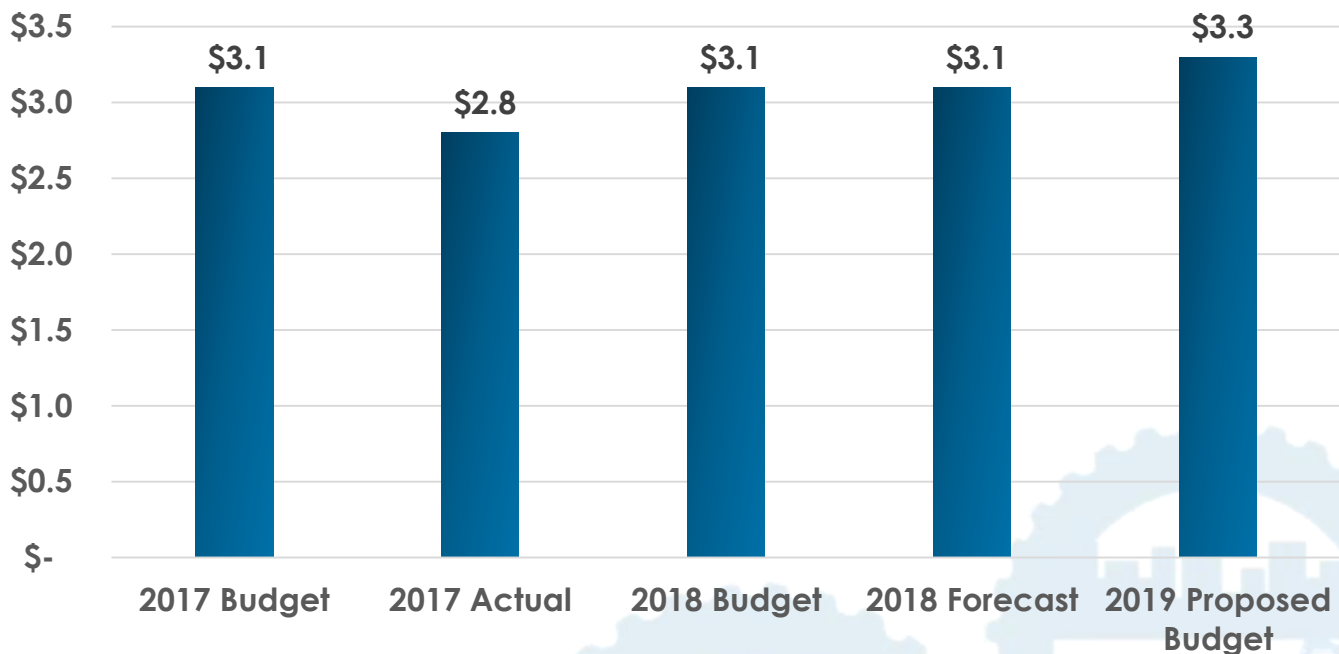
FINANCE	FY2018 Budget	FY2019 Budget	Increase (Decrease)
TOTAL REVENUES	\$50,145,000	\$39,128,577	(\$11,016,423)
SALARIES	\$1,060,814	\$1,258,619	\$197,805
BENEFITS	\$399,990	\$506,532	\$106,542
WORKERS COMP	-	-	-
SERVICES/SUPPLIES	\$1,616,170	\$1,539,492	(\$76,678)
TOTAL EXPENDITURES	\$3,076,974	\$3,304,643	\$227,669



2018/2019 ADOPTED BUDGET

fiscal year 2018. This increase of \$0.2 million is the result of merit step increases and cost of living adjustments. On the previous page is a summary comparing the Fiscal Year 2018 budget to the Fiscal Year 2019 budget.

The Finance Department has continued to be diligent in managing the expenditures budget. During the fiscal year 2017 the budget was \$3.1 million and actual expenditures were \$2.8 million. For fiscal year 2018 both budgeted expenditures and actual expenditures were in line with the budget at \$3.1 million. For fiscal year 2019 the budget is increasing a modest \$0.2 million as the result of merit step increases and cost of living adjustments.



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 and Government Accounting Standards are being followed. Some of the more noteworthy highlights this past year include:

- ✓ Responsibilities for handling the Successor Agency was transferred to 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 to perform routine accounting analysis and business license activities 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 which involves an "Open Door" policy 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' 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 additional 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 2018/2019 include:

- ✓ Lead the annual financial statement audit effort through providing timely, accurate and thoughtful responses in accordance with Government Accounting Standards
- ✓ 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 ensure that City's assets are recognized and recorded on the books in accordance with GASB requirements
- ✓ 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



DEPARTMENTAL REVIEWS

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 is focused on protecting the environment and ensuring the health and safety of its residents, workers, visitors and neighboring communities.

About the Health & Environmental Control Department

The Health Department consists of eight programs: Retail and Wholesale Food Inspection Programs, Certified Unified Program Agency, Storm Water Management Program, Water Systems Program, Solid Waste Program, Garment Manufacturing Program, Occupancy Program, and Animal/Vector Control Program. These programs function in a manner that allows the department to effectively serve the community in protecting public health.

Organization



Changes from Prior Year

The Health Department's overall expenditures have been very consistent over the past several fiscal years. For FY 2018/2019, there are anticipated reductions in Revenues, Salaries, and Services/Supplies, resulting in an overall budgetary decrease of approximately \$430,000. A budget comparison chart can be found on the following page.

HEALTH & ENVIRONMENTAL CONTROL

	FY2018 Budget	FY2019 Budget	Increase (Decrease)
TOTAL REVENUES	\$2,555,476	\$1,520,476	(\$1,035,000)
SALARIES	\$1,158,434	\$ 1,004,501	(\$153,933)
BENEFITS	\$420,836	\$430,625	\$9,789
WORKERS COMP	-	-	-
SERVICES/SUPPLIES	\$558,567	\$272,047	(\$286,520)
TOTAL EXPENDITURES	\$2,137,837	\$1,707,173	(\$430,664)

Department Highlights

The Health Department provides the following services to the City and its businesses:

- ✓ Inspects a total of 2,258 permitted facilities Citywide in all eight programs
 - Occupancy Program
 - Certified Unified Program Agency (CUPA)
 - Retail and Wholesale Food Inspection Program
 - Storm Water Inspection Program
 - Water Systems/Wells/Cross-Connection Program
 - Garment Manufacturing Inspection Program
 - Solid Waste Inspection Program (LEA)
 - Animal & Vector Control Program
- ✓ Provides support for the Green Vernon Commission on sustainability issues
- ✓ Annual E-waste collection event
- ✓ Annual used oil calendar event in collaboration with the Vernon Elementary School and Public Works Department



Goals

- ✓ Conduct compliance inspections of all permitted facilities Citywide
- ✓ Increase Administrative Enforcement Orders with non-compliant hazardous materials facilities
- ✓ Address mosquito vector control issues Citywide
- ✓ Increase hazardous materials permitted facilities compliance with CERS
- ✓ Continue to implement paperless technology





DEPARTMENTAL REVIEWS

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



Changes from Prior Year

Salaries and benefits reflect the majority of financial impact to the Human Resources Department budget for FY 2018/2019. Costs in other areas remain relatively static. The chart below summarizes the HR Department's budget.

HUMAN RESOURCES	FY2018 Budget	FY2019 Budget	Increase (Decrease)
TOTAL REVENUES	\$205,000	\$228,257	\$23,257
SALARIES	\$578,312	\$612,617	\$34,305
BENEFITS	\$2,081,789	\$2,196,904	\$115,115
WORKERS COMP	\$129,620	\$83,000	(\$46,620)
SERVICES/SUPPLIES	\$263,499	\$294,210	\$30,711
TOTAL EXPENDITURES	\$3,053,220	\$3,186,731	\$133,511

Department Highlights

- ✓ Conducted 31 recruitments
- ✓ Hired and promoted 22 City employees
- ✓ Hosted Health and Wellness Fairs including health screenings for all employees
- ✓ Implemented automated Neogov Onboard Employee Orientation Module
- ✓ Conducted Sexual Harassment Prevention Training for all employees, Council members, and Commissioners
- ✓ Conducted 4 Employee Informational Meetings
- ✓ Hosted 7 Employee Engagement Events
- ✓ Launched Training Needs Assessment



Goals

- ✓ Enhance and maintain industry leading Human Resources practices
- ✓ Implement an electronic Benefits Administration System
- ✓ Negotiate successor Memorandum of Understanding with 6 employee bargaining units
- ✓ Develop the initial phase of the Vernon Academy for Professional Development
- ✓ Develop and implement a comprehensive employee health and wellness program
- ✓ Continue to implement paperless technology
- ✓ Continue employee engagement efforts
- ✓ Secure top talent to fill existing and anticipated leadership vacancies





DEPARTMENTAL REVIEWS

Information Technology Division

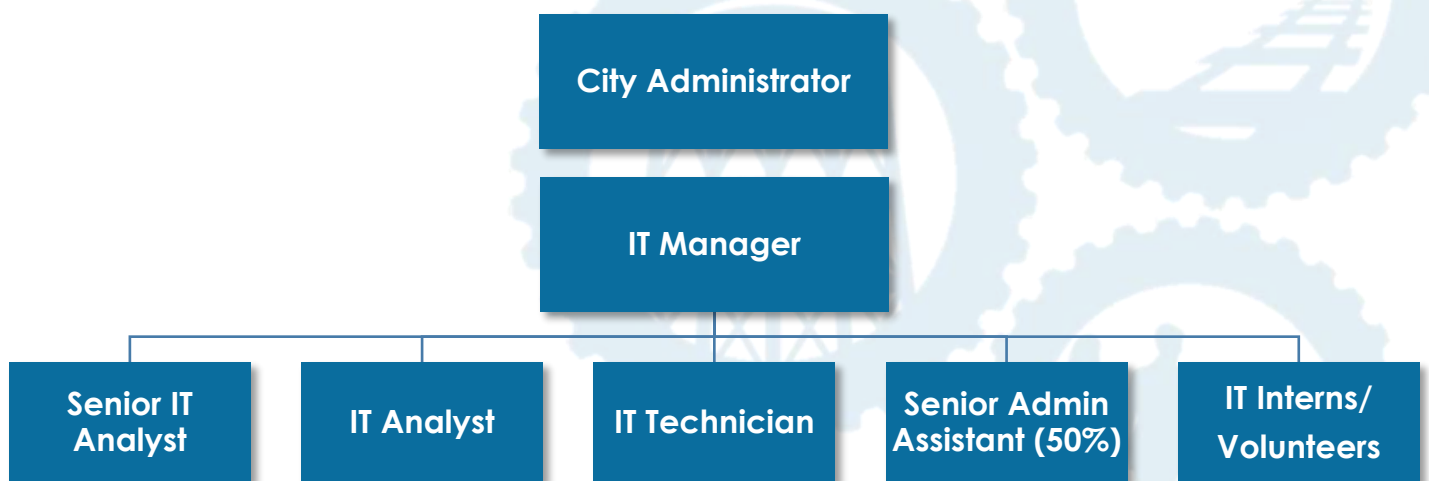
Mission Statement

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



Changes from Prior Year

The division has a slight increase in expenditures for FY 2018/2019 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 2018/2019. The overall impact to the division is a total increase of approximately \$160,000. IT is committed to ensuring that service and performance of all technological systems are operating effectively and efficiently.

