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**Board of Directors**

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March 22, 2021

Board of Directors  
Triunfo Water & Sanitation District  
Ventura County, California

**VENTURA REGIONAL SANITATION DISTRICT HOURLY RATES FY2021-22**

**Recommendation**

It is recommended that the Board receive and file the Ventura Regional Sanitation District (VRSD) Hourly Rates FY2021-22 provided as per TSD Contract No. T15-003 / VRSD Contract No.15-014-1 between Triunfo Water & Sanitation District and Ventura Regional Sanitation District.

In compliance with, ARTICLE 1: RETENTION OF VRSD, Section 1.4 (applicable excerpt):

1.4 On or before March 15 of each year, VRSD shall make its best efforts to furnish TSD with preliminary estimates relating to the cost of VRSD's performance of Services for the next fiscal year (beginning July 1).

On March 11, 2021 Ventura Regional Sanitation District Board adopted the VRSD Hourly Rates for FY2021-22 which included a new Overhead Allocation Method.

VRSD's adopted Overhead Allocation Method is comprised of four equally weighted factors (# of employees, invoices paid, invoices billed, and revenue collected) that better match overhead allocation among the Solid Waste (SW) and Water/Wastewater (WWW) divisions with the resources required by each division. The change in overhead allocation method resulted in an average 5% or \$148,000 increase of Triunfo's labor budget, when applied to the current FY21 Adopted Budget.

In addition to the change in overhead allocation method, Triunfo's labor budget was also affected by a combination of the elimination of Administrative services and a shift in the proportion of operating expenses between the SW and WWW divisions. The combination of these two factors resulted in an average increase of approximately 4% or \$109,000 to Triunfo's labor budget (FY21 Adopted Budget); thus accounting for the 9% increase in Triunfo's labor budget.

The increase in VRSD's hourly rates represents a \$257,000, or (6.6%) increase in the total VRSD Operating & Maintenance services when applied to the current FY 21 Adopted Budget.

The rate adjustment now makes VRSD's Water/Wastewater division self-sufficient and viable, should current customers continue contracting with VRSD for services. VRSD does not anticipate future rates to fluctuate significantly beyond the standard CPI adjustments, with continued current customer base.

Please contact me at (805) 658-4646 or email TinaRivera@vrsd.com if you have any questions or need additional information. Also, VRSD staff will be available during the Board meeting to respond to any questions on this item.



ALVERTINA RIVERA, DIRECTOR OF FINANCE

REVIEWED AND APPROVED:

  
\_\_\_\_\_  
Mark Norris - General Manager

- Attachments: 1. VRSD Hourly