



4305 Santa Fe Avenue, Vernon, California 90058  
Telephone (323) 583-8811

March 14, 2011

Chris Wall  
Field Auditor  
California Public Employees' Retirement System  
Lincoln Plaza North  
400 Q Street, Room 2242  
Sacramento, CA 94229-2701

Dear Chris:

Enclosed with this letter are answers to the additional questions you have asked. The City of Vernon has worked diligently to compile the information you have requested. The City believes that it has now responded to all of your outstanding questions and document requests. Please feel free to contact me if you need any further information.

Sincerely,

A handwritten signature in blue ink that reads "Joaquin Leon". The signature is written in a cursive, flowing style.

Joaquin Leon  
Deputy City Treasurer

## ADDITIONAL CALPERS INQUIRIES

- 1. Can you provide me with additional background and documentation as to why the City began paying employees through both payroll and 1099's?**

The City has been employing this compensation structure since the 1970's. None of the current City of Vernon employees were present when this practice was first implemented.

- a. Do you have resolutions or any other documentation to help clarify the issue?**

In compliance with its document retention policy, the City does not possess records from this period to explain the practice.

- b. We understand that some practices have been in place for many years but the question is more specific to employees working for the City during the review period. Specifically, four employees (Fresch, Burnett, Harrison, and O'Callaghan) were paid through regular payroll and also received additional compensation classified as non-employee compensation on 1099 Misc. forms which were not reported to CalPERS as compensation. Can you explain why the City decided to pay these four employees in this manner?**

In drafting the contracts for Eric Fresch, Rory Burnett, Jeffrey Harrison and Donal O'Callaghan the City employed the same compensation structure it had implemented for the last forty years. The City Council approved this compensation structure after careful consideration of these employees' contracts.

- c. What type of work was conducted and paid through regular payroll vs. work conducted and paid as non-employee compensation utilizing 1099 Misc forms?**

The same type of work was conducted and paid through regular payroll and 1099 payments. The type of work conducted did not determine the payroll structure; rather, the number of hours worked determined whether employees were paid through regular payroll or 1099 payments. All contracted hours were paid through regular payroll while all overage hours were paid utilizing a 1099 form.

- d. Furthermore, can you explain why, rather than giving Eric Fresch a salary increase in the same manner as all of the other City employees the City reduced the hours in his contract, and increased the hourly rate of pay for the hours worked beyond the contracted hours? This additional compensation was paid as non-employee compensation on 1099 Misc. forms. In addition, please explain how the City determined the higher hourly rate of pay and why it was increased? Is the higher rate of pay for duties performed in addition to those duties as an assistant City attorney I? If so, please identify all positions, payrates, and percentage of time spent in each position.**

The City Council approved these hourly rates after negotiation with Eric Fresch and careful consideration of his contract and contributions to the City of Vernon. The explanation and documentation previously provided is all that is available.

- 2. Job descriptions and contracts for the City Attorney positions. I know you provided me with the Job description for Willard Yamaguchi as risk manager; however, I wanted to make sure there is no additional information I can provide to CalPERS to help determine if this position should be classified as safety. We reviewed the documents provided; however, we still need a duty statement, or any other document specifying the services City Attorneys provided to the City of Vernon. Also, please provide the duty statements for all of the City Attorneys that provided services to the City during the review period, including the position of Special Council.**

Willard Yamaguchi will submit a signed declaration detailing the duties he performed as Chief Deputy City Attorney and Risk Manager for the City of Vernon. This declaration will be sent on or before March 21, 2011 in a separate submission. For all other attorneys, their duty descriptions are contained in their contracts. The documentation previously provided is all that is available.

- 3. Can you provide me with the resolution that shows 25% longevity pay was included in regular earnings for all managerial employees? The resolutions you provided described the former longevity policy; however, we still need an explanation as to why all of the department heads received a 25% salary increase effective service period 7/07-4? Also, please include any other information such as resolutions approving the salary increase and any other documentation justifying the salary increase.**

The former longevity policy, described in Resolution Nos. 6811 and 9129, is still in force at the City today. Although dated, the City of Vernon continues to implement the longevity pay policies detailed in these resolutions. The documentation previously provided is all that is available.