INFORMATION TECHNOLOGY	FY2018 Budget	FY2019 Budget	Increase (Decrease)
SALARIES	\$533,440	\$585,430	\$51,990
BENEFITS	\$168,164	\$209,131	\$40,967
SERVICES/SUPPLIES	\$1,118,646	\$1,129,646	\$11,000
CAPITAL	\$152,000	\$216,000	\$64,000
TOTAL EXPENDITURES	\$1,972,250	\$2,122,893	\$167,957

Department Highlights

- ✓ Completed Financial System Operations Audit Successfully
- ✓ Completed Video Camera project for VG&E Remote Locations
- ✓ Currently, in the final stages on the Utility Billing System Upgrade
- ✓ Currently implementing hard drive encryption
- ✓ Currently implementing two factor authentication for remote users
- ✓ Implementing GIS System for Public Works and Vernon Gas & Electric for Field Operations
- ✓ Implemented new computer systems for new Police vehicles as well as upgrade existing computer systems to allow for higher performance from computer system
- ✓ Expanded our use of server virtualization, server consolidation, and server redundancy
- ✓ Upgraded Network Data Closet Equipment



2018/2019 ADOPTED BUDGET

- ✓ Upgraded Fire's Enterprise Filemaker Pro System to latest version
- ✓ Assist Fire Department in setting up Fire Field Inspection System
- ✓ Implemented Managed Print Services City Wide which included the upgrade of all copiers and reduced labor costs
- ✓ In final stages of upgrading Health Departments Permitting System to Cloud Based System
- ✓ Assisted Police Dispatch in migrating from old 911 System to AT&T 911 Vesta System
- ✓ Assisted Police in the Dispatch Remodel Project
- ✓ Update/Revamped Network Addresses to allow for better management and performance
- ✓ Currently updating City Hall to have Digital Signage System
- ✓ Deploying User Computers to latest Windows Operating System
- ✓ Assisted City Clerk in implementing the Granicus Agenda Management System to allow for more streamline agenda creation and management
- ✓ Setup Vigilante Automatically License Plate System for Police
- ✓ Obtained Programming Services to assist with enterprise application reporting

Goals

- ✓ Continue to implement industry best practice in Information Technology
- ✓ Upgrade all City Hall End User computers to Windows 10
- ✓ Continue to advance and improve our Disaster Recovery System for our computer systems
- ✓ Continue to advance the City's GIS System
- ✓ Implement new work order system for Public Works
- ✓ Implement scheduling/time keeping software for various departments
- ✓ Continue to advance City Well Sites, Substations, and City Hall camera systems
- ✓ Continue to advance virtual desktop system
- ✓ Install new high definition camera systems at all Fire Stations
- ✓ Continue to advance server virtualization infrastructure
- ✓ Continue to upgrade our switching networking infrastructure
- ✓ Complete upgrade of new hosted Health Permitting System
- ✓ Complete Utility Billing System Upgrade
- ✓ Continue to advance our Cyber Security Infrastructure
- ✓ Upgrade server computers to latest operating systems
- ✓ Upgrade Cisco Main Core Layer 3 Network Router
- ✓ Continue to advance the use of our Laserfiche Document Management/Paperless Office System
- ✓ Update City Website to allow for a better user experience
- ✓ Assist in upgrade of City Wide Radio System for Public Safety
- ✓ Upgrade Digital Phones to VOIP Phones
- ✓ Implement Sharepoint Local Intranet Site



DEPARTMENTAL REVIEWS

Public Safety: Fire

Mission Statement

The mission of the Vernon Fire Department is: "Our purpose is to protect and preserve lives, property, and the environment, by providing dedicated and skillful service."

About the Fire Department

The Fire Department consists of seven main Divisions which are key to its successful operation: Fire Suppression, Emergency Medical Services (EMS), Emergency Management, Fire Apparatus & Equipment, Training & Safety, Hazardous Materials and Administration. These divisions function in a manner that allows the department to effectively serve the community in emergency and non-emergency situations.

The Vernon Fire Department continues to be a leader in "exclusively Industrial" firefighting among its peers and has been awarded a Class 1 Public Classification rating by the Insurances Services Office (ISO), an organization that independently evaluates municipal fire protection efforts in communities throughout the United States. The Class 1 rating is the highest possible score that agencies can receive.

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

Challenges facing the Fire Department are:

- Succession Planning for Department Personnel
- MOU mandated staffing requirements & salary increases (passed by 2016 City Council resolution)
- Maintaining Budgetary Constraints
- Maintaining Cost Recovery
- Increasing Transport Revenues
- Maintaining Grant Revenue streams
- Emergency Operations Center (EOC)
- Continuous Updates to the EOC Plan



Divisions

Emergency Management Division

The Emergency Management Division makes Vernon a safer place to live and work. This is accomplished by providing training and supplies for the City staff and community. The City's "Command & Control Committee" is a vital component of its government continuity plan. Critical elements of the program include disaster preparedness, hazard mitigation, and response and recovery operations.

It is the Division's duty to work with the City's Command and Control Committee and other City Departments to prepare the community to meet the forecasted local demands in the event of a large-scale disaster.

A working exercise will be scheduled for this fiscal year involving all divisions within the City. Personnel will continue to train as many Citizens Emergency Response Team (CERT) members in the City of Vernon as reasonably possible.

OBJECTIVES

- ✓ Update and Approve the Local Hazard Mitigation Plan
- ✓ Complete CERT course for citizens
- ✓ Determine CERT course "sustainable" needs
- ✓ Follow guidelines for VFD community work
- ✓ Ensure all personnel are properly trained in National Incident Management System (NIMS) principles and City practices (IS-700 & IS-800)
- ✓ Update and Revise the City Emergency Plan
- ✓ Implement department members contact information into new reverse 911 telephone system
- ✓ Participate in countywide disaster drill by collaborating and supporting the efforts of the city staff and Fire Department members

In FY 2018/2019, the Emergency Management Division had a reduction in staffing and benefits due to vacating the Assistant Fire Chief's position. Specific capital purchases for FY 2018/2019 have been requested to bolster the emergency preparedness throughout the City.

Hazardous Materials Division

The Hazardous Materials program provides training, equipment, and personnel funding to assist in hazardous incidents that include chemical, biological, radiological, and explosions. Coordinated responses from Vernon's Hazardous Materials response team will reduce the loss of lives and ensure more efficient business continuity with our industries.

OBJECTIVES

- ✓ Continue to maintain certified Hazardous Materials status within the state response system
- ✓ Provide for employee certification premiums
- ✓ Provide grant funded training for personnel in need of Hazardous Materials certifications

The Hazardous Materials Divisions program funding has been relocated into the Fire General budget. Other than salaries and premiums, the Hazardous Materials program did not see any changes from fiscal year 2017/2018.

Fire Administration Division

The Fire Chief has the overall responsibility for the delivery of fire services to the community. Fire Administration provides support to the operations of all divisions within the Fire Department. Since most services are delivered by the field staff, FPB members, and administrative staff, the work of the Chief is often that of oversight and support. Many other actions are necessary for a Fire Chief to be proactive.

They are:

- | | |
|-----------------------|---|
| ➤ Support | Personnel/Programs/Budget items/Improvements |
| ➤ Direction | Department improvements/Activities/Choices/Priorities |
| ➤ Education/Marketing | Department to community/Seeking opportunity |
| ➤ Communication | Department members/City staff/City Council/Community |
| ➤ Influence | Actions/Decisions/Development |
| ➤ Budget | Operating/Capital improvement/Equipment (replacement & new) |
| ➤ Manage | Department personnel/Programs/Divisions |

OBJECTIVES

Aggressively lead an action-oriented group of men and women in the provision of vital services for our community. Each shift and program will complement the work of the others with a focus in efforts towards the development of our personnel for promotion and to fill future vacancies in the ranks of Engineer, Captain and Battalion Chief.

- ✓ Address the issues presented through communications at:
 - Command Staff meetings
 - Labor/Management meetings
 - Captains Meetings
 - City Council Direction
 - Station Inspections / Visits
 - Direction from City Administrator

2018/2019 ADOPTED BUDGET

- ✓ Oversee Department budget, purchasing, grants, and other financial systems
- ✓ Monitor and implement City Council goals, priorities and objectives
- ✓ Develop Firefighter Bill of Rights Policy/Procedure and implement (after initial officer training)
- ✓ Develop a strategic plan for the department
- ✓ Develop a long term succession plan for the department
- ✓ Review and develop new policies and procedures for the department

In FY 2017/2018, Fire Administration vacated the Assistant Fire Chief's position. Fire Administrations staffing model did not see any changes other than vacating the Assistant Fire Chief's position.

<u>Staffing Position</u>	<u>FTE</u>
Fire Chief (sworn)	1
Senior Fire Prevention Inspector	1
Senior Fire Administrative Analyst	1
Senior Administrative Assistant	1
Totals:	4

Suppression Division

Emergency responses are the test of the abilities of a Fire Department. Appropriate policy and direction for all Fire Department personnel is necessary to ensure safe and effective operational performance. The Fire Suppression Division is the most visible departmental operation.

Suppression personnel also respond throughout the City, providing basic and advanced life support services in support of our paramedics. Additionally, a full service highly trained and certified Hazardous Materials Response Team and equipment are available to respond to all hazardous material incidents both locally and within the region.

The emergency operational Policies and Procedures of the Department will be re-evaluated to meet the demand of the communities risk profile. A review of the integration and operations of the field staff and communication will also be performed.

OBJECTIVES

- ✓ Respond to an estimated 1,700 emergencies including fires, HazMat incidents, medical assistance, rescues and miscellaneous calls for assistance annually
- ✓ Maintain an average total response time of five minutes or less for all emergency calls at least 90 percent of the time
- ✓ Reduce "Turnout" times
- ✓ Utilize Federal UASI and SHSP Grant monies allocated to the Vernon Fire Department to fund training programs and equipment will enhance the department's capability to respond to all risk incidents
- ✓ Reduce incident injuries and exposures by implementing safety and control measures



2018/2019 ADOPTED BUDGET

- ✓ Review departmental Operations Manual (SOPs) annually
- ✓ Develop new training process to integrate the new training centers capabilities into prescriptive drills
- ✓ Changes to response and processes will be made to address the reduction of Engineers

Emergency Medical Services

Emergency Medical Services are delivered to nearly two-thirds of all emergency incidents within Vernon. The staff delivering these services are assigned to fire stations and supported by the EMS or Fire Suppression budgets. This Division is responsible for:

- Readiness for all EMS operations
- Emergency Medical Technician (EMT)
- Training/Certification/Operations
- Advanced Life Support
- Training/Certification/Operations (12 PM/FF)
- Advanced Life Support (ALS) transportation
- Basic Life Support (BLS) transportation

The assigned staff consists of a dual role 56-hour Firefighter Paramedic/Coordinator, 56-hour Battalion Chief, contract nurse educator, and a contract medical physician.

OBJECTIVES

To provide the highest level of ALS and BLS services to the community through an efficient support and service delivery system. We are committed to the continuing education for our paramedics. Vernon Fire staff will provide the training courses to maintain certifications of all Paramedics and EMTs.

- ✓ Maintain Firefighter/Paramedic staffing at 12
- ✓ Maintain all fire suppression staff at EMT cert level (minimum)
- ✓ Maintain automatic external defibrillator program requirements
- ✓ Maintain ACLS training for all paramedics
- ✓ Meet per LA County EMS Agency policy
- ✓ Ensure all HIPPA regulations (transport requirements) are followed
- ✓ Update contract and job expectations for EMS Educator/Quality Improvement Nurse
- ✓ Update job expectations for EMS Coordinator
- ✓ Prepare budget recommendations for this program for the 2019/2020 budget by February 1, 2019

In FY 2018/2019, the Emergency Medical Service Division will not see any changes with the current staffing model.



2018/2019 ADOPTED BUDGET

Urban Search & Rescue Division

Many recent events have caused fire departments to re-examine the scope of their operations. These examinations bring about new procedures to address the findings.

Vernon Fire Department delivers Urban Search and Rescue (US&R) services to the community and to areas outside of the community (mutual/auto aid) utilizing firefighters assigned to Fire Suppression and Emergency Medical Services duties. USAR services include swiftwater rescue, confined space operations, trench rescue procedures, collapse rescue procedures and shoring operations. Specialized training and equipment are required for firefighters performing USAR specific duties.

The Department has earned recognition by the state for its USAR capabilities (heavy level). The Department has also earned certification for its capacity to work with other neighboring teams as a USAR Regional Task Force (USAR-RTF-2).

OBJECTIVES

The members of the Vernon Fire Department will earn/maintain the appropriate capability and be prepared for identified special rescue circumstances through research, equipment, policy, operational and training efforts.

A number of equipment purchases have been made and more are planned. Policy, training and additional funding requests need to be formulated to maintain the Department's readiness to respond.

- ✓ Reinforce the skill sets necessary to deliver all USAR services through continuing education, physical training, and scheduled drills
- ✓ Train on all USAR disciplines with neighboring departments
- ✓ Sustain written procedures for all VFD personnel on operational policy for:
 - Swiftwater rescue
 - Confined space rescue
 - Collapse operations
 - Trench Rescue
 - Shoring operations
- ✓ Research, select, purchase, write policy, train and implement grant-funded equipment purchases
- ✓ Host an Area E US&R RTF-2 drill at the new Vernon Regional Training Center
- ✓ Prepare budget recommendations for this program for the 2019/2020 budget by February 1, 2019.

In FY 2018/2019, the Urban Search & Rescue program will continue to see grant funded training and equipment through the fiscal year. US&R 78 is now crossed staffed with the



2018/2019 ADOPTED BUDGET

reduction of full time engineers. Personnel on Engine 78 will cross staff US&R 78 when responded to US&R related emergency incidents.

