

Local Agency Formation Commission for the County
of Los Angeles
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Municipal Service Review and Sphere of Influence Update

City of Vernon

Public Review Draft – August 9, 2023



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LIST OF ABBREVIATIONS USED

ACFR	Annual Comprehensive Financial Report
CFPD	Consolidated Fire Protection District
CIP	Capital Improvement Program
CKH	Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000
COVID	COVID-19 Pandemic
CDWR	California Department of Water Resources
DAC	Disadvantaged Community
DUC	Disadvantaged Unincorporated Community
FY	Fiscal Year
ISO	Insurance Service Office
LAFCO	Local Agency Formation Commission
MSR	Municipal Service Review
OPEB	Other Post-Employment Benefits
PCI	Pavement Condition Index
SCAG	Southern California Association of Governments
SEAACA	Southeast Area Animal Control Authority
SOI	Sphere of Influence

EXECUTIVE SUMMARY

The Local Agency Formation Commission (“LAFCO” or “Commission”) for the County of Los Angeles is preparing this Municipal Service Review (“MSR”) and Sphere of Influence (“SOI”) update for the City of Vernon (“City”). LAFCO acts as the county-wide oversight agency that coordinates logical and timely changes to local government boundaries.

The last service review of the City of Vernon was adopted by LAFCO on December 14, 2005, as part of the larger Gateway Municipal Services Review prepared by Burr Consulting, herein referred to as the “2005 MSR”. The 2005 MSR examined fifty-two (52) local agencies, including twenty-six (26) cities (including Vernon) and twenty-six (26) special districts in the “Gateway” region of Los Angeles County (generally south and east of Downtown Los Angeles, to the City of Long Beach on the South and to the Orange County border near the Cities of La Habra Heights and Whittier). Subsequently, the City has experienced several changes, but Vernon has not seen any changes in its jurisdictional boundaries nor its SOI since that time.

This MSR reviews the City’s services within the requirements of State law and LAFCO policies, including their SOIs.

SUMMARY OF SOI RECOMMENDATIONS

- Development growth is constrained under Vernon’s current boundary. The City is in the process of developing changes to its municipal code to allow mixed-use development in its western area in order to increase the residential population.
- Vernon’s infrastructure is in need of general upgrades, but the City has the capacity to take on residential growth and to continue serving the current community.
- Presently, Vernon’s SOI includes two small uninhabited unincorporated areas with a total area of .05 square miles.

RSG recommends maintaining the Larger Than Sphere of Influence pursuant to LAFCO's SOI Policy as described beginning on page 5.

SUMMARY OF MSR DETERMINATIONS

- Vernon's SOI does not contain any Disadvantaged Unincorporated Communities ("DUCs"). It does contain two LAFCO-identified unincorporated islands, both of which are uninhabited.
- While Vernon's population has grown over the past decade, its small population continues to pose a major challenge to the City due to the limited availability of candidates to run for and serve on the City Council. The City is actively working to increase its population.
- Vernon is not currently exploring opportunities for shared facilities with neighboring jurisdictions.
- The City employs best practices to provide transparency and accountability in order to meet the municipal service needs of the public it serves.

BACKGROUND

LEGAL REQUIREMENTS AND PURPOSE

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, Government Code Section 56430 et. seq., (“CKH”) requires LAFCOs to prepare periodic reviews of services provided by most local agencies and provides discretion on the manner in which a commission undertakes these reviews. The reviews are instrumental in making determinations on jurisdictional and SOI boundaries, informing commissions, affected agencies, and the general public of opportunities for improving service delivery.

LAFCO RESPONSIBILITIES

CKH directs LAFCOs in California to discourage urban sprawl, encourage the orderly formation and development of cities and special districts, and to preserve agricultural land. LAFCOs act as the county-wide oversight agency that is responsible for coordinating logical and timely changes in local governmental boundaries, including annexations and detachments of territory, incorporations of cities, formations of special districts, and consolidations, mergers, and dissolutions of districts. In this manner, LAFCOs play an important role in assuring the thoughtful, appropriate, and efficient reorganization, simplification, and streamlining of quality local governmental services.

As part of these objectives, LAFCOs establish and periodically review SOIs for local agencies through a process known as an MSR and SOI update. This process is described below.

SPHERE OF INFLUENCE

Since 1972, LAFCOs in California have been responsible for determining and overseeing the sphere of influence for local government agencies. An SOI is defined as “a plan for probable physical boundaries and service area of a local agency, as determined by the Commission.” Consistent with Commission SOI policies, an SOI can be a) coterminous to agency boundaries

as the ultimate foreseen configuration of the agency in anticipation of no future growth, b) extended beyond the agency boundaries in anticipation of future growth, c) be smaller, indicating the need to detach areas from the agency boundaries, or d) be designated a “zero sphere”, which indicates a potential dissolution of the agency. In order to amend the sphere of influence boundaries, formal approval from the Commission is required. Factors considered in an SOI include current and future land use, capacity needs, and any relevant areas of interest such as geographical terrain, location, and any other aspects that would influence the level of service.

Per Government Code Section 56425, an SOI shall consider and prepare a written statement of its determinations of the following factors:

1. Present and planned land use in the area, including agricultural and open space lands.
2. Present and probable need for public facilities and services in the area.
3. Present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.
4. Existence of any social or economic communities of interest in the area.
5. Present and future need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence.

The purpose of an SOI is to ensure the efficient services while discouraging urban sprawl and the premature conversion of agricultural and open space lands by preventing overlapping jurisdictions and duplication of services. On a regional level, LAFCOs coordinate the orderly development of a community by reconciling differences between different agency plans. This is intended to ensure the most efficient urban service arrangements are created for the benefit of area residents and property owners.

DISADVANTAGED UNINCORPORATED COMMUNITIES

As part of the MSR, RSG considered the impact of the SOI related to Disadvantaged Unincorporated Communities. A Disadvantaged Unincorporated Community (“DUC”) is defined by Government Code Section 56033.5 as an area of inhabited territory located within an unincorporated area of a county within a “disadvantaged community.” A disadvantaged community is defined in Water Code Section 79505.5(a) as a community with an annual median household income which is less than 80 percent of the statewide median household income. Government Code Section 56046 defines “inhabited” as territory within which there are 12 or more registered voters.

LAFCO designated the DUCs in the County using 2016-2020 American Community Survey Census data, meaning any unincorporated area wherein the median household income is less than \$62,939.

SPHERE OF INFLUENCE UPDATES AND LAFCO POLICY

From time-to-time, an SOI may be modified as determined by LAFCO; the procedures for making sphere amendments are outlined in CKH, and in some cases, further refined by a commission’s own guidelines. Pursuant to Government Code Section 56430, a commission must first conduct a municipal services review prior to updating or amending a SOI.