- 4. I have an additional question about the prior contract for Rory Burnett. His original contract is for \$28,333.00 for 120 hours per month. That equates to an hourly payrate of \$236.11. The contract stated that additional hours were paid at \$375.00 per hour. Can you please explain the difference between the two hourly payrates? We understand the hourly rate was approved by the City Council; however, we are still unclear as to how the hourly rate was determined? Why did the rate of pay change/increase? Do you consider this to be an overtime rate for hours worked beyond the contractual 120 hours? Is the higher rate of pay for duties performed in addition to those performed as the Finance Director? If so, please provide a list of the additional positions as well the duties performed for each position.**

The City Council approved these hourly rates after negotiation with Rory Burnett and careful consideration of his contract and contributions to the City of Vernon. The hourly rate listed in Rory Burnett's contract was paid for overage hours worked in excess of the number of hours Mr. Burnett contracted to provide each month. Rory Burnett did not receive any additional compensation for duties performed outside of his role as

the Finance Director. The explanation and documentation previously provided is all that is available.

5. I'm having trouble locating the resolution that contains acting pay for the special compensation that was paid to Gregory Bringhurst in the 6/10-3 service period. Do you know what salary resolution will contain this special compensation? I reviewed Resolution No. 9522 and it does not specify the dollar amount that should be paid to the employee as acting pay. Can you provide me with a copy of the Administrative Directives? What we are trying to determine is the following; in service period 6/10-3, Gregory Bringhurst received \$76.94 for acting pay; however, based in the information provided we can not determine whether the compensation paid was properly computed and reported to CalPERS. To help us clarify the issue we are requesting additional information, specifically, what was Mr. Bringhurst acting as? For how many hours did he get acting pay and at what rate?

Gregory Bringhurst received acting pay in the amount of \$1.6030 per hour for serving 48 hours as an Acting Engineer. Mr. Bringhurst's pay calculation has been computed below. Mr. Bringhurst's timesheet supporting this calculation is also attached for your convenience.

Gregory M. Bringhurst

Positions:

Firefighter, Step 1  
Firefighter, acting as Engineer

Compensation:

Engineer, Step 3	\$7,639 Monthly	\$31.4794 Hourly
Firefighter, Step 1	\$7,250 Monthly	<u>\$29.8764 Hourly</u>

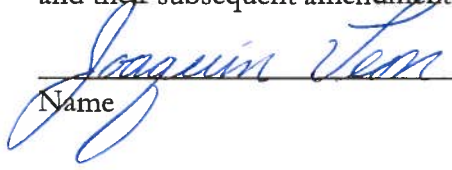
Acting Pay

Hourly Difference as Acting Engineer	\$1.6030 Hourly
Difference	
Service as Acting Engineer	<u>x 48 Hours Worked</u>
Total	\$76.94

6. You have identified the following current and former employees as holding multiple positions concurrently at the City of Vernon. Please provide the approved salary schedules for each of the positions occupied, whether compensated or not, and identify what percentage of time the employee spent providing services in each position. (a) Riordan Burnett; (b) Kristen Enomoto; (c) Eric Fresch; (d) Jeffrey Harrison; (e) Joaquin Leon; (f) Bruce Malkenhorst Sr.; (g) Bruce Malkenhorst Jr.; (h) Daniel O'Callaghan; (i) Robert Toering; (j) Martha Valenzuela; (k) Mark Whitworth; (l) Willard Yamaguchi.