Fire Prevention Division

The Fire Prevention Division is the focal point of the Fire Department's efforts to minimize fire and hazard losses in the City of Vernon. Fire Prevention's key role is improving the safety and quality of life for its citizens and businesses. Under the direction of the Fire Marshal, the Fire Prevention Division is staffed by sworn and civilian personnel dedicated to increasing safety, preventing or reducing fire losses, and ensuring compliance with applicable code and ordinances. The goal of the Fire Prevention Division is to safeguard the community from fire and environmental hazards through programs providing adherence to fire regulation, public education and hazard mitigation.

The Fire Prevention Division will provide comprehensive fire protection and engineering services that meet the needs of the Department and address the community issues and risks found. This year's effort will be made to account for all inspections completed and quantity our inspection and fee processes.

OBJECTIVES

- ✓ Define and quantify all FPB and engine company inspections
- ✓ Deliver meaningful quarterly fire prevention training to fire suppression staff
- ✓ Supervise and conduct fire safety inspections at all businesses, apartment buildings, schools, public assembly occupancies, health care facilities, and special events including television and film production sites
- ✓ Issuance of fire permits for fire code related construction, and high hazard activities.
- ✓ Perform plan reviews for new construction, tenant improvements, and automatic fire protection systems
- ✓ Manage inspections of new construction, tenant improvements, and existing businesses and occupancies to confirm their compliance with codes and ordinances
- ✓ Direct public education and safety awareness programs
- ✓ Investigate fire related incidents

In FY 2018/2019, the Fire Prevention Bureau will not see any changes within the current staffing model.

Fire Training Division

The Training Division provides personnel and crews with the necessary and appropriate training to carry out fire service duties safely and effectively. All aspects of fire/rescue operations are comprehensively addressed through monthly training assignments and program offerings. Three Fire Captains provide "shift" and recruit training and serve as the training officer for their shift.



2018/2019 ADOPTED BUDGET

OBJECTIVES

Vernon Fire personnel will be prepared for all fire/rescue emergencies and other operational activities through a comprehensive training program that provides individual, classroom, physical, crew, multi-company and specialized fire/rescue operations curriculum.

- ✓ Develop a comprehensive training plan addressing succession planning
- ✓ Maintain/improve the skills of all Vernon firefighters for promotional capabilities
- ✓ Train all personnel on fireground policies, including physical drills
- ✓ Train all personnel on firefighter down, firefighter trapped, and RIC procedures
- ✓ Provide/coordinate specialized training for each shift covering:
 - Swiftwater rescue
 - Confined space operations
 - Driving operations (Code I and III)
 - Highrise firefighting operations
 - Trench rescue operations
 - Disaster operations
 - Structural collapse operations
 - Bio-terrorism/WMD operations
 - Multi-company operations
- ✓ Expand US&R & Haz Mat training libraries in each fire station
- ✓ Develop prescribed drill standards
- ✓ Prepare budget recommendations for this program for the 2019/2020 budget by February 1, 2019

The training program saw a marked increase in training hours during fiscal year FY 2017/2018. Increased monitoring and auditing of training documentation has provide a significant increase in the revenues from Santa Ana College.

A department wide promotion process succession plan has been implemented with on-site certification courses as well as "Leadership CE" training for our personnel. The training program will see another busy fiscal year with the inclusion of the new training center and scheduled physical training.

Vernon staff has secured significant funding from UASI and SHSP grant fund that should become available within 2018/2019. These training opportunities will increase our personnel's ability to response and mitigate emergencies.

Fire Safety Division

Vernon firefighters are faced with an array of challenges in the field. Fire Apparatus and Safety equipment assists them in their duties and provides a defensive barrier for them to operate within. Accurate inspection and tracking of all safety equipment is essential to this program. To counter the increased risk of cancer among firefighters, the fire service has seen an increase in regulations and guidance documents related to Personal Protective



2018/2019 ADOPTED BUDGET

Equipment. To ensure that Vernon remains compliant with the guidance documents, a Safety Equipment Coordinator has been created. This additional responsibility will work with all staff to document and safely manage our PPE maintenance.

OBJECTIVES

Vernon Fire Department personnel will be outfitted with the equipment necessary to perform their duties in a safe manner. The safety equipment for all Vernon Fire Department personnel will be evaluated and improved when possible. A number of new and replacement items have been budgeted.

- ✓ Verify that our guidelines for inspections ensure safety for all personal protective equipment
- ✓ Review and revise safety equipment coordination with the additional Safety Equipment Coordinator
- ✓ Replace one third of suppression personnel PPE
- ✓ Research, purchase, and issue guidelines for wildland PPE for personnel
- ✓ Comply with federal and state guidelines for highway incident operations
- ✓ Comply with federal and state guidelines for on "street" incidents
- ✓ Remain current on fire equipment technology
- ✓ Prepare budget recommendations for this program for the 2019/2020 budget by February 1, 2019

An additional washer/extractor has been installed in Fire Station 77. The additional extractor will increase our ability to wash and safely return our firefighting equipment after a fire.

Fire Public Education Division

Contributing to the development of a safer community is one of the roles of a Fire Department. The Community Education Program provides fire and injury prevention education for business owners, school children, and other community members. CERT and CPR courses are delivered to interested community members as well.

OBJECTIVES

To provide interesting and effective programs to the community that prevent or reduce the impact of accidents and emergencies. The community will be safer to live in and more prepared for emergencies and disasters as a result of the Community Education Program. Fire Department members visit Vernon Elementary every two weeks to provide either physical fitness training or reading to the students.

The Community Education Program has a slightly decreased budget for the delivery of fire/injury prevention programs.



2018/2019 ADOPTED BUDGET

- ✓ Coordinate station tours/field visit requests with suppression B/C's to maximize effectiveness
- ✓ Evaluate/develop station tour procedures
- ✓ Deliver fire safety messages and training via Fire Prevention Week program to the Vernon Elementary School
- ✓ Coordinate citizen CPR/First Aid community classes
- ✓ Support prevention methods by utilizing the NFPA's Fire & Life Safety calendar to educate the community
- ✓ Promote fire and injury prevention information through press releases, newsletters, and group presentations when possible
- ✓ Involve the Fire Department in citywide special events to promote fire and life safety
- ✓ Participate in countywide disaster drill by collaborating and supporting the efforts of the city staff and Fire Department members
- ✓ Produce timely, informative informational articles for City newsletter
- ✓ Release "newsworthy incident" briefings (Department & City Staff, City Council, Website)

Vernon Fire continues to reach out into the community and provide public education and fire safety awareness. The Department has seen a decrease in funded CPR training courses. However, Vernon Fire personnel have attended numerous events in which "sidewalk" CPR instruction has been provided.

Fire Administration will continue this community outreach effort to support our residents and industries by attending their sponsored events.

Fire Grants Division

The City's General Fund budget is the primary revenue source for Fire Department operations. The General Fund covers the cost of personnel, supplies, service fees and most capital replacement.

In the last several years, a new Vernon Department revenue stream has developed: grants. These funds from the state and federal governments have provided nearly three million dollars in equipment, training and facility enhancements for our department operations.

There may be many objectives of grants. In some cases grants are offered to fill a void (terrorism preparedness). In others, it may be to encourage a department to start a new program. In still other cases, the grant may be offered to give back taxes or fees (State Office of Traffic Safety, extrication tools). In any case, grants should not be considered sustainable funding for on-going programs. With few exceptions, grants hardly ever pay for personnel.



2018/2019 ADOPTED BUDGET

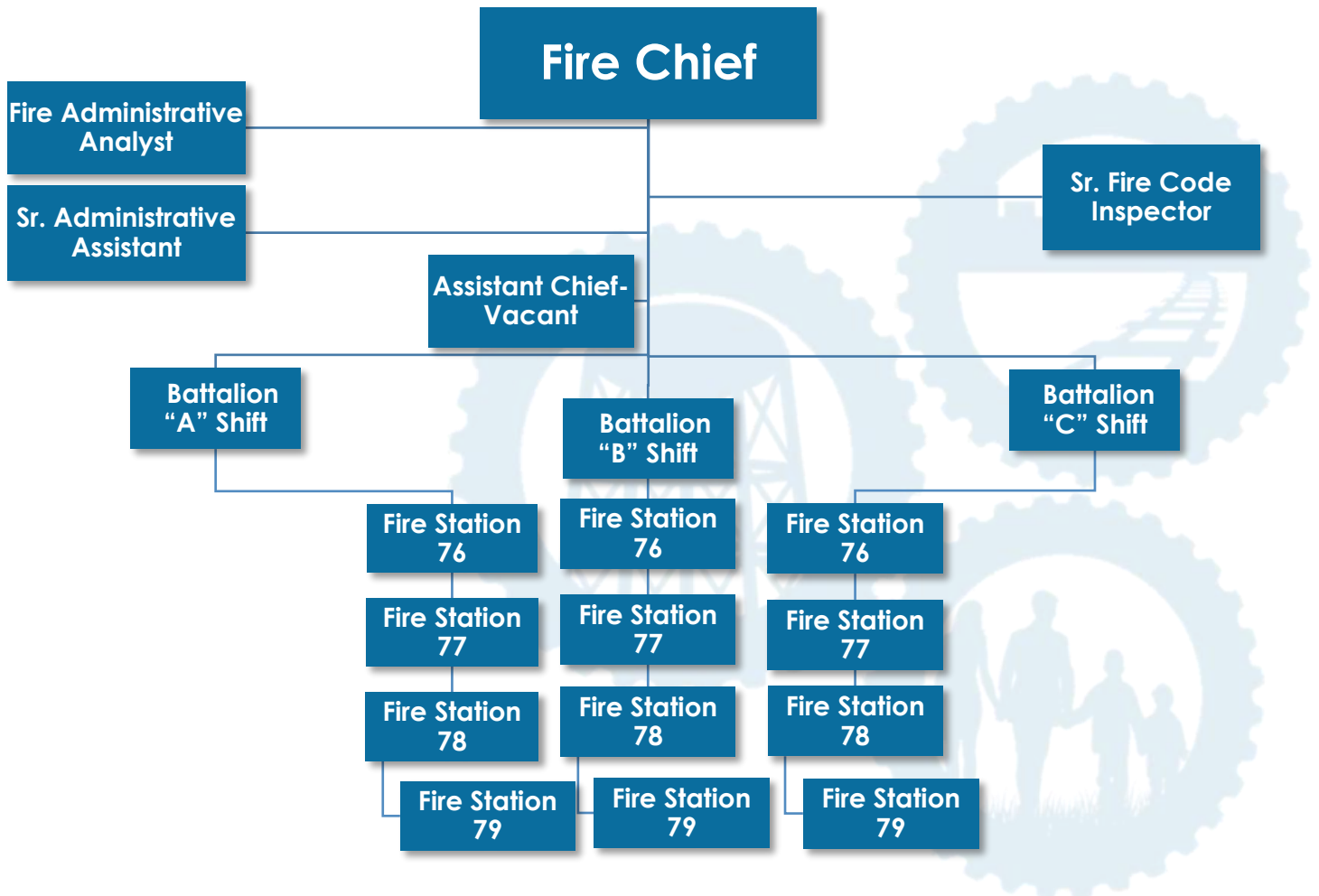
OBJECTIVES

The Fire Department will seek out and apply for all grants that will support our mission and objectives.

- ✓ Apply for the 2018 & 2019 Urban Area Safety Initiative (UASI) and the State Homeland Safety Grant Program (SHSP) and for all other grants available that will support our department without a high cost of matching funds
- ✓ Concentrate our grant requests on those items and programs that are sustainable
- ✓ Use of the grant funds will be overseen by the Battalion Chief responsible for the activity involved

In FY 2018/2019, Grants will see a marked decrease due to finalizing the two recent large grants. The Regional Training Center and the ICI Radio Array have been completed. Vernon will see approximately \$250,000 in grants during FY 2018/2019.

Organization



Changes from Prior Year

The dynamics of fire rescue services change each and every year. Advanced Life Support with transport capabilities continue to be a tremendous resource to our community. Succession planning for future retirements will remain a top priority through the next five budget cycles. Programs have been instituted to meet the needs of leadership and position advancement. The programs are as follows:

- Mentoring
- In-House certification courses
- In-house leadership seminars
- Semi-Annual Promotional testing for the ranks of Battalion Chief, Captain, and Engineer

In FY 2018/2019, the Fire Department will see a reduction of Fire Engineers and the reduction of the Assistant Fire Chief's position. Through the M.O.U. process, a total of six Engineer positions are being vacated through attrition. The overall Department Budget Summary for fiscal year 2018/2019 shows a reduction in salaries and benefits for the department. Supplies/Services and Capital show a slight increase for the new fiscal year.