The Commission adopted a “Sphere of Influence Policy” on November 13, 2019, which provides a framework for SOI updates considered after an MSR is completed. The policy defines three types of SOIs for cities and special districts:

- Coterminous Sphere of Influence: An SOI for a city or special district that includes the same physical territory as the jurisdictional boundaries of that city or special district. LAFCO adopts a coterminous SOI if there is no anticipated need for services outside the jurisdictional boundaries of a city or special district, or if there is insufficient information to support the inclusion of additional territory within the sphere.

- Larger than Sphere of Influence: An SOI for a city or special district which includes territory that is larger than the jurisdictional boundary of the subject city or special district. LAFCO adopts a Larger than SOI if there is an expectation of future growth of the agency's physical boundaries and associated service area.
- Zero Sphere of Influence: An SOI for a city or special district that includes no territory. LAFCO adopts a Zero SOI if the functions, services assets, and liabilities of that city or special district should ultimately be reassigned to another public agency or service provider.

RSG analyzes the spheres in the SOI Recommendations section of this MSR.

MUNICIPAL SERVICE REVIEW (MSR) REQUIREMENTS

Section 56425(g) of CKH requires that LAFCOs evaluate a given SOI every five years, as necessary, the vehicle for doing this is known as a Municipal Service Review. Prior to or in conjunction with SOI reviews, an MSR must be prepared pursuant to Government Code Section 56430. MSRs are conducted to assist in the SOI review process by providing information regarding the ability of agencies to provide public services. Pursuant to Government Code Section 56430, MSRs are to make determinations considering the seven required topics based on the CKH. These seven areas include the following:

1. Growth and population projections for the affected area.
2. Location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence(s).
3. Present and planned capacity of public facilities and adequacy of public services, adequacy of public services, infrastructure needs, or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged, unincorporated communities within or contiguous to the sphere of influence.
4. Financial ability of agencies to provide services.

5. Status of, and opportunities for, shared facilities.
6. Accountability for community service needs, including government structure and operational efficiencies.
7. Any other matter related to effective or efficient service delivery, as required by LAFCO Policy.

The focus of an MSR is to describe how public services are being carried out and to determine if the residents of the community are receiving the highest level of service possible, while also discouraging urban sprawl and the premature conversion of agricultural lands. If an MSR determines that certain services are not being carried out to an adequate standard, LAFCO can recommend changes such as sphere changes as well as dissolutions or consolidation of service providers to provide the best service possible to the population.

PREVIOUS MSR DETERMINATIONS

The 2005 MSR made several findings concerning cities and districts in the Gateway Region, as well as specific comments addressing the City of Vernon specifically. The 2005 MSR recommended no changes to the City of Vernon's SOI. For context, these findings are identified below:

- The 2005 MSR indicated that many of the Gateway cities faced fire and paramedic services that were described as deficient.
- The 2005 MSR noted that the Gateway Region had landfills that were approaching capacity, with major landfills projected to fill by 2030. The MSR reported plans were put in place to export waste outside of the County.
- The 2005 MSR notes that agencies in the Gateway Region were facing significant challenges in financing the infrastructure and staffing levels to meet the requirements of installing and maintaining catch basins in storm drains to prevent waste from flowing into the ocean.

- The 2005 MSR indicates that all cities in the Gateway Region had a need for resurfacing, slurry-sealing, traffic signals, and street widening in high-traffic areas. Cities also faced challenges to road improvements due to the concentration of heavy truck traffic along major freeways and arterial streets, resulting in heightened congestion and street damage.
- With little vacant land remaining, the City of Vernon has little land that is undeveloped and little private land set aside for open space or landscaping. The 2005 MSR noted that a program to add trees to public spaces was underway.

PURPOSE OF THIS MSR AND SCOPE OF WORK

MSRs are conducted to assist in the SOI review process by providing information regarding the ability of agencies to provide public services. This Municipal Service Review will review the services provided by the City of Vernon and, to a lesser extent, services provided within the City of Vernon by other agencies.

METHODOLOGY

RSG worked in coordination with LAFCO staff throughout this MSR. Key tasks and activities in completing this MSR include data collection, interviews with City staff, City profile development, determination analysis, public review of MSR, and the adoption of the final MSR.

Data Collection

To fully understand key factors and current issues involving the City, RSG conducted an initial working session with LAFCO staff to determine the project scope and formalize overall MSR objectives, schedules, policy and fiscal criteria, service standards, and roles and responsibilities. The MSR began with a complete and thorough review of available data and documents including adopted budgets, comprehensive financial reports, capital improvement plans, strategic plans, and the General Plan. These documents were assessed to develop a comprehensive overview of the City. In addition, various reports and documents were utilized from the Southern California Association of Governments, the California Department of Finance, the California Department of

Tax and Fee Administration, the California State Auditor, the Census Bureau, LAFCO, CoStar (a commercial real estate database), and ESRI Business Analyst.

Interviews

In coordination with LAFCO, during the month of December 2022 RSG met with the executive leadership of Vernon. This interview allowed RSG to gain insight into the current operations and any unique challenges of the City.

The content of these interviews included the following topics:

- Financing constraints and opportunities;
- Growth and population projections;
- Infrastructure needs or deficiencies;
- Cost avoidance opportunities;
- Opportunities for rate restructuring regarding services provided;
- Opportunities for shared facilities with other cities or agencies;
- Government structure options, including advantages or disadvantages of consolidation or reorganization of service providers;
- Evaluation of management efficiencies; and
- Local accountability and governance, specifically the structures in place to support public engagement and participation.

Agency Profiles

Following data collection and interviews, RSG developed a City profile based on the criteria noted previously and required for the completion of the MSR per CKH. The profile includes key characteristics such as services offered, staffing levels, population and growth, service providers,

infrastructure, financial condition, and boundary areas and maps. Department profiles can be found in the following sections.

Annual Budget Data

RSG utilized the City's annual budgets for Fiscal Year ("FY") 2020-21 through FY 2022-23 to analyze historical operating revenues and expenditures for Vernon. RSG analyzed the data to make determinations regarding the City's fiscal health, including tax revenue and expenditure trends. The dataset provides current expenditures by department (general government, public safety, community development, transportation, etc.), and operating expenditures (salaries and wages, retirement benefits, materials and supplies, contract services, debt service, and capital outlay). The data also includes reports on general revenues, tax revenues, fees for services, special benefit assessments, and intergovernmental revenues.

SERVICE REVIEW – CITY OF VERNON

Vernon is located in the Fourth Supervisorial District in southeastern Los Angeles County (“County”), west of State Route 710 between Interstate 5 and Interstate 105. Vernon shares borders with the City of Maywood and the City of Huntington Park to the south, the City of Commerce to the North, and the City of Los Angeles to the North and West. Vernon is home to 214 residents, 1,950 businesses, and a workforce of 31,372 employees.¹

The City voted in favor of incorporation on September 22, 1905, as a city mostly built out with industrial land uses. Vernon spans an area of approximately 5.16 square miles, and the Vernon SOI includes two small uninhabited unincorporated areas with a total area of 0.05 square miles. Vernon’s current SOI was initially established in 1984 and was reconfirmed in 2005.