The City of Vernon has compiled charts indicating what percentage of time current employees spent performing duties in each of their positions. These charts also indicate whether their positions are compensated or uncompensated. The City of Vernon is unable to determine what percentage of time former employees spent in each of their

positions. These former employees include: Jeffrey Harrison; Bruce Malkenhorst, Sr.; Bruce Malkenhorst, Jr; Daniel O'Callaghan; and Robert Toering. However, the City of Vernon can state that, while employed by the City, Daniel O'Callaghan's full time position was Director of Light & Power and Robert Toering's full time position was Assistant Director of Industrial Development. All other positions occupied by these two individuals were overtime positions. Lastly, the recent salary schedules applicable to some of these positions can be located at Resolution Nos. 9639, 9342, 9089, 2010-33 and their subsequent amendments.

  
Name

Deputy City Treasurer  
Title

**RORY BURNETT**

TIME PERIOD	POSITIONS	PERCENTAGE OF TIME	CLASSIFICATION	COMPENSATED
9/21/2005 – 5/2/2006	Finance Director	100%	Full Time Position	Y
5/3/2006 – 5/20/2007	Finance Director	100%	Full Time Position	Y
	Treasurer and Auditor for the Natural Gas Financing Authority	Less than 1%	Overtime Position	N
5/21/2007 – 8/30/2009	Finance Director	100%	Full Time Position	Y
	Treasurer and Auditor for the Natural Gas Financing Authority	Less than 1%	Overtime Position	N
	Treasurer for the Industrial Development Authority	Less than 1%	Overtime Position	N
8/31/2009 – 2/28/2010	Finance Director	100%	Full Time Position	Y
	Treasurer and Auditor for the Natural Gas Financing Authority	Less than 1%	Overtime Position	N
	Treasurer for the Industrial Development Authority	Less than 1%	Overtime Position	N
	City Treasurer	5%	Overtime Position	N
3/1/2010 – 11/1/2010	Finance Director	100%	Full Time Position	Y
	Treasurer and Auditor for the Natural Gas Financing Authority	Less than 1%	Overtime Position	N
	Treasurer for the Industrial Development Authority	Less than 1%	Overtime Position	N
	City Treasurer	5%	Overtime Position	N
	Executive Director of the Redevelopment Agency	Less than 1%	Overtime Position	N
11/2/2010 – Present	Finance Director	100%	Full Time Position	Y
	Treasurer and Auditor for the Natural Gas Financing Authority	Less than 1%	Overtime Position	N
	Treasurer for the Industrial Development Authority	Less than 1%	Overtime Position	N
	City Treasurer	5%	Full Time Position	N

**KRISTEN ENOMOTO**

<b>TIME PERIOD</b>	<b>POSITIONS</b>	<b>PERCENTAGE OF TIME</b>	<b>CLASSIFICATION</b>	<b>COMPENSATED</b>
3/16/2009 – 2/28/2010	Council Department Manager	100%	Full Time Position	Y
3/1/2010 – 1/31/2011	Council Department Manager	100%	Full Time Position	Y
	Deputy City Clerk	25%	Overtime Position	N
2/1/2011	Council Department Manager	100%	Full Time Position	Y

**ERIC FRESCH**

<b>TIME PERIOD</b>	<b>POSITIONS</b>	<b>CLASSIFICATION</b>	<b>PERCENTAGE OF TIME</b>
7/1/2005 – 12/12/2006	City Attorney	Full Time Position	100%
12/13/2006 – 5/6/2007	Acting City Administrator	Overtime Position	5%
	Assistant City Attorney I	Full Time Position	100%
5/7/2007 – 3/15/2009	Assistant City Attorney I	Full Time Position	100%
	City Administrator	Overtime Position	10%
3/16/2009 – 5/10/2009	Assistant City Attorney I	Full Time Position	100%
	City Administrator	Overtime Position	10%
	Special Counsel	Overtime Position	5%
5/11/2009 – 1/4/2010	Assistant City Attorney I	Full Time Position	100%
	Special Counsel	Overtime Position	5%