PUBLIC SAFETY: FIRE

	FY17/18 Budget	FY18/19 Budget	Increase (Decrease)
SALARIES	\$11,598,320	\$11,397,926	(\$200,394)
BENEFITS	\$6,316,238	\$6,178,653	(\$163,835)
SUPPLIES/SERVICES	\$1,033,837	\$1,112,453	\$78,616
CAPITAL	\$393,800	\$577,031	\$183,231
TOTAL EXPENDITURES	\$19,342,195	\$19,266,062	(\$76,132)



Department Highlights

- ✓ Initiated Vernon Fire Department Leadership program
- ✓ Purchased a new Tiller Driven Aerial Fire Truck
- ✓ Finalized the completion of the new Regional Training Center at Fire Station 76
- ✓ Started "hands-on" Emergency Vehicle Operations Course for all personnel
- ✓ Utilized Federal Urban Areas Security Initiative (UASI) and State Homeland Safety Program (SHSP) Grant monies to fund training programs and equipment which will enhance the Fire Department's capability to respond to incidents
- ✓ Approved as a MediCal provider which will increase the transport programs revenue by at least \$25,000 each fiscal year
- ✓ Updated Policies and Procedures Manual
- ✓ Increased Department annual revenue by \$600,000 for fiscal year 2018/2019
- ✓ Conducted a Fire Battalion Chiefs exam
- ✓ Conducted a Firefighter/Paramedic exam
- ✓ Command & Control committee met quarterly to manage City preparedness needs
- ✓ Haz-Mat 77 has participated in numerous region with training exercises
- ✓ Sent personnel to "Crude by Rail" training
- ✓ Provided grant funded Hazardous Materials training to our personnel
- ✓ Maintained and calibrated all chemical / Gas monitoring equipment on Haz Mat 77
- ✓ Scheduled regular meetings with command staff for efficient departmental management
- ✓ Met regularly with VMA to discuss labor management relations
- ✓ Obtained and managed approximately \$250,000 in grant funded projects, training and equipment
- ✓ Completed design of a complete infection control policy and program
- ✓ Transported 650 patients in fiscal year 2017/2018
- ✓ Re-approved as an ALS provider by LA County EMS Agency
- ✓ Re-approved as a Continuing Education provider by LA County EMS Agency
- ✓ Maintained all paramedic's certifications
- ✓ Sponsored St. Baldricks "Brave the Shave" fundraiser for cancer prevention
- ✓ Sponsored a blood drive for Children's Hospital of Los Angeles
- ✓ Continued to attend Vernon Network Committee meetings
- ✓ Increased revenue from Santa Ana College due to increased training opportunities
- ✓ Managed multi-agency training at the new regional training center
- ✓ Continuing to development of the new Vernon Fire Department Five-Year Strategic Plan
- ✓ Participated in grant funded training through UASI and SHSP grant projects



Goals

- ✓ Continue development of the Fire Department Five-Year Strategic Plan
- ✓ Continue development of Departmental Succession Plan
- ✓ Continue work on the update of the Policy Manual
- ✓ Outfit and place into service the new tillered aerial apparatus by August 2018
- ✓ Continue to obtain grant monies allocated to the Fire Department to fund training programs and equipment in order to enhance the capability to respond to emergency incidents
- ✓ Prepare and conduct an Emergency Operation Center (EOC) drill to test City emergency readiness, including the EOC notification process
- ✓ Conduct Captain exam in July 2018
- ✓ Conduct Engineer exam in February 2019
- ✓ Conduct a Recruit Firefighter Academy in order to staff three-six projected vacancies
- ✓ Develop injury prevention program to reduce "IOD" injuries and promote wellness
- ✓ Increase transport revenue options
- ✓ Provide leadership training and education
- ✓ Develop Firefighter Bill of Rights (FBOR) template documents and training
- ✓ Start a department wide safety and wellness program through Santa Ana College
- ✓ Prepare and conduct an Emergency Operation Center (EOC) drill to test City emergency readiness, including the EOC notification process
- ✓ Apply for 2019 Fire Act Grant
- ✓ Apply for terrorism and WMD grants as they become available
- ✓ Apply for other appropriate grants
- ✓ Complete all financial transactions, document all actions, and close all grants before the deadline for spending





DEPARTMENTAL REVIEWS

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, a Motor Unit, a Canine 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 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.



2018/2019 ADOPTED BUDGET

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, a Motor Unit, a Canine Team, and a D.A.R.E. Program for the local elementary school.

Motor Unit:

The Department Motorcycle Unit falls under the command of the Patrol Division, operates year round as part of our Traffic Enforcement Unit. Currently there is one officer assigned to the motorcycle unit.

The Motor Unit provides a unique element of patrol and traffic enforcement. It serves as a highly visible and popular public relation tool which helps enhance the relationship between the Department, the residents and business owners of the City of Vernon. Additionally, the Motor Unit is used as a resource to compliment the Police Department's ability to serve its mission to the public.

Our Motor Officers primary function is to concentrate on traffic education, enforcement and engineering. Officers are strict and consistent in enforcing of applicable traffic and parking regulations in effort to reduce motor vehicle, pedestrian and bicycle involved traffic collisions.

Police Canine Program:

The Department Canine Unit was established in 2007. The canine program employs a Police Canine Handler with specialized skills and highly trained Police Service Dog to support the department in meeting its law enforcement mission. The canine program provides all the usual capabilities of patrol officers with the additional capabilities of the trained canine. These special skills enable the canine to track and locate missing or wanted persons, locate evidence or lost property, apprehend fleeing or combative fugitives, and pinpoint hidden contraband.

The Police Service Dog (PSD) receives regular training to maintain proficiency and to remain deployed as an operational asset. This constant training aids in maintaining a high level of readiness, ensuring the Vernon community that the canine is prepared for any eventuality.

The Belgian Malinois dog is the department's choice for patrol canine operations, and is usually imported from Europe. The European breed is closely regulated, monitored, and developed for utilization as working dogs. The Malinois are also highly regarded for their physical beauty. Because requirements for police canines are high, the physical demands and required intelligence, courage, and loyalty make this breed very suitable for police service.



2018/2019 ADOPTED BUDGET

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 including Motor Officers, 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.

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.



2018/2019 ADOPTED BUDGET

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.

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 to 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



2018/2019 ADOPTED BUDGET

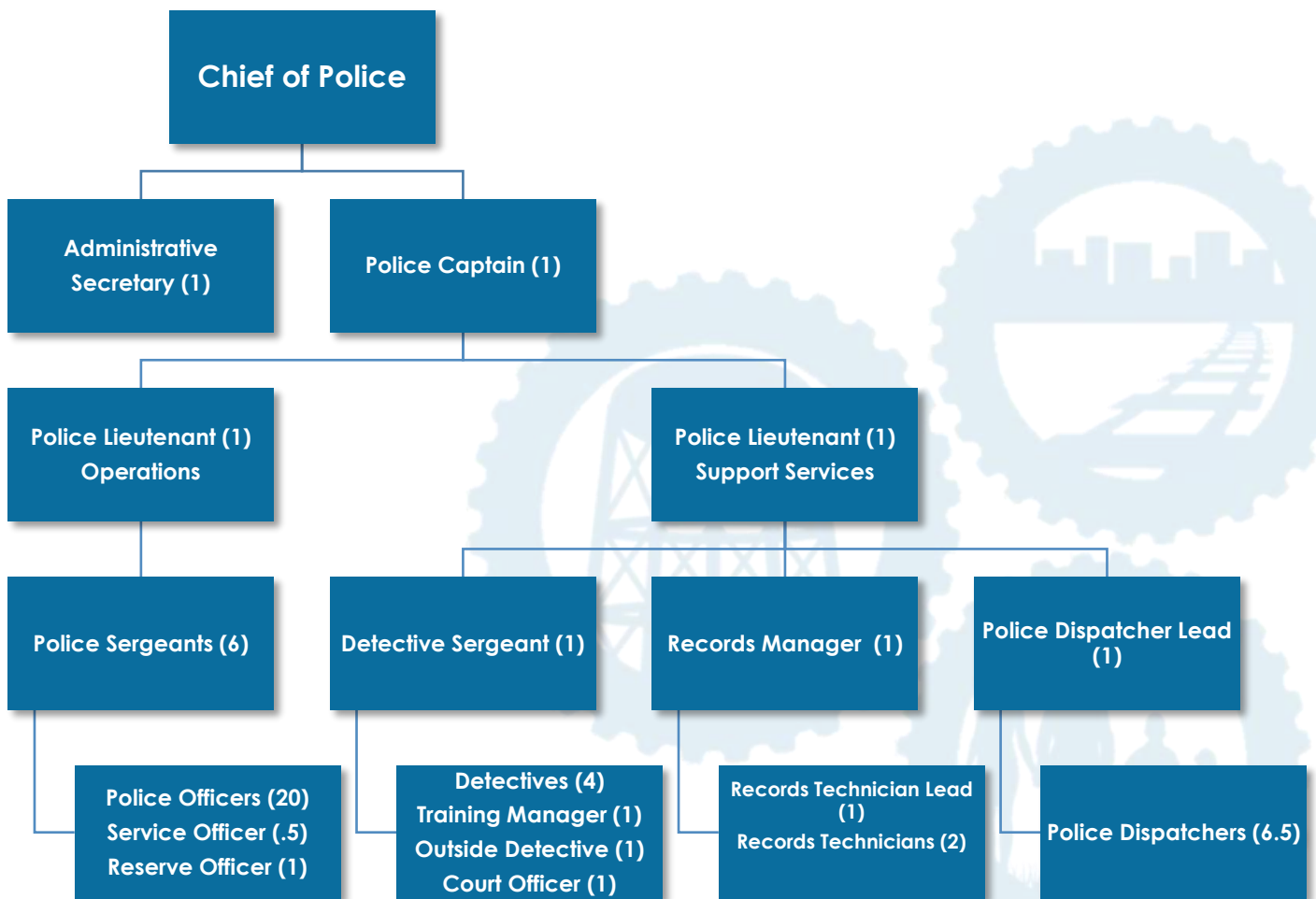
disputes are investigated promptly and the investigations are carried to their proper conclusion.

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 a 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.

Organization





Changes from Prior Year

- Over the years, there has been a rise in traffic collisions coupled with an increase in citizen concerns regarding school safety issues. Due to the aforementioned, the Department Motor Unit has been proactive addressing these issues. The goal is to educate, enforce the California Vehicle Code and other traffic and school safety issues. Some of the Southeast area police agencies (Vernon, Huntington Park, Bell Gardens and South Gate) have joined forces to form the South East Traffic Safety Coalition (SETSC) to deploy a monthly coordinated and inter-agency approach. Vernon PD coordinates these efforts in the south east area.
- 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.
- The Department implemented the Community Service Officer (CSO) program to enhance patrol deployment and level of service. CSO position salary is covered with state grant funds.
- The Department implemented the updated Police Policy manual to an on-line system wherein employees can view information from the field and/or from any location.
- 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 Department procured a mobile video camera surveillance system that can be deployed on site in minutes. The mobile system is well-suited for applications that require temporary video surveillance to address crime trends and/or such as public events, construction sites, and emergency management.

The aforementioned issues have impacted the budget planning for FY 2018/2019. Salaries, Benefits and Services/Supplies are increasing; and the added cost of providing security for City Hall has elevated the overall budget for this fiscal year. A chart on the following page depicts a comparison between FY 2017/2018 and FY 2018/2019.

PUBLIC SAFETY: POLICE	FY2018 Budget	FY2019 Budget	Increase (Decrease)
REVENUES	\$436,439	\$364,300	(\$72,139)
SALARIES	\$6,566,235	\$6,710,936	\$144,701
BENEFITS	\$3,710,366	\$3,815,201	\$104,835
WORKERS COMP	\$116,684	\$116,684	-
SERVICES/SUPPLIES	\$376,395	\$448,295	\$71,900
CITY HALL SECURITY	-	\$263,392	\$263,392
TOTAL EXPENDITURES	\$10,769,680	\$11,354,508	\$584,828

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
- ✓ Implemented Community Service Officer (CSO) position to enhance patrol deployment and level of service
- ✓ CSO position salary is covered with state grant funds
- ✓ 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 \$465K)
- ✓ Updated Police Policy manual to an on-line system wherein employees can view from any location
- ✓ Hired two Police Officer trainees during this fiscal year



Goals

- ✓ Complete promotional process for Lieutenant and Sergeant position(s)
- ✓ Continue succession planning; there are 7 anticipated retirements within the next 5 years
- ✓ Hire qualified Police Officers to fill anticipated retirement vacancies
- ✓ Continue efforts to provide supervisory and management leadership training for succession planning
- ✓ Move forward with hiring 1 Reserve Police Officer
- ✓ Research COPS Hiring Police Grant Program to identify funding source for non-funded police officer vacancy





DEPARTMENTAL REVIEWS

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. Due to recent changes in the Health and Environmental Control Department, this Public works Division also oversees the 19 non-exclusive franchise haulers for solid waste collection Citywide; conducts inspections of solid waste facilities as the City's Local Enforcement Agency, provides primary staff support for the Green Vernon Commission on sustainability issues; and conducts the annual used oil calendar event in collaboration with the Vernon Elementary School. These new duties were absorbed by this Division without adding additional staff.