Figure 1 presents a demographic and land use profile of Vernon compared to the overall County.

Figure 1: Demographic Profile - Vernon

	Vernon	LA County
Population as of 2010	112	9,822,121
Population as of 2020	214	9,861,224
Annual Pop. Growth Since 2010	7.59%	0.40%
Total Housing Units	78	3,635,136
Persons/Housing Unit	2.74	2.71
Land Area (Sq Miles)	5.2	4,059.28
Persons/Square Mile	41	2,429
Median Household Income	\$73,303	\$71,358
Projected Population in 2035	300	10,331,803
Annual Proj. Growth 2020-2035	2.63%	0.36%
Projected Population in 2045	200	10,193,978
Annual Proj. Growth 2020-2045	-0.52%	0.26%

Sources: Esri Business Analyst, Department of Finance, US Census, Southern California Association of Governments

¹ Source: Esri Business Analyst

Between 2010 and 2022 Vernon's population grew from 112 to 214 (a 91 percent growth rate, or over 7 percent annually).² 26% of Vernon's population is below the age of 25, and 14% is above the age of 65. According to SCAG's 2016-2040 Growth Forecast, population growth is expected to slow over the next 20 years.³

The State of California and the County have seen an overall decrease in population brought about by a variety of factors including an aging population, declining birth rates, impacts of COVID-19, and an increase in domestic migration to other areas. However, Vernon has experienced an increasing population, and according to City staff, this growth is attributed to concerted efforts by the City to increase its residential population. In 2013, the City entered into a long-term lease of City-owned property with a housing developer for the construction of a 45-unit rental apartment complex. This apartment complex doubled Vernon's population from 112 in 2010 to 222 as of the 2020 census. Presently, the City is pursuing opportunities for adding housing within the City to increase the population and is currently evaluating zoning changes to allow for mixed-use developments throughout the City. The City anticipates a ten-fold increase in the population in the next ten years.

According to the California Department of Water Resources ("CDWR"), the City qualifies as a Disadvantaged Community ("DAC"), as their estimates indicate the median household income in the City falls below \$62,938. CDWR indicates that the median household income is \$59,250 based on 2016-20 ACS data.⁴

Vernon is almost exclusively made up of industrial uses, including large portions of commercial zoning in the western part of Vernon, a slaughtering district in the central portion of the City, and a rendering district on the eastern portion immediately north of the Los Angeles River.⁵

² Source: Esri Business Analyst

³ Source: Southern California Association of Governments 2016-2040 RTP/SCS Final Growth Forecast by Jurisdiction

⁴ Source: California Department of Water Resources, DAC Mapping Tool, Disadvantaged Communities (ACS: 2016-2020)

⁵ Source: Vernon Land Use Policy Map

Vernon's major employment sectors include construction (13.6 percent of employment), retail trade (11.8 percent of employment), and manufacturing (10 percent of employment).⁶

Figure 2 provides a land use summary of residential and commercial development in Vernon. Industrial uses make up over 99 percent of the commercial building square footage in Vernon, and there is extremely limited housing.

Figure 2: Land Use Summary - Vernon

Vernon	County		
Residential Units	Units	%	%
Single Family	24	30.8%	54.5%
Multifamily	54	69.2%	43.9%
Mobile Home	0	0.0%	1.6%
Total Units	78	100%	100%
New Units Since 2010	49		
Commercial	Gross SF	%	%
Retail	79,306	0.2%	24.4%
Industrial	42,777,875	99.4%	48.7%
Office	107,115	0.2%	23.7%
Other	59,526	0.1%	3.1%
Total	43,023,822	100%	100%
2010	1,133,415		

Sources: California Department of Finance, Costar

In order to build up the population of the community, Vernon will need to increase its housing supply. The City is currently developing mixed-use zoning districts for the western part of the City on Santa Fe Boulevard (the Westside Specific Plan). These districts will be mixed-use to take advantage of lot sizes that are not optimal for single-family housing. City staff project that this area could increase the population by approximately 2,500 people.

⁶ Source: Esri Business Analyst

The City's initial draft of the 6th Cycle Housing Element for 2021-29 was reviewed by the Department of Housing and Community Development on June 15, 2022 and it is currently out of compliance. Staff anticipate the Housing Element will be in compliance pending the adoption of the mixed-use zoning districts. Staff anticipate these districts will be adopted in August 2023.

FORM OF GOVERNMENT AND STAFFING

The City of Vernon is a charter city governed by a five-member City Council that is elected at-large by eligible registered voters. Each year, the Mayor position rotates among Council members based on order of election. City Councilmembers are elected to five-year terms.

The City Council appoints a City Administrator to serve as the administrative head of the City government responsible for the efficient operation of the City. Additionally, the City Council appoints a City Attorney, City Clerk, City Treasurer, Business and Industry Commission, Green Vernon Commission, Vernon Housing Commission, and Vernon CommUNITY Fund Grant Committee. The City Council also acts as the Board of Library Trustees and the Successor Agency to the Redevelopment Agency. The City is organized into several departments including City Administration, Office of the City Attorney, City Clerk, Finance, Health and Environmental Control, Human Resources, Police, Public Utilities, and Public Works. All City departments operate under the direction of the City Administrator with the exception of the City Attorney.

According to the fiscal year ("FY") 2022-23 budget, the City of Vernon operates with an annual General Fund budget of \$85 million and employs a total of 219 employees. Vernon provides most of its services in-house, except for fire protection services, which are provided by the County's fire department.

The City's website includes information about City Council meetings, public meetings, and other City services. The City streams City Council and City Commission meetings online via its website and YouTube. The City is active on at several social media platforms: Facebook, Twitter, Youtube, and Instagram.

CURRENT SPHERE OF INFLUENCE

Appendix 1 shows the Vernon boundaries and SOI as of November 2022; the City has not had any changes to the City's jurisdictional boundary or to the City's SOI boundary since the 2005 MSR.

Vernon's 5.16-square-mile SOI includes two small and uninhabited unincorporated areas. Both unincorporated areas include portions of railway tracks.

The two areas are referred to as the Vernon Strip Unincorporated Area and the Vernon Downey-Bandini Island Unincorporated Area as indicated on Vernon's SOI map⁷ by LAFCO and dated September 23, 2014. The SOI areas are described below:

- The Vernon Downey-Bandini Island Unincorporated Area is a 24.35-acre area bordering Downey Road and Bandini Boulevard that includes railway tracks and a bridge which cross the Los Angeles River as well as a private parking lot for United Parcel Service (UPS) employees.
- The Vernon Strip Unincorporated Area is a 6.593-acre area adjacent to Downey Road near the City's boundary with the City of Maywood, and made up exclusively of railway tracks.