**JOAQUIN LEON**

<b>TIME PERIOD</b>	<b>POSITIONS</b>	<b>PERCENTAGE OF TIME</b>	<b>CLASSIFICATION</b>	<b>COMPENSATED</b>
3/30/2009 – 2/28/2010	Deputy City Treasurer	100%	Full Time Position	Y
3/1/2010 – Present	Deputy City Treasurer	100%	Full Time Position	Y
	Finance Director/Treasurer for the Redevelopment Agency	Less than 1%	Overtime Position	N

**MARTHA VALENZUELA**

<b>TIME PERIOD</b>	<b>POSITIONS</b>	<b>PERCENTAGE OF TIME</b>	<b>COMPENSATED</b>
5/21/2008 – Present	Director of Personnel	50%	Y
	Director of Business Services and Purchasing	50%	Y

**MARK WHITWORTH**

<b>TIME PERIOD</b>	<b>POSITIONS</b>	<b>PERCENTAGE OF TIME</b>	<b>CLASSIFICATION</b>	<b>COMPENSATED</b>
7/1/2006 – 7/20/2010	Fire Chief	100%	Full Time Position	Y
7/21/2010 – 9/15/2010	Fire Chief	100%	Full Time Position	Y
	Interim City Administrator	50%	Overtime Position	N
9/16/2010 – Present	Fire Chief	100%	Full Time Position	Y
	City Administrator	50%	Overtime Position	N

**WILLARD YAMAGUCHI**

<b>TIME PERIOD</b>	<b>POSITIONS</b>	<b>PERCENTAGE OF TIME</b>	<b>CLASSIFICATION</b>	<b>COMPENSATED</b>
4/21/2004 – 5/6/2007	Chief Deputy City Attorney	100%	Full Time Position	Y
5/7/2007 – 2/28/2010	Chief Deputy City Attorney	100%	Full Time Position	Y
	Risk Manager	Less than 10%	Overtime Position	N
3/1/2010 – Present	Chief Deputy City Attorney	100%	Full Time Position	Y
	Risk Manager	Less than 10%	Overtime Position	N
	City Clerk	10%	Overtime Position	N
	Executive Director for the Vernon Natural Gas Financing Authority	Less than 1%	Overtime Position	N
	Secretary of the Redevelopment Agency	Less than 1%	Overtime Position	N

6/10-3

CITY OF VERNON  
EMPLOYEE'S TIME SHEET

FIRE DEPARTMENT

FROM: 05/23/10 TO: 06/05/10

NAME	EMP#	MO.	HOURLY	DATE												TYPE OF TOTAL	AMOUNT		
				23	24	25	26	27	28	29	30	31	1	2	3			4	5
		SALRY		A	A	B	C	C	A	A	B	B	C	C	A	A	TIME	TIME	
AGON, STEPHEN *H.M. PAY \$57.69	923	10334	42.5851		X	X										X	16	2742.47 1022.04 51.69	
ARMELLINI, DAN *H.M. PAY \$57.69	965	9714	40.0302		X	X										X	16	3522.66 940.72 57.69	
BARKER, DOUG *H.M. PAY \$57.69	966	7102	29.2664		X	X										X	16	4541.07	
BRINGHURST, GREG *H.M. PAY \$57.69 *Bilingual pay - \$125.1 Apr. Erg 4.9	948	7250	29.8764		X	X										X	16	3277.84 57.69 702.99 146.98 173.60 4359.85	
CASS, AARON	839	6236	25.6978		X	X										X	16	2878.15 128.47 99.94 3096.58	
CASTRO, ALLEN *H.M. PAY \$57.69 *Bilingual pay \$125.1	821	6362	26.2170		X	X										X	16	2786.89 57.69 125.10 181.83 314.63 3544.88	
			TOTAL: 24718.02	24	716.02													24	2882.45

83 AZ MAT PAY  
624 - \$19,770.60  
81 13 - 98 - \$1982.76  
OT - 241 - \$702.39  
TOTAL: 24718.02 24716.02  
RESAP - \$968.22  
RESAP - \$250  
RESAP - \$938.66  
ACR. PAY \$76.94  
LMM PAY \$282.45