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



2018/2019 ADOPTED BUDGET

- ✓ 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.
- ✓ 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. 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. Lastly, the section ensures safety. 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. They also provide graffiti abatement, and oversee 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



2018/2019 ADOPTED BUDGET

- ✓ 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. Efforts include conducting field inspections, plan checks, development review, code updates and issuing compliance orders. The building section is comprised of three inspectors and two permit technicians, with regular collaboration with the City's Engineering Division, Fire Department, Health Department, and Planning Division. 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.

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 a vast majority of its work in-house and, due to an extensive training program, has reduced costs associated with outsourcing work to dealerships whose costs are significantly more than those of the City.

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



2018/2019 ADOPTED BUDGET

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, delivering inter-office mail, 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

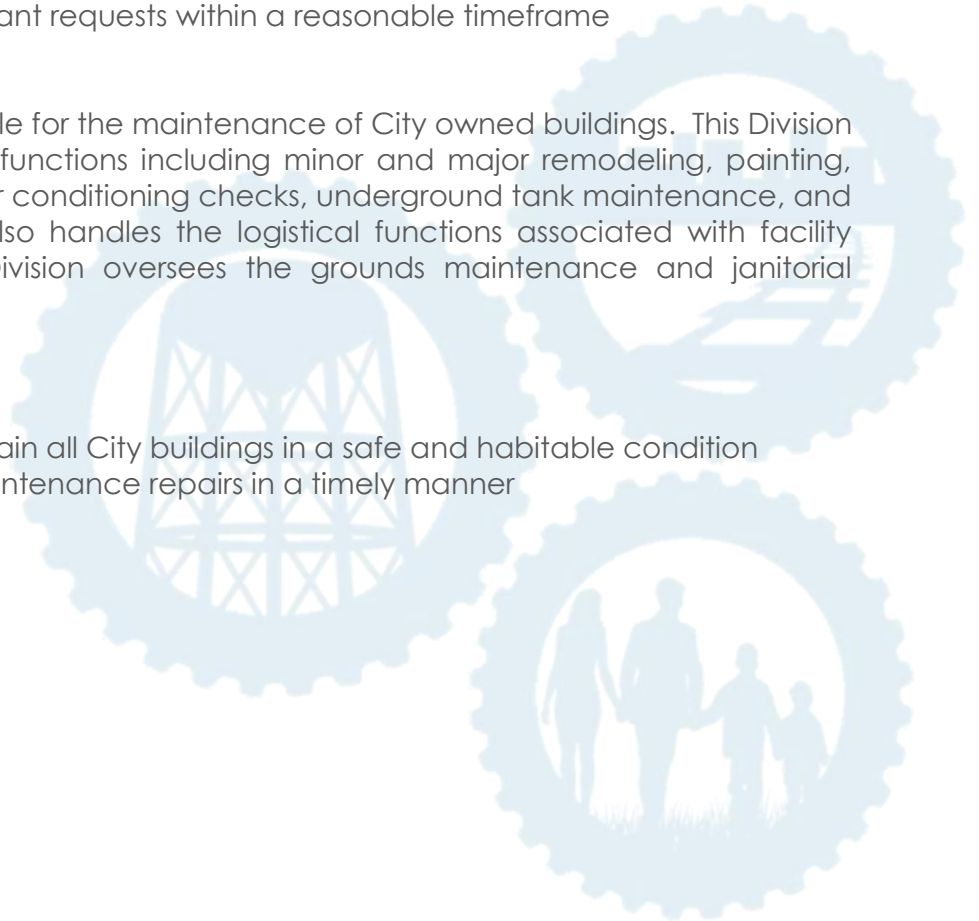
- ✓ Maintain the City's housing stock in a safe and habitable condition
- ✓ Continue to monitor City housing's repair and maintenance
- ✓ Complete the ongoing remodel of three housing units
- ✓ Respond to all tenant requests within a reasonable timeframe

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.

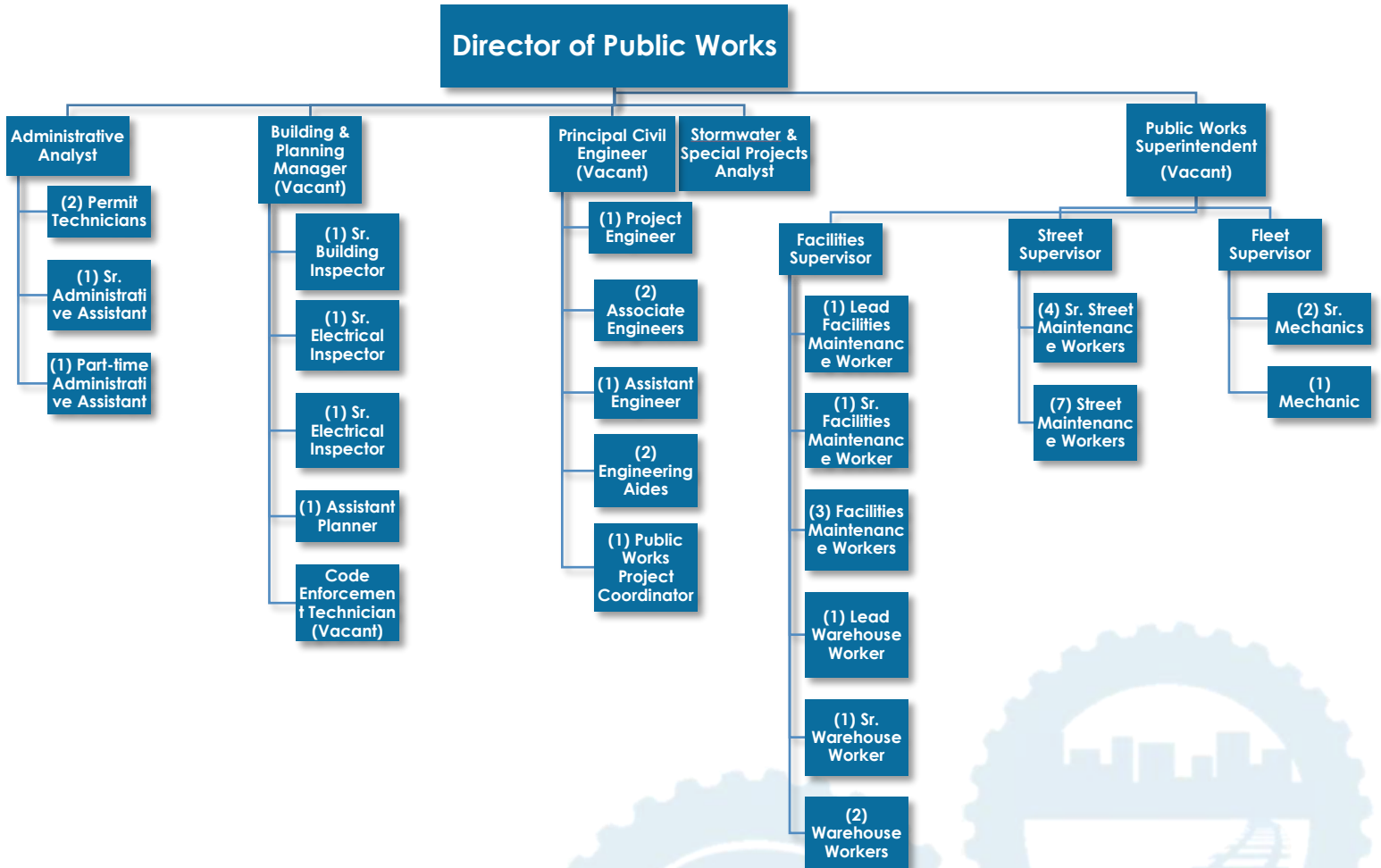
OBJECTIVES

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





Organization



Changes from Prior Year

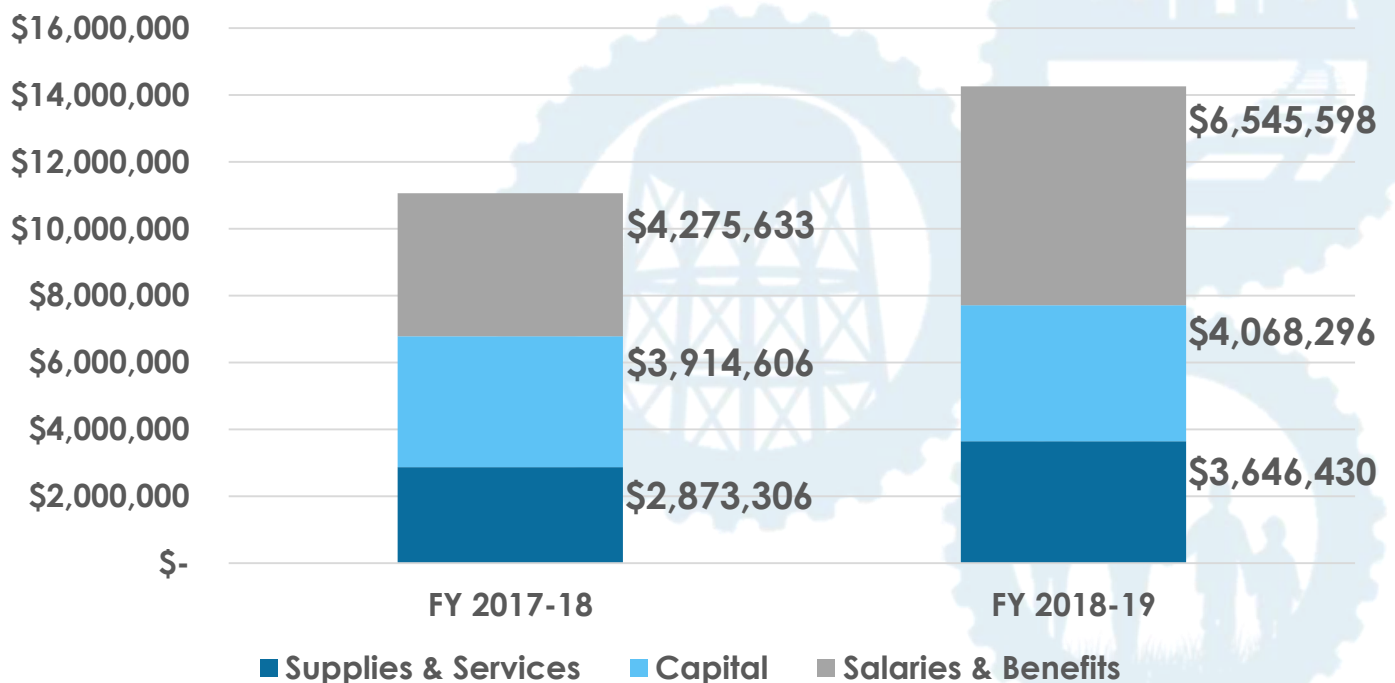
A significant increase in expenses for the Public Works Department in FY 2018/2019 can be attributed to the costs of salaries and benefits, which have impacted all departments in the City. An increase in revenue, including new development and the newly transferred solid waste program into Public Works, will offset some of the increased costs.

PUBLIC WORKS

	FY2018 Projected	FY2019 Budget	Increase (Decrease)
SALARIES & BENEFITS	\$4,275,633	\$ 6,545,598	\$2,269,965
SERVICES/SUPPLIES	\$2,873,306	\$3,646,430	\$773,124
CAPITAL	\$3,914,606	\$4,068,296	\$153,690
TOTAL EXPENDITURES	\$11,063,545	\$14,260,324	\$3,196,779

Other expenses in the department related to Capital and Supplies/Service have undergone minimal changes for FY 2018/2019. These diagrams depict comparisons between the last fiscal year and FY 2018/2019.