According to LAFCO designations, neither of Vernon's unincorporated SOI areas is designated a Disadvantaged Unincorporated Community.

EXTRATERRITORIAL SERVICES

The City currently provides some street lighting services in the neighboring City of Maywood where the two cities share a border.

The City contracts with the City of Huntington Park for inmate housing. Pursuant to the agreement, the Huntington Park Police Department Jail Division houses pre-arraignment

⁷ Source: LAFCO City Maps, Vernon Sphere of Influence Map, revised September 23, 2014. <http://lalafco.org/wp-content/uploads/documents/cities-map/Vernon.pdf>

arrestees of the City of Vernon Police Department in the Huntington Park City jail for a prisoner housing fee.

SERVICES PROVIDED

The City provides general government and public works services. Fire protection services are provided by the County Fire Department. Figure 3 summarizes municipal services provided and associated service providers within Vernon.

Figure 3: Vernon Service Provider Matrix

Public Service	Responsible Agency	Service Provider
Law Enforcement	City	City of Vernon Police Department
Fire Protection	County	Consolidated Fire Protection District of Los Angeles
Emergency Medical	County	Consolidated Fire Protection District of Los Angeles
Building/Planning	City	City of Vernon Public Works Department
Housing	City	City of Vernon Public Works Department
Code Enforcement	City	City of Vernon Public Works Department
Animal Control	City/County	City of Vernon Health and Environmental Control Department, Southeast Area Animal Control Agency
Parks and Recreation		N/A
Library		N/A
Landscape Maintenance	City	City of Vernon Public Works Department
Lighting	City	City of Vernon Public Utilities Department
Streets/Road Maintenance	City	City of Vernon Public Works Department
Electricity/Natural Gas	City and Investor Owned Utility	City of Vernon Public Utilities Electric Division, Southern California Gas
Solid Waste	City, Investor Owned Utility, and Mutual	City of Vernon Health and Environmental Control Department
Stormwater Drainage	City, Investor Owned Utility, and Mutual	City of Vernon Public Works Department
Water	City, Investor Owned Utility, and Mutual	City of Vernon Water Division, Cal-Am Water, and Tri-City Mutual
Wastewater Collection	City, Investor Owned Utility, and Mutual	City of Vernon Public Works Department
Wastewater Treatment & Disposal	Special District	LA County Sanitation Districts No. 1, No. 2, and No. 23

Government Services

General government services are primarily provided by officials elected at-large and City management. The City's elected officials are responsible for all legislative and policy functions that establish the quality of City services. In addition to the City Council, the City's legislative bodies include special citizen advisory commissions and other bodies, including the Business and Industry Commission, the Green Vernon Commission, the Vernon CommUNITY Fund Grant Committee, the Vernon Housing Commission, the Successor Agency to the Redevelopment Agency, the Solid Waste Hearing Panel, and the Board of Library Trustees. The City Clerk and City Attorney provide additional support to the City's legislative bodies.

Due to Vernon's small population, there is a limited number of candidates for City Council. The City is working to grow the population to ensure a more robust democratic process in the future.

Police Services

The Vernon Police Department provides policing services to the City. The FY 2022-23 budget allocated \$14.1 million from the General Fund for policing, which includes \$7.5 million for salaries and \$6.1 million for benefits.

The City budgets for 44 sworn officers on an annual basis as of FY 2022-23 or 20 officers per 100 residents. As of 2021, the Vernon Police Department has an average response time of three minutes and 52 seconds for life-threatening incidents, seven minutes and 41 seconds for urgent incidents, 11 minutes and 23 seconds for non-urgent calls, and 16 minutes and 25 seconds for officer-observed incidents. In 2021, Vernon experienced 38 violent crimes, 658 property crimes, and nine arsons.⁸ The number of violent crimes has increased by 41 percent over the past ten years and the number of property crimes has increased by 112 percent over the past ten years.

⁸ Source: California Department of Justice

Fire Protection and Ambulatory Services

Vernon is within the Consolidated Fire Protection District (“CFPD”) of Los Angeles County since its annexation in 2020. Fire Department Stations 13 and 52 are located in the City limits and provide emergency medical and transport services, fire and rescue services, and safe haven services to the City. The City reported a strong working relationship with the County Fire Department, which has allowed the City to have significantly more fire personnel available at any given time.

The Vernon Fire Department was dissolved in 2020 due to the high cost of operations and high pension liabilities. All fire operations were transferred to the County, including machinery and equipment valued at \$13.4 million. Two of the four existing fire stations (Stations 13 and 52) are used by the CFPD, one additional is used by the County for a regional task force, and the fourth station is currently vacant. CFPD fire code enforcement staff are also available in administrative offices at Vernon City Hall. Vernon joined CFPD following the adoption of Proposition 13, and CFPD services the Vernon under a fee for service model.

CFPD has specialized resources including a helicopter fleet, contract aircraft, and California Task Force 2, a specialized search and rescue task force.

CFPD Station No. 13 and No. 52 falls under Division 6 of the CFPD, which received an Insurance Service Office (“ISO”) class rating of 2. The ISO evaluates the ability of fire protection agencies to respond to fire incidents in their communities, with class one (1) being the highest rating and ten (10) being the lowest. The most recent performance measures report published by the County of Los Angeles Fire Department indicates that CFPD responds to calls within five (5) minutes of receiving calls and has a success rate of 99.5 percent.⁹

Animal Services

The Vernon Health and Environmental Control Department, Police Department, and the Southeast Area Animal Control Agency (“SEAACA”) provide animal control services to the City.

⁹ Source: 2019-20 Performance Measures, County of Los Angeles

The SEAACA shelter that serves the City is located in Downey, approximately 11 miles from the Vernon City Hall. The Health Department and SEAACA are responsible for taking care of dead or stray animals, and SEAACA additionally provides sheltering, adoption, and microchipping services.

Vector Control

The Greater Los Angeles County Vector Control District, an independent special district of the County, provides ongoing mosquito and vector control within Vernon. The Vector Control District provides routine services within Vernon including the identification, prevention, and control of pests. Additionally, the Vector Control District also responds to case-by-case services requests for mosquito issues, dirty pools, and infestations (e.g., bees, rodents, and fire ants). The City does not pay for these services, which are instead funded by ad valorem property and special assessment taxes on individual parcels. The City of Vernon was annexed into the Greater Los Angeles County Vector Control District in 2021.

Community Development

The City of Vernon does not have a community development department, but does coordinate some community development activities through the City Administration Department. The City also provides support for community development in neighboring jurisdictions through the community development funds the City maintains. These funds can be used for scholarships, nonprofit organizations, and other community development activities.

The City of Vernon also does not have any parks that it maintains and operates within the City's boundaries. The City's General Plan Resources Element, adopted in December of 2007, indicates that the City does not have a need for public parks due to its industrial character. The National Recreation and Parks Association, who once published park and open space standards, takes a similar position and no longer declares a set of standards that every individual park and recreation agency should measure itself against due to the unique needs, desires, and challenges of different agencies.

There are several public parks in the adjoining cities to Vernon, including Ruben F. Salazar Park and Parque de los Suenos in Los Angeles. The nearest regional park to the City is the Belvedere Community Regional Park, located approximately seven (7) miles northeast of Vernon.

Code Enforcement

The Building Division of the Public Works Department provides code enforcement services, including removing litter and graffiti. The City has two full-time code enforcement officers.

Public Works

The Public Works Department includes the Housing, Building, Planning, Streets, Facilities Maintenance, and Engineering Divisions. The Department as a whole is responsible for the planning, maintenance, and construction of the City's infrastructure. The Housing Division manages City-owned housing and uses a lottery system to fill vacancies when they occur. The Building Division enforces code regulations and conducts occupancy inspections for all tenants moving to the City. The Division retains individual inspectors for specific aspects (such as electrical or mechanical) of construction. The Division contracts with private-sector consulting firms for structural review of new construction. The Planning Division oversees development in the City and maintains the General Plan. The Streets and Facilities Maintenance Divisions are responsible for the maintenance of the City's roads and traffic signals as well as maintenance of City-owned property and facilities. Finally, the Engineering Division administers City contracts and designs public improvements. The Division helps maintain infrastructure such as roadways, storm drains, sewers, and traffic signals.

Vernon has a total of 50.59 miles in its road system, including 15.41 miles of arterial streets, 13.85 miles of collector streets, and 21.33 miles of local streets. The City has a road improvement plan which details different improvements needed along Vernon's roadways over the next five years, through FY 26-27. According to the City's most recent Citywide PCI Evaluation, completed in 2022, most of Vernon's streets are in good condition, with the pavement system overall rated as "good" using the Pavement Condition Index ("PCI"). Under the PCI, the City's streets currently

have a rating of 74 and the City is aiming to improve the streets to an average rating of 87 over the next six years.

Vernon's adopted budget for FY 2022-23 budgeted \$18.9 million for its Capital Improvements Program ("CIP") from the General Fund. A portion of this funding was designated for the pavement management plan (\$4 million) and a bridge widening project over the Los Angeles River (\$7 million). An additional \$22 million is budgeted for CIP from business-type funds from the City-owned utilities. The FY 2021-22 adopted budget allocated \$12.3 million for CIP from the General Fund, of which \$7.4 million was allocated for the bridge widening project and \$970,000 was allocated for upgrades at the City garage.

Health and Environmental Control

Vernon has its own Health and Environmental Control Department. The Department has historically focused mostly on environmental control and quality programming, including administering the State's Certified Unified Program Agency and the City's National Pollutant Discharge Elimination permits, while the County currently provides traditional health services for the City. However, in the wake of the COVID-19 pandemic, the Department has expanded its capacity to include more opportunities to focus on public health.

Environmental control programming includes regulating the storage of hazardous materials both above and below ground, and inspections at manufacturing and food facilities to ensure they meet state and federal regulations. The Department also performs inspections of refrigerated food trucks which bring food to a wide variety of distributors.

During the COVID-19 pandemic, the Department mobilized to provide more health services to both residents of the City and workers in the City. It procured two mobile medical vans to drive to businesses and provide vaccines on-site at Vernon businesses and community events around Southeast Los Angeles. The Department serviced as an important source of pandemic related public health information and guidance to residents and businesses. Because many people who work in Vernon live outside the City and may have sizable commutes, the Department wanted to

ensure they had access to healthcare near their place of work. The success of these initiatives has led the Department to want to focus more on community health in the future.

The Department has contracted with the Health Equity Alliance to bring doctors and nurses into the City who can provide health services on-site at businesses, as well as provide primary care and mental health support at a medical facility located at City Hall. This health and wellness approach works particularly well for Vernon due to the nature of the labor market in the City and contributes to equitable access to healthcare. The Department is also undergoing a fee study which will help them evaluate if fees are aligned with current programming and to identify areas where additional staff could be used.

Water

Most Vernon businesses and residents get their water from the Vernon Public Utilities Department (a municipal utility), with a small portion on the southeast corner of the City receiving water from Tri-City Mutual Water (a corporation which supplies water only to shareholders) and the northeast portion of the City receiving water from the East Los Angeles district of the California Water Service Company (a division of California Water Service, an investor-owned utility).

The Vernon Public Utilities Department charges \$2.34 per 100 cubic feet. Tri-City Mutual Water charges \$3.65 per 100 cubic feet for industrial customers and does not serve residents. The California Water Company charges residential customers \$4.34 per 100 cubic feet for the first 800 cubic feet, and above 800 cubic feet charge \$5.43 per 100 cubic feet. It charges non-residential metered customers \$4.90 per 100 cubic feet. All the water providers also have a variable flat fee depending on the size of the water meter.

Storm Drainage

The Engineering Division of the Vernon Public Works Department maintains the City's storm drain infrastructure. The 2005 MSR noted that many agencies in the area were facing challenges in financing the infrastructure and staffing levels necessary to upgrade storm drains. This continues

to be an issue in Vernon due to the lack of significant funding available. While the City can fund repairs as needed, there has not been an opportunity to conduct large-scale upgrades.

Wastewater

The Engineering Division of the Vernon Public Works Department maintains the City's wastewater infrastructure. The sewer infrastructure is aging and in need of upgrades, but funding is not available. Currently, there are no pressing issues with the City's wastewater lines. Vernon is part of the LA County Sanitation Districts Numbers 1, 2, and 23, which provide wastewater treatment and disposal services.

Solid Waste

Vernon's Health and Environmental Control Department's Solid Waste Program is certified by the California Department of Resources, Recycling, and Recovery as the Local Enforcement Agency for the City. The Local Enforcement Agency regulates solid waste facilities and ensures compliance with state minimum standards through contracts with private waste haulers. The City has 27 ongoing diversion programs to ensure the City complies with recycling and solid waste diversion regulations.¹⁰

Utilities

Utilities are generally provided by Vernon's Public Utilities Department. The Department offers water, electricity, natural gas, and fiber optic internet service businesses and residents in the City. Rates for each of these services are available online on Vernon's website.

FISCAL HEALTH

RSG has evaluated the City's fiscal health, inclusive of revenue sources and major expenditure categories.