Department Expenditures





Highlights

Engineering Division

- ✓ Completed remodeling of two City owned homes
- ✓ Initiated the Metro funded Open Streets Event to be held on August 19th
- ✓ Reviewed, processed, and issued 206 grading, drainage improvement, and encroachment plans and permits
- ✓ Repaving Fire Stations #76 and #78
- ✓ Reconstructing Downey Road
- ✓ Annual Slurry Seal Project
- ✓ Cross walk improvements at Soto/54th, Soto/56th, Vernon/St. Charles

Building and Planning Division

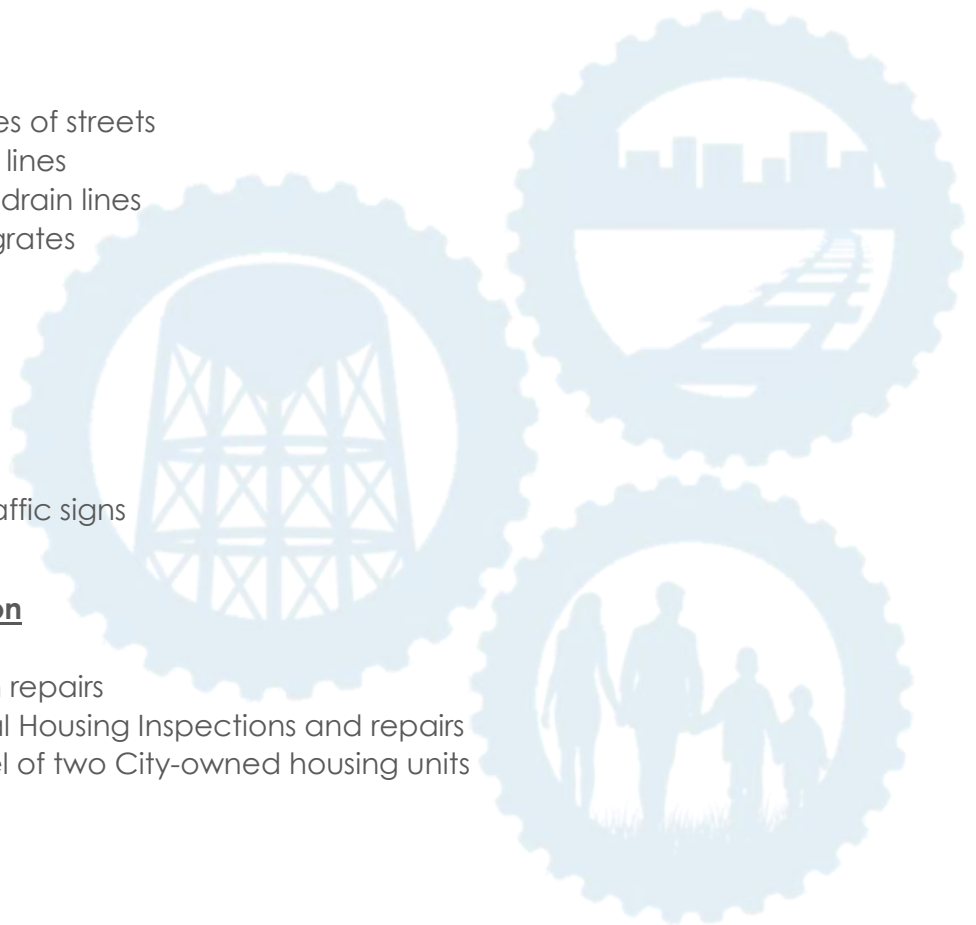
- ✓ 5 new buildings under construction
- ✓ 4 site development plans currently being reviewed or approved for conformance with City Codes
- ✓ Issued 627 permits, w/ a construction valuation of \$109.7 million in 2017
- ✓ Issued 144 Certificates of Occupancy in 2017

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

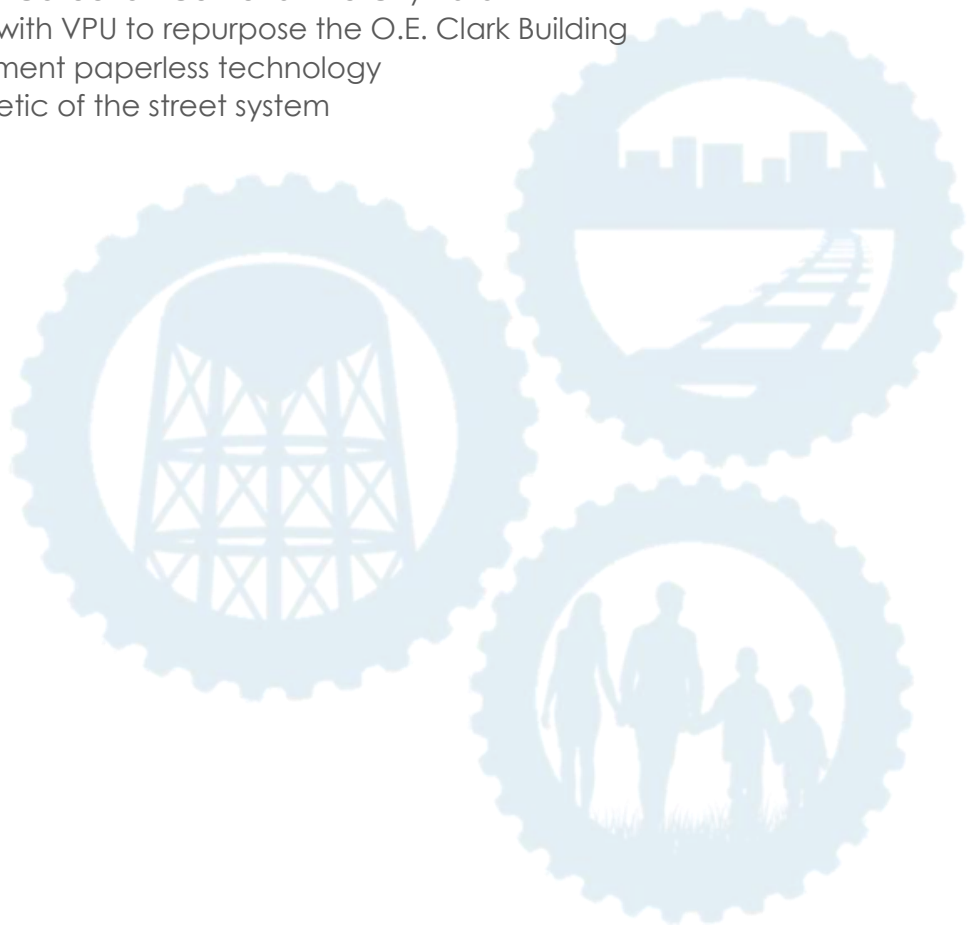
- ✓ Various Fire Station repairs
- ✓ Completed Annual Housing Inspections and repairs
- ✓ Complete remodel of two City-owned housing units





Goals

- ✓ Continue to monitor and mitigate the impacts of the following regional projects:
 - Los Angeles River Revitalization
 - LA River Bikeway
 - Atlantic Boulevard Bridge Widening
 - I-710 Corridor
 - California High Speed Rail
- ✓ Open Streets – August 19, 2018
- ✓ Meet with the development community to facilitate improved economic activity
- ✓ Utilize appropriate process and technology for:
 - Weed control
 - Pothole repair
 - Graffiti abatement
 - Permit services
 - Administrative functions
- ✓ Right size the City's fleet
 - Eliminate under-utilized and obsolete vehicles and equipment
- ✓ Establish a Used Oil Collection Center at the City Yard
- ✓ Continue working with VPU to repurpose the O.E. Clark Building
- ✓ Continue to implement paperless technology
- ✓ Improve the aesthetic of the street system





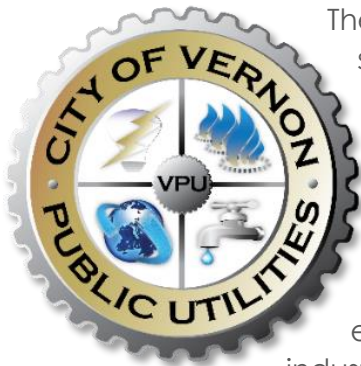
DEPARTMENTAL REVIEWS

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



2018/2019 ADOPTED BUDGET

(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.

Engineering

The Engineering Division is committed to designing and preparing well thought out work packages to construct, reconfigure and upgrade the VPU electric system in a safe, reliable, efficient manner, while giving consideration to industry best practices and regulatory standards. The Division prepares a capital improvement plan (CIP) budget, issues notice inviting bids (NIB), and request for proposals (RFP) for the procurement of substation and electric service delivery equipment and engineering 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, 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 California Environmental laws including the renewable portfolio standard and greenhouse gas reduction regulations, including the procurement of resources and the submission of compliance reports to regulatory agencies.

Department Operations:

➤ **Electric Utility**

Electric Operations is staffed 24/7 by dispatchers and operators who continuously monitor real-time operations and the maintenance activities of the electric generation, the electric distribution systems, gas system and water system. The dispatchers and operators receive and handle all customer calls after hours and on weekends regarding street, water, gas, and electric issues.

➤ **Gas Utility**

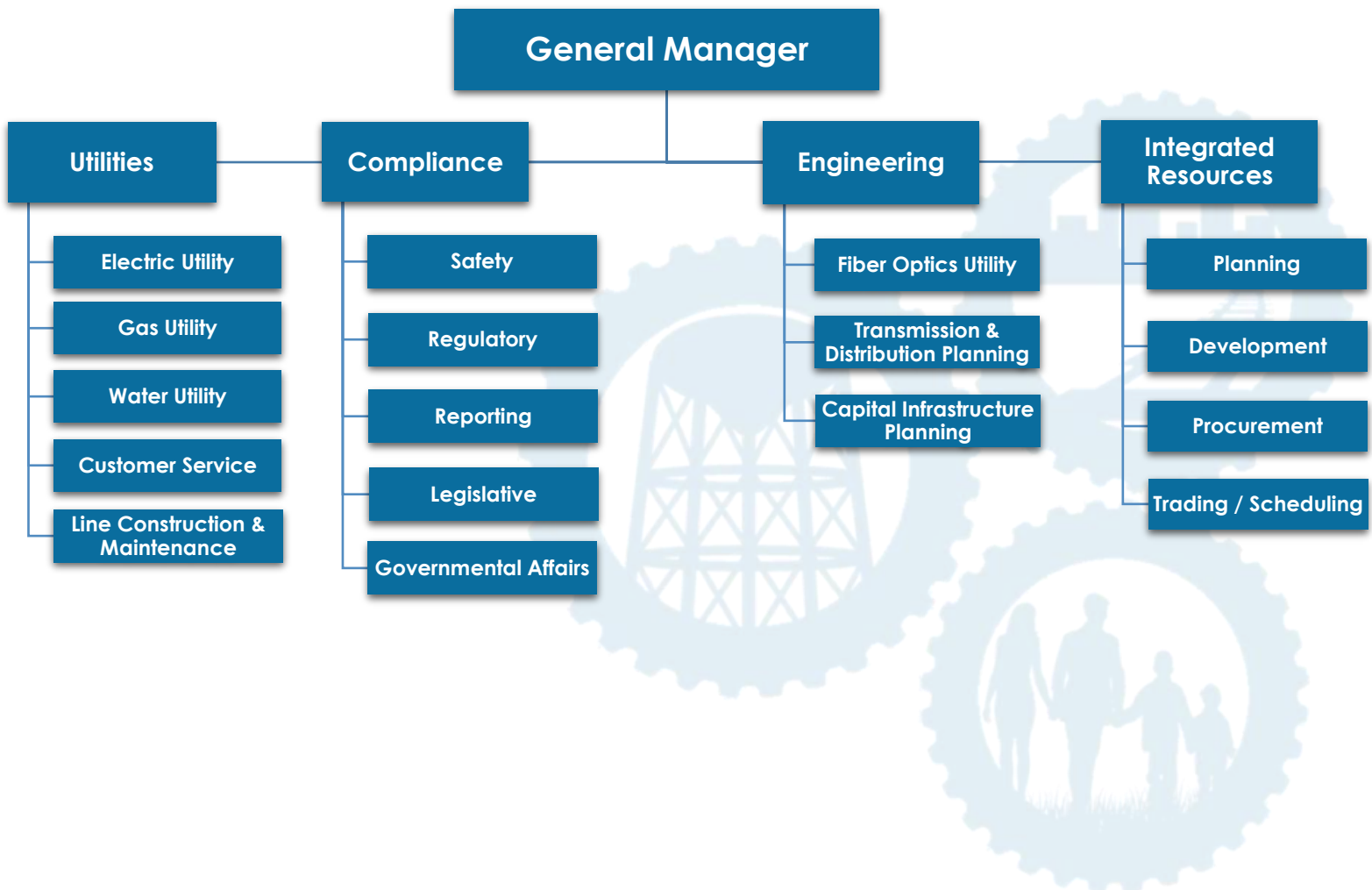
The Gas Division has grown significantly over the past decade and now serves as an important resource for the City's business community, providing reliable, high-quality service at some of the lowest rates. The Vernon-owned natural gas distribution system

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 serving more than 1,000 customers, distributing approximately 2.8 billion gallons of water annually. The Urban Water Management Plan guides the City's long-term water strategy and contains contingency plans for water shortages. The Water Division is responsible for developing and producing an annual public water quality report regarding water rates and quality.

Organization



Changes from Prior Year

PUBLIC UTILITIES	FY2018 Budget	FY2019 Budget	Increase (Decrease)
TOTAL REVENUES	\$265.8	\$239.5	(\$26.3)
SALARIES	\$7.9	\$8.5	\$0.6
BENEFITS	\$2.9	\$3.3	\$0.4
SERVICES / SUPPLIES	\$243.3	\$210.3	(\$33)
CAPITAL	\$10.9	\$17.6	\$6.7
TOTAL EXPENDITURES	\$265	\$239.7	(\$25.3)

VPU's lower revenue and corresponding lower expenditures is primarily due to the approval of ballot Measure R, a commercial user utility tax. Implementation of the tax enables the City to discontinue the practice of transferring funds from the Vernon Public Utility enterprise fund to the City's general fund. In addition, the decrease in the supplies and services category can be attributed to changes in natural gas accounting practices. The electric utility will no longer be selling its prepaid gas to the natural gas utility to then subsequently be sold to Sacramento Municipal Utility District. The natural gas utility will no longer be procuring gas on the market as a supplier of gas for the electric utility to be delivered to Malburg Generating Station. Moreover, increases to the estimated capital outlay budget are the direct result of the construction of two new ground water wells and the rehabilitation of two existing ground water wells, enabling the Water Division to supply ground water versus importing water at an average cost of \$1.2 million per year. The Electric Division is embarking on capital improvement projects to address aging infrastructure by building a new substation and replacing existing substation transformers and circuit breakers to provide enhanced system reliability and expanded service to new customers.



Highlights

Department Wide

- ✓ Established First Intra-Departmental Training
- ✓ Tri-Annual Team Training (Field Staff)
- ✓ Educational Outreach – Vernon Elementary
- ✓ Customer Outreach Program Customer Site Visits
- ✓ Community Outreach
- ✓ VPU hosts Southern California Public Power Authority (SCPPA) Legislative & Regulatory Tour – First Time Visit to Vernon
- ✓ Positive credit article in Moody's Credit Outlook April 2018 publication
- ✓ Benchmarking study ranks VPU electric reliability top 10% nationwide
- ✓ Nominated to Chair CUEA Board, Chaired SCPPA committee & placed member 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

- ✓ Constructed first electric operations training facility for new employees and continuing education.
- ✓ Meter upgrade program
- ✓ Replaced 30 circuit breakers at Leonis Substation installed in the 1950's
- ✓ Partnered with Vernon Fire to upgrade and share operation of Emergency Response Command Unit.
- ✓ Purchased 4 substation transformers to replace transformers commissioned in the 1950's
- ✓ Upgraded 4 customer substations: Pabco Paper, LA Fiber, General Mills, & Farmer John
- ✓ Upgraded 11 padmount transformers
- ✓ Replaced over 50 deteriorated poles

Resource Division

- ✓ Procured renewable energy products at historically low prices.
- ✓ Engaged in a number of cost saving and revenue generation transactions
- ✓ Conducted 3 outreach events to garner customer engagement in 2018 Integrated Resource Plan (IRP) and Cost of Service Study



2018/2019 ADOPTED BUDGET

- ✓ Lowered the MGS minimum dispatch level from 80 MW to 70 MW
- ✓ Increased MGS Ancillary Service capacity from 34 MW to 41 MW
- ✓ Completed a 25-year term power purchase agreement for solar power with EDF
- ✓ Entered into a fixed price two-year gas contract for MGS at under \$3 per MMBtu
- ✓ Lowered gas transportation charges by revising a gas reservation agreement with SoCal Gas Company

Water Division

- ✓ Electrical rehabilitation of Well 17
- ✓ Completion of approximately 15 construction projects
- ✓ New ground water well into service
- ✓ Began projects for 2 new ground water wells
- ✓ Strategic Plan, Capital Improvement Plan & Operational Analysis

Gas Division

- ✓ Connected 12 New Natural Gas Customer Services
- ✓ New Gas Operator Training Program – huge cost savings
- ✓ Offered new flat/locked in gas commodity rate to Vernon gas customers

Compliance

- ✓ Performed outreach with California State legislative and regulatory staffers during CMUA's Capitol Day
- ✓ Performed outreach with US Representatives at APPA Legislative Rally
- ✓ Implemented Legislative Tracking System

Goals

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 50% RPS mandate by 2030
- ✓ Explore various energy markets and transaction platforms to reduce cost and increase contracting efficiency



2018/2019 ADOPTED BUDGET

- ✓ Expand the counterparty pool for electric and gas trading
- ✓ Research safe & effective methods to decrease frequency & duration of electric outages

Fiscal Year Goals

- ✓ Complete and attain approval of new rate design and Integrated Resource Plan (IRP)
- ✓ Increase research into grant opportunities
- ✓ Apply for Reliable Public Power Provider designation by the American Public Power Association
- ✓ Develop Business Plan to market Resource Adequacy Capacity, and to provide Scheduling Coordinator Services to other utilities
- ✓ Amend net-metering electric service tariffs to align with current legislative mandates and increase new customer programs
- ✓ Complete Bilateral Gas and Power Settlement Procedures
- ✓ Provide customers with simplified process to start and change service of utilities

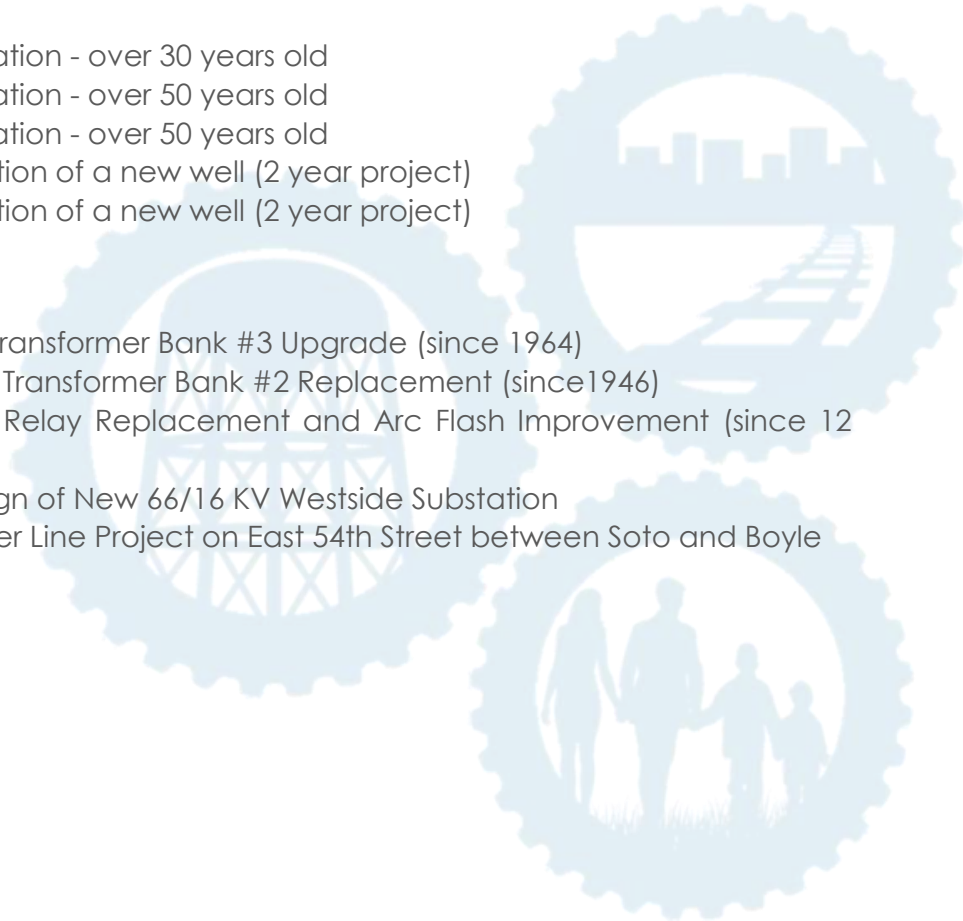
Planned Capital Projects

Water Division

- ✓ Well 11 – Rehabilitation - over 30 years old
- ✓ Well 16 – Rehabilitation - over 50 years old
- ✓ Well 17 – Rehabilitation - over 50 years old
- ✓ Well 22 – Construction of a new well (2 year project)
- ✓ Well 23 – Construction of a new well (2 year project)

Electric Division

- ✓ Leonis Substation Transformer Bank #3 Upgrade (since 1964)
- ✓ Vernon Substation Transformer Bank #2 Replacement (since 1946)
- ✓ Ybarra Substation Relay Replacement and Arc Flash Improvement (since 12 years)
- ✓ Planning and Design of New 66/16 KV Westside Substation
- ✓ Underground Power Line Project on East 54th Street between Soto and Boyle





APPENDIX I





RESOLUTION NO. 2018-18

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
VERNON APPROVING A BUDGET FOR THE FISCAL YEAR
2018-2019

WHEREAS, on June 20, 2017, the City Council of the City of
Vernon adopted Resolution No. 2017-29 approving a budget for the fiscal
year 2017-2018; and

WHEREAS, the City Council of the City of Vernon wishes to
establish a new budget to anticipate the requirements for fiscal year
2018-2019 for the different departments of the City of Vernon; and

WHEREAS, on May 1st and May 15th, 2018, City Department Heads
presented to the City Council the proposed budgets for their respective
departments for Fiscal Year 2018-2019; and

WHEREAS, the expenditures proposed in the budget are well
under the limitations imposed pursuant to the Gann Initiative for
Fiscal Year 2017-2018 and the likely even higher Gann limit for Fiscal
Year 2018-2019; and

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

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 2018-2019 for the different departments of the City of Vernon.

SECTION 4: The anticipated revenues for the fiscal year 2018-2019 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 Vernon, and necessary for the further development of the City and constitute a reasonable expenditure of public funds.

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SECTION 6: The City Clerk, or the 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, 2018:

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

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

APPROVED AND ADOPTED this 5th day of June, 2018.

Handwritten signature of Yvette Woodruff-Perez in blue ink.

Name: Yvette Woodruff-Perez

Title: Mayor / ~~Mayor Pro-Tem~~

ATTEST:

Handwritten signature of Maria E. Ayala in blue ink.

Maria E. Ayala, City Clerk

APPROVED AS TO FORM:

Handwritten signature of Brian Byun in blue ink.

Brian Byun,
Senior Deputy City Attorney



STATE OF CALIFORNIA)
) ss
COUNTY OF LOS ANGELES)

I, Maria E. Ayala, City Clerk of the City of Vernon, do hereby certify that the foregoing Resolution, being Resolution No. 2018-18, 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, June 5, 2018, and thereafter was duly signed by the Mayor or Mayor Pro-Tem of the City of Vernon.

Executed this 12th day of June, 2018, at Vernon, California.