¹⁰ Source: CalRecycle Diversion Program Status Summary Report for City of Vernon

ANNUAL AUDIT FINDINGS

The City is required to undergo an annual financial audit, with the results published in an Annual Comprehensive Financial Report (“ACFR”), in which the auditors report whether the financial statements of the City accurately present the financial position of the City. The ACFRs from FY 2018-19 through FY 2020-21 did not present any findings and stated, “In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the City of Vernon as of June 30, 2021, and the changes in its net assets for the year then ended in conformity with accounting principles generally accepted in the United States of America.”

Figure 4 shows the City’s actual historical General Fund revenues and expenditures from FY 2018-19 through FY 2020-21. While there was a deficit in 2018-19, in both 2019-20 and 2020-21 the General Fund collected more revenue than it expended.

Figure 4: Vernon Actual Spending

Revenues	2018-19	2019-20	2020-21
Actual Revenues			
Taxes	\$44,130,771	\$45,564,696	\$53,677,257
Special Assessments	1,333,943	1,432,823	1,524,362
Licenses and Permits	3,679,452	1,543,646	2,083,795
Fines, Forfeitures, and Penalties	253,849	249,412	136,899
Investment Income	101,082	137,738	70,480
Intergovernmental	1,647,882	926,745	1,364,950
Charges for Services	4,694,047	4,708,748	9,577,442
Other	1,314,866	3,061,406	1,132,285
Total Revenues	57,155,892	57,625,214	69,567,470
Actual Expenditures			
General Government	\$13,011,907	\$16,602,618	\$15,129,409
Public Safety	32,767,869	28,879,578	34,754,653
Public Works	7,229,130	6,889,486	7,054,990
Health Services	1,370,284	1,090,460	1,357,199
Capital Outlay	3,400,211	1,407,607	3,312,390
Total Expenditures	57,779,401	54,869,749	61,608,641
Net Spending	(623,509)	2,755,465	7,958,829

Source: Vernon Budgetary Comparison Schedule, General Fund

OPERATING REVENUES

RSG compiled three years of financial history, including the City's current fiscal year 2022-23 adopted budget. In the City's last annual budget for FY 2022-23, General Fund revenues exceeded \$70 million.

Figure 5 illustrates the City's General Fund revenue sources for the most recent year available in the audit, FY 2020-21.

Figure 5: City of Vernon Revenues FY 2020-21

	General Fund
Taxes	\$53,677,257
Special Assessments	1,524,362
Licenses and Permits	2,083,795
Fines, Forfeitures, and Penalties	136,899
Investment Income	70,480
Intergovernmental	1,364,950
Charges for Services	9,577,442
Other	1,132,285
Total Revenue	69,567,470

Tax revenues made up 77 percent of all revenues collected by the City in FY 2020-21, inclusive of sales tax, property tax, property tax in-lieu of motor vehicle license fees, franchise tax, and other taxes.

Figure 6 illustrates the City's historical General Fund revenue sources.

Figure 6: City of Vernon Operating Revenue History

Revenues	2018-19	2019-20	2020-21
General Tax Revenues			
Sales Tax	\$8,794,423	\$9,557,747	\$14,445,575
Property Tax	4,113,120	4,523,551	4,700,085
Parcel Tax	13,535,471	13,538,116	14,651,097
Business License Tax	5,745,716	5,416,628	5,810,837
Franchise Tax	1,427,398	1,535,062	1,622,649
Utility User Tax	11,209,144	11,758,238	12,367,272
Other Taxes	12,878	11,335	11,864
Total Tax Revenues	44,838,150	46,340,677	53,609,379
Investment Income	1,654,867	1,156,301	140,086
Gain on Sale of Assets	14,343	0	0
Other	1,343,779	3,535,847	2,531,566
Total Revenues	47,851,139	51,032,825	56,281,031

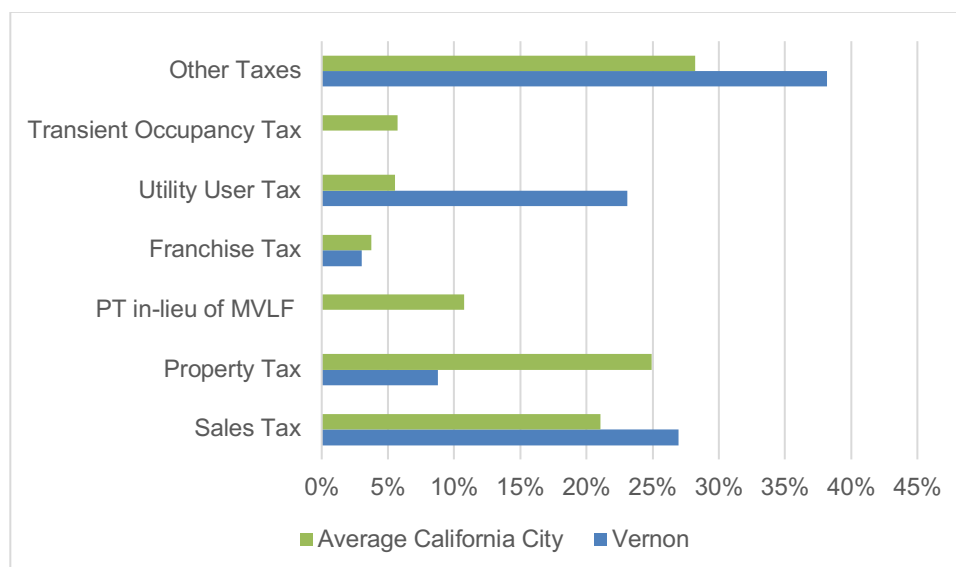
Source: Vernon Audit "Statement of Activities"

As shown in Figure 6, the parcel tax is consistently the City's greatest single revenue source. In addition, sales tax revenues have grown significantly over the past three years, from approximately 20 percent of general tax revenue to approximately 27 percent.

The City's second largest revenue source is the utility user tax.

As seen in Figure 7, the City of Vernon has a unique general tax revenue profile compared to the average California city. Unlike many cities in California, which rely more heavily on property tax revenue, Vernon relies more heavily on utility user taxes and its own parcel tax.

Figure 7: Vernon General Tax Revenues as Compared to All California Cities¹¹



Sales Tax

Cities receive one percent of gross receipts from the sale of tangible personal property sold within city municipalities. In 2020, Vernon voters approved a three-quarter cent local transactions and use tax which generates approximately \$5 million annually for the City. The tax can be used for General Fund activities such as maintaining and improving City services, including safety, infrastructure, streets, and housing. Approximately 27 percent of general tax revenues collected by the City was derived from sales tax in FY 2020-21.

¹¹ Source: California State Controller's Office, Local Government Financial Data FY 2020-21

Utility User Tax

The voters of Vernon established a utility user tax of six percent on electricity, gas, telecommunications, video, and water utility services for industrial customers in 2018 which will sunset in 2028. Revenue from the tax goes toward the General Fund. In 2020-21, the utility user tax generated \$12.4 million for the General Fund or 23 percent of General Fund tax revenue.¹²

Parcel Tax

The City has a special parcel tax that is broken into two parts – a Warehouse Special Parcel Tax (\$0.37020 per square foot of gross land area) and a Public Safety Special Parcel Tax (\$0.03683 per square foot of taxable parcel area). The Warehouse tax was approved by voters in 1998 and does not have a sunset date. The Public Safety tax was approved by voters to begin in fiscal year 2013-14, with a sunset date in 2022-23. In the April 2023 General Municipal Election voters approved extending the tax to June 30, 2028. The Warehouse tax is levied on the square footage of warehouses, and the Public Safety tax is levied on the square footage of any land not taxable by the Warehouse tax. The Public Safety tax can be used for fire and police protection services and health services, while the Warehouse tax can be used for infrastructure projects and public safety costs. In FY 2020-21, the parcel tax generated \$14.6 million for the General Fund, or 27 percent of General Fund tax revenue.¹³

Business License Tax

In FY 20-21, the City collected approximately \$5.8 million in business license tax revenues, or approximately 11 percent of the City's general tax revenues. The City has three classes of business license taxes: one for warehousing, one for businesses conducting warehousing and another business at the same location, and one for other businesses. Warehousing businesses pay \$1,200 for the first 5,000 square feet of space, and \$0.21 per square foot above 5,000 feet. The maximum tax for warehouses is \$11,950. The City charges taxes on businesses conducting warehousing and another business at the same location based on a formula including both the

¹² Source: City of Vernon 2020-21 ACFR

¹³ Source: City of Vernon 2020-21 ACFR

square footage of the business and the number of employees. All other types of businesses which do not provide warehousing services pay a tax based on the number of employees, with a maximum tax of \$28,450.

Property Tax

The City receives approximately 7 percent of the property tax collected within the City as general tax revenue. In FY 2020-21, about \$4.7 million, or 9 percent, of the City's general tax revenues were derived from property taxes.¹⁴

Charges for Services

Charges for services accounted for approximately \$9.5 million in FY 2020-21 across all governmental funds.¹⁵ Most charges for services are related to building and planning, including plan checks, fire and engineering inspections, and plan review services. The City also charges for licenses and permits.

Intergovernmental Revenues

In general, intergovernmental revenues consist of Federal, State, and local reimbursements for disasters and mutual aid agreements, and specific use grants. By their nature, these revenues tend to fluctuate more than other revenue sources. The City of Vernon receives intergovernmental revenues related to the Road Maintenance and Rehabilitation Act, vehicle license fees in excess, homeowner's property tax exemption reimbursement, Community Development Block Grant funds, Air Quality Management District funds, California Oil Recycling Enhancement Act funds, Beverage Container Recycling grants, State grants, and other appropriations from the Federal government, State of California, and Los Angeles County. The City received approximately \$1.4 million in intergovernmental revenue in FY 2020-21.

¹⁴ Source: City of Vernon 2020-21 ACFR

¹⁵ Source: City of Vernon 2020-21 ACFR

The City also collects property tax in-lieu of motor vehicle license fees. In FY 2022-23, the City expected to collect \$11,000 in property tax in-lieu fees in General Fund revenues.¹⁶

OPERATING EXPENDITURES

Figure 8 shows the actual City General Fund expenditures from FY 2018-19 through FY 2020-21 based on the audits for these respective years. Total General Fund expenditures amounted to \$57.8 million in FY 2018-19 and increased to \$61.6 million in 2020-21.

Figure 8: City of Vernon Actual Historical Expenditures

Category	2018-19	2019-20	2020-21	Change from 18-19 to 20-21
General Government	\$13,011,907	\$16,602,618	\$15,129,409	16%
Public Safety	32,767,869	28,879,578	34,754,653	6%
Public Works	7,229,130	6,889,486	7,054,990	-2%
Health Services	1,370,284	1,090,460	1,357,199	-1%
Capital Outlay	3,400,211	1,407,607	3,312,390	-3%
Total Expenditures	57,779,401	54,869,749	61,608,641	7%

Figure 9 breaks down the City's departmental operating expenditures by function between FY 2018-19 and FY 2020-21.

Figure 9: Vernon Department Expenditures

Department	2018-19	2019-20	2020-21
General Government	\$14,311,593	\$17,837,919	\$15,238,548
Public Safety	38,115,862	33,619,674	33,919,854
Health Services	1,435,301	1,148,622	1,280,046
Public Works	12,582,806	11,222,632	10,468,302
Total Expenditures	66,445,562	63,828,847	60,906,750

Source: Vernon Audit "Statement of Activities"

Vernon's departmental operating expenditures decreased by approximately 8.3 percent between FY 2018-19 and FY 2020-21. This was largely due to savings from contracting with the County for fire protection services.

¹⁶ Source: City of Vernon 2022-23 Budget

PERFORMANCE STANDARDS

RSG analyzed three different performance measures to evaluate the City of Vernon's fiscal performance. The three measures include reserve fund balances, pensions and other post-employment benefits ("OPEB"), and third-party fiscal health evaluations. The findings are outlined below.

RESERVE FUND BALANCE

The City of Vernon has an unappropriated fund balance policy for General Fund reserves, which requires an unappropriated fund balance of 60 days of working capital. Vernon also has a policy to maintain a reserve of \$5 million for working capital in the event of a natural disaster or operating emergency. The City's projected economic uncertainty reserve is \$5 million for FY 2021-22. The City's remaining unreserved or undesignated General Fund reserve balance is \$10.4 million. The City is in compliance with its reserve policy.

PENSION AND OPEB OBLIGATIONS

The City of Vernon contributes toward a California Public Employees' Retirement System pension plan. The City sponsors one safety plan and one miscellaneous plan for qualifying employees.

Vernon also offers an OPEB plan that provides medical and dental benefits to retirees who retire at age 50 or later with at least 20 years of City service. The plan also provides lifetime medical benefits to Police Management employees and their spouses who have been employed as safety personnel for at least 20 years total, 10 of which must have been with the City of Vernon. City contributions towards retiree medical benefits vary depending on the date of retirement and the employee group. Retirees participating in the City's retiree medical program are required to enroll in Medicare at age 65, at which time a supplemental benefit is available. All City employees share in the cost of funding the pension plan by paying the employee portion as well as 3% of the employer's required contribution. The City has established an irrevocable OPEB trust and contributed \$1.9 million to the trust in FY 2020-21. The total balance of the trust is \$12,874,359 as of March 31, 2023.

The City had a long-term net pension liability of \$135 million and a total OPEB liability of \$20 million at the end of FY 2020-21. The City's historical pension liability and OPEB liability are outlined in Figure 10.

Figure 10: Vernon Pension and OPEB Liabilities

Vernon	2018-19	2019-20	2020-21
Total OPEB Liability/(Surplus)	\$25,279,784	\$26,186,840	\$27,215,028
Plan Fiduciary Net Position	2,179,655	4,268,189	7,003,178
Net OPEB Liability/(Surplus)	23,100,129	21,918,651	20,211,850
Net Pension Liability/(Surplus)	\$113,498,553	\$120,808,743	\$135,300,761
Net Benefit Liability/(Surplus)	136,598,682	142,727,394	155,512,611

Source: 2018-19, 2019-20, and 2020-21 ACFRs

The City's pension indicators provide insight into the City's pension plan health. The City's employer contribution compared to the actuarially determined contribution, total covered payroll, and employer contribution rate are outlined in Figure 11.

Figure 11: Vernon Pension Indicators

Vernon	2018-19	2019-20	2020-21
Actuarially Determined Contribution	\$10,919,705	\$12,334,768	\$12,630,490
Employer Contribution	10,919,705	12,334,768	12,630,490
Covered Payroll	29,734,036	27,170,257	22,974,641
Employer Contribution Rate	36.7%	45.4%	55.0%

Source: 2018-19, 2019-20, and 2020-21 ACFRs

The City has historically made employer contributions equivalent to the actuarially determined contribution and the employer contribution rate has increased incrementally over the last three years with the decreases to covered payroll.

CALIFORNIA STATE AUDITOR FISCAL HEALTH EVALUATION

The California State Auditor completed an audit of local governments in the State to determine which cities may be facing fiscal challenges by assessing risk associated with various fiscal indicators. The fiscal health analysis examined liquidity, debt burden, General Fund revenues,

revenue trends, pension obligations, pension funding, pension costs, future pension costs, OPEB obligations, OPEB funding, and overall risk. The Auditor ranked all 431 cities in California on each fiscal indicator, with 1 being the highest risk, and 431 the lowest risk.

As of FY 2020-21, the City of Vernon ranked 79 out of 431 cities (or 27 out of 130 cities in the Los Angeles region, which stretches from southern Orange County up to Ventura) and is considered to be at moderate financial risk. Previously, in FY 2016-17, the Auditor ranked Vernon as high risk due to challenges with General Fund reserves, a high debt burden, liquidity, and OPEB funding.

Vernon's current moderate risk status means that the State Auditor has determined the City has some risk of "experiencing financial distress" based on ten financial indicators. Two fiscal indicators, debt burden and OPEB funding, were ranked high risk by the state auditor. Two other fiscal indicators, general fund reserves and future pension costs, were ranked moderate risk. The final six fiscal indicators (liquidity, revenue trends, pension obligations, pension funding, pension costs, and OPEB obligations), were all ranked low risk.

SOI RECOMMENDATIONS

RSG's recommended determinations related to any potential Vernon Sphere of Influence amendments are presented by topic below.

1. Present and Planned Land Uses

Development growth is constrained under present land uses within the City's current boundary. In order to increase housing and the population of the community, Vernon is currently working to develop mixed-use zoning districts for the western part of the City on Santa Fe Avenue. These districts will be mixed-use to take advantage of lot sizes that are not optimal for single-family housing. Although the Plan is still in development, City staff project that this area could increase the population by approximately 2,500 people.

2. Present and Probable Need for Public Facilities and Services

While Vernon's storm drains, sewer infrastructure, and streets are in need of general upgrades across the City, City staff indicated that infrastructure has the capacity to take on residential growth. If the City's population continues to grow or Vernon expands its SOI, it will likely have to hire more police officers to cover more areas, and potentially increase its contract with the Los Angeles County Fire Department to provide additional staffing and equipment.

3. Present Capacity of Public Facilities and Services

Currently, Vernon's storm drains, sewer infrastructure, and streets are in need of general upgrades. The City has the capacity and funding to implement repairs on an as-needed basis.

4. Social or Economic Communities of Interest

RSG did not identify any social or economic communities of interest.

5. Disadvantaged Unincorporated Community Present and Planned Need for Facilities and Services

Vernon's SOI includes two small uninhabited unincorporated areas. Neither of these areas are classified as DUCs. City staff have expressed that Vernon would be open to exploring whether annexation of these areas would be feasible for the City.

RSG recommends that LAFCO staff reconfirm Vernon's SOI to its current boundaries.

MSR DETERMINATIONS

Pursuant to Government Code Section 56430, the requisite CKH determinations for this MSR for Vernon are presented below:

1. Population Projections and Growth

The City has grown significantly over the past decade and has grown faster than the County average. However, the population of Vernon continues to remain low at less than 300 residents. This poses a major threat to the City due to the limited availability of candidates to run for City Council.

While future population growth is currently projected to be slower, the City is actively working to increase the population both through exploring annexation options and through increasing housing stock. If these opportunities move forward, the population may grow much more rapidly. There are limited opportunities for growth within the current City boundaries, so the City will likely have to expand its SOI to ensure a sustainable population.

2. Disadvantaged Unincorporated Communities in or Contiguous to SOI

The City SOI does not contain any DUCs. The City's SOI contains two LAFCO- identified unincorporated islands or pockets, both of which are uninhabited. The City as a whole qualifies as a disadvantaged community.

3. Present and Planned Capacity of Public Facilities

Vernon is in need of infrastructure (storm drain and sewer) upgrades across the City, but does not currently have the funding to implement large-scale infrastructure projects. The City is able to conduct routine repairs as needed.

4. Financial Ability to Provide Services

The City of Vernon experienced increases in General Fund revenues from 2018-19 through 2020-21. Expenditures decreased over the same period. However, from 2020-21 through 2022-23, Vernon's expenditures have increased, largely due to expenses for supplies/services and capital outlay. The City is considered to be at moderate financial risk by the State Auditor.

Vernon has taken steps to improve its financial position, most notably in dissolving its fire department and contracting with the CFPD. This step has helped Vernon reduce expenditures on salaries and benefits, and has also helped mitigate its pension liability.

5. Opportunities for Shared Facilities

Vernon is not considering opportunities for sharing facilities, infrastructure, or services in the future, and does not currently have any such arrangements with neighboring jurisdictions.

6. Accountability for Community Service Needs

The City Council is elected on an at-large basis. Vernon's website includes information about City Council meetings, public meetings, and other City services. The City streams City Council and Commission meetings online via its website and Youtube. The City is active on four social media platforms: Facebook, Twitter, Instagram, and Youtube.

The small population of Vernon poses a challenge to government accountability in the future due to the limited availability of candidates to run for City Council. As previously mentioned, the City is aware of this problem and is actively working to increase its population in order to ensure accountability in the future.

7. Any Other Matter Related to Effective or Efficient Service Delivery as Required by Commission Policy

The City and LAFCO staff did not identify any other matters related to effective or efficient service delivery as required by LAFCO Policy.

APPENDICES

APPENDIX 1: VERNON SPHERE OF INFLUENCE