Maria E. Ayala, City Clerk

(SEAL)





EXHIBIT A



2018/2019 ADOPTED BUDGET

CITY OF VERNON EXPENDITURE BUDGET 2018-2019

DEPARTMENT	SALARIES	BENEFITS	SUPPLIES/ SERVICES	CAPITAL OUTLAY	TOTAL
CITY COUNCIL	\$ 136,646	\$ 62,517	\$ 52,799	\$ -	\$ 251,962
CITY ADMINISTRATION	637,954	271,827	222,871	-	1,132,652
CITY CLERK	430,780	166,778	102,400	-	699,958
FINANCE	1,269,489	506,690	1,539,489	-	3,315,668
TREASURER	-	-	-	-	-
PURCHASING	-	-	-	-	-
HUMAN RESOURCE	644,211	2,197,362	377,210	-	3,218,783
INFORMATION TECHNOLOGY	585,430	209,131	1,129,646	216,000	2,140,207
SUB-TOTAL ADMIN	3,704,510	3,414,305	3,424,415	216,000	10,759,230
HEALTH/ENVIRONMENTAL CTRL	989,088	426,493	272,047	-	1,687,628
HEALTH - SOLID WASTE	-	-	-	-	-
SUB-TOTAL HEALTH	989,088	426,493	272,047	-	1,687,628
POLICE	6,713,758	3,932,668	448,295	65,000	11,159,721
CITY ATTORNEY	757,174	314,979	439,300	-	1,511,453
FIRE	11,397,926	6,178,653	1,112,453	577,031	19,266,063
CIVIL DEFENSE	-	-	-	-	-
SUB-TOTAL SAFETY	18,868,858	10,426,300	2,000,048	642,031	31,937,237
ADMIN-ENGR-PLANNING	390,011	200,541	291,920	-	882,472
BUILDING DEPARTMENT	774,258	336,356	248,250	-	1,358,864
PUBLIC WORKS	2,118,817	973,910	1,944,860	2,953,296	7,990,883
INDUSTRIAL DEVELOPMENT	-	-	87,280	-	87,280
COMMUNITY PROMOTION	-	-	1,020,000	-	1,020,000
CITY GARAGE	370,657	162,892	274,500	-	808,049
CITY WAREHOUSE	267,586	134,063	10,950	-	412,599
CITY HOUSING	169,283	74,932	132,900	350,000	727,095
CITY BUILDINGS	365,767	166,742	743,050	765,000	2,040,559
SUB-TOTAL COMM SER	4,456,359	2,049,436	4,753,710	4,068,296	15,327,801
TOTAL GENERAL FUND	\$ 28,018,815	\$ 16,316,534	\$ 10,450,220	\$ 4,926,327	\$ 59,711,896



2018/2019 ADOPTED BUDGET

CITY OF VERNON EXPENDITURE BUDGET 2018-2019

DEPARTMENT	SALARIES	BENEFITS	SUPPLIES/ SERVICES	CAPITAL OUTLAY	TOTAL
TOTAL GENERAL FUND	\$ 28,018,815	\$ 16,316,534	\$ 10,450,220	\$ 4,926,327	\$ 59,711,896
RDA OBLIGATION RETIREMENT FUND	-	-	5,744,361	-	5,744,361
UTILITIES					
<u>WATER FUND</u>					
WATER OPERATIONS	1,545,622	675,122	5,958,812	5,043,245	13,222,801
RECYCLED WATER	-	-	-	-	-
SUB-TOTAL WATER	1,545,622	675,122	5,958,812	5,043,245	13,222,801
<u>LIGHT & POWER</u>					
FIELD OPERATIONS	816,319	285,850	461,927	300,000	1,864,096
SYSTEM DISPATCH	1,612,222	540,769	785,647	-	2,938,638
STATION A	-	-	264,071	25,000	289,071
TRANS/DISTRIBUTION	-	-	6,951,765	-	6,951,765
BUILDING MAINTENANCE	-	-	118,450	110,000	228,450
CUSTOMER SERVICE	288,336	143,985	8,789,157	60,000	9,281,478
ADMINISTRATION	996,849	407,803	58,207,802	360,000	59,972,454
ELECTRICAL ENGINEERING	1,356,294	498,572	238,050	10,880,000	12,972,916
RESOURCE MANAGEMENT	1,199,778	451,084	118,494,456	-	120,145,318
ENERGY MANAGEMENT	52,842	21,984	510,500	-	585,306
SUB-TOTAL L & P	6,322,640	2,350,027	194,821,825	11,735,000	215,229,492
GAS	546,664	222,072	9,204,204	543,686	10,516,626
FIBER-OPTICS	113,983	57,794	343,750	300,000	815,527
TOTAL UTILITIES	8,528,909	3,305,015	210,328,591	17,621,931	239,784,446
GRAND TOTAL	\$ 36,547,724	\$ 19,621,549	\$ 226,523,172	\$ 22,548,258	\$ 305,240,703



EXHIBIT B



**CITY OF VERNON
ESTIMATED REVENUES
2018-2019**

GOVERNMENTAL FUND TYPE		
GENERAL		FY2019
400110	SECURED PROPERTY TAX-CURRENT	\$ 3,787,887
400210	PRIOR YEAR SECURED	(8,488)
400310	REAL PROPERTY TRANSFER TAX	232,890
400311	BNSF	745,724
400500	PROPERTY TAX-INTEREST & PENALTIES	7,427
400610	PROP "A" FUNDS	2,338
400630	PROP "C" FUNDS	1,916
400700	HOMEOWNERS' PROPERTY TAX EXEMPTION	16,552
400820	PUBLIC SAFETY AUGMENTATION FUND	1,804
400900	PARCEL TAXES - WAREHOUSE	10,400,572
400950	PARCEL TAXES - SAFETY	2,081,736
401000	UTILITY USERS TAX	13,030,692
401200	SALES AND USE TAX	7,177,884
401207	MEASURE M LOCAL RETURN	2,000
401600	ADMINISTRATIVE FEES - SB2557	(34,844)
401650	STATE FEE - SB1186	800
407500	GAS TAX 2103	553
407600	GAS TAX 2106	6,670
407700	GAS TAX 2107	1,511
407800	GAS TAX 2107.5	1,000
410100	BUSINESS LICENSES	5,998,495
410210	BUILDING PERMITS	710,000
410211	FIRE PERMIT FEES	85,000
410212	ALARM PERMITS	32,433
410240	PUBLIC HEALTH PERMITS	960,557
410250	HEALTH PERMIT LATE FEES	11,577
410270	FILMING PERMITS	18,000
410271	SPECIAL EVENT PERMIT FEES	2,000
410280	CONDITIONAL USE PERMITS	10,000
410290	ISSUANCE FEE	19,000
410300	FRANCHISES AND AGREEMENTS	115,008
410310	SOLID WASTE FRANCHISE FEES	1,000,000
410320	SOLID WASTE FRANCHISE LATE FEES	5,000
410330	FRANCHISE FEES, PRIOR YEARS	20,000
410400	CLOSURE REVIEW FEES	2,700
410410	PLAN CHECK REVIEW FEES	2,400
410430	ANNUAL BUSINESS FIRE INSPECTION	280,000
410460	ANNUAL BUSINESS FIRE RE-INSPECITON	9,000
410470	FIVE YEAR SPRINKLER SYSTEM TESTING	15,000
410480	FALSE ALARM FEES	50,000
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	20,000
420515	FRANCHISE TOWING FEES	20,000
420520	COMMUNITY SERVICES INCOME	37,000
420525	IMPOUNDED VEHICLE RELEASE FEES	6,000
420530	DUI VEHICLE RELEASE FEES	3,000
420535	REPOSSESSED VEHICLE RELEASE FEE	300
430110	INVESTMENT INCOME	136,455
431000	RENTS	528,920
440100	GRANT REVENUE	2,185,526
441015	TASK FORCE REIMBURSEMENT REVENUE	50,000
442001	MOTOR VEHICLE IN-LIEU TAX	9,494

EXHIBIT "B"

Page 1 of 2



**CITY OF VERNON
ESTIMATED REVENUES
2018-2019**

GOVERNMENTAL FUND TYPE		FY2019
<u>GENERAL</u>		
450110	FIRE SERVICE	45,000
450120	ENGINEERING INSPECTION FEES	70,000
458000	GENERAL CITY ADMINISTRATIVE SERVICES	3,593,677
459030	GROUP MEDICAL REVENUE	228,257
461100	MISCELLANEOUS AND PENALTIES	38,500
466200	PLAN CHECK FEES	390,000
466220	GREEN BUILDING STANDARDS FEE	8,000
466230	ANNUAL FEE	1,000
466600	COPIES AND PUBLICATIONS	19,262
466700	BACKFLOW CERTIFICATES	15,120
466900	MISCELLANEOUS	128,035
467000	STRIKE TEAM REIMBURSEMENT	400,000
467100	EMS REIMBURSEMENT	180,000
467300	BOOKING FEE REIMBURSEMENT	10,000
468400	VARIANCES	5,000
499700	CREDIT FOR GARAGE WORK ORDERS	375,000
600910	OTHER INCOME	6,000
630055	LIGHT AND POWER IN-LIEU TAX	4,925,975
TOTAL GENERAL FUND		60,322,565
 <u>FIDUCIARY FUND</u>		
022	RDA/SUCCESSOR AGENCY TAX INCREMENT	5,744,361
SUB-TOTAL FIDUCIARY FUND		5,744,361
TOTAL GOVERNMENTAL TYPE FUNDS		66,066,926
 <u>PROPRIETARY FUND TYPES</u>		
<u>WATER DEPARTMENT</u>		
020	WATER - REVENUES	8,573,244
020	WATER - RESERVES APPLIED	4,197,000
<u>LIGHT AND POWER</u>		
055	LIGHT AND POWER - REVENUES	214,307,345
055	LIGHT AND POWER - RESERVES APPLIED	1,435,532
<u>FIBER-OPTICS</u>		
057	FIBER-OPTICS - REVENUES	708,220
<u>GAS UTILITY</u>		
056	GAS - REVENUES	9,952,436
SUB-TOTAL ENTERPRISE FUNDS		239,173,777
 GRAND TOTAL ALL FUNDS		 \$ 305,240,703



APPENDIX II





Operating Revenues Government Funds & Business Type Funds

	General Fund	Successor Agency Funds	Governmental Funds Total
Operating revenues			
Taxes	43,588,183	5,744,361	49,332,544
Special assessments	1,025,000	-	1,025,000
Licenses and permits	1,865,667	-	1,865,667
Fines, forfeitures and penalties	170,300	-	170,300
Investment income (loss)	136,455	-	136,455
Intergovernmental revenues	2,839,808	-	2,839,808
Charges for services	1,541,889	-	1,541,889
Other revenues	668,455	-	668,455
Total operating revenues	51,835,757	5,744,361	57,580,118

	Electric Fund	Gas Fund	Business-type Funds Total
Operating revenues			
Investment income (loss)	1,000,000	-	1,000,000
Charges for services	197,975,845	9,952,436	217,209,745
Other revenues	3,500	-	3,500
Total operating revenues	198,979,345	9,952,436	218,213,245

Grand Total	275,793,363		
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Operating Expenditures Government Funds & Business Type Funds

	General Fund	Successor Agency Funds	Governmental Funds Total
Operating expenditures			
General government	13,363,088	250,000	13,613,088
Public safety - Police	11,094,721	-	11,094,721
Public safety - Fire	18,689,031	-	18,689,031
Public works	8,963,946	-	8,963,946
Health services	1,687,628	-	1,687,628
Principal retirement		2,580,000	2,580,000
Interest payment		2,914,361	2,914,361
Capital outlay	4,926,327	-	4,926,327
Total operating expenditures	58,724,741	5,744,361	64,469,102

	Electric Fund	Gas Fund	Business-type Funds Total
Operating revenues			
Principal retirement	29,305,000	-	29,305,000
Interest payment	18,074,350	-	18,074,350
Capital outlay	11,735,000	543,686	17,621,931
Cost of sales	132,842,489	9,972,940	150,935,512
Total operating expenditures	191,956,839	10,516,626	215,936,793
Grand Total			280,405,895

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

Non-Operating Revenues (Expenditures)

Governmental 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)	3,593,677	-			3,593,677
Operating transfer in (out)	-	-			-
Total non-operating revenues (expenditures)	8,519,652	-			8,519,652
Business-Type Funds					
	Electric Fund	Gas Fund	Water Fund	Fiber Optics Fund	Business-type 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)	(3,018,677)	-	(575,000)	-	(3,593,677)
Operating transfer in (out)	-	-	-	-	-
Total non-operating revenues (expenditures)	(7,944,652)	-	(575,000)	-	(8,519,652)
Grand Total					-

Extraordinary Items Government Funds & Business Type Funds

Extraordinary Items

Governmental Funds

	General Fund	Successor Agency Funds	Governmental Funds Total
Extraordinary items			
Non-operating transfer in (out)	(1,020,000)	-	(1,020,000)
Excess bond proceeds	-	-	-
Reserves applied	-	-	-
Total extraordinary items	(1,020,000)	-	(1,020,000)

Business-Type Funds

	Electric Fund	Gas Fund	Water Fund	Fiber Optics Fund	Business-type Funds Total
Extraordinary items					
Non-operating transfer in (out)	-	-	-	-	-
Excess bond proceeds	-	-	-	-	-
Reserves applied	1,435,532	-	4,197,000	-	5,632,532
Total extraordinary items	1,435,532	-	4,197,000	-	5,632,532
Grand Total					4,612,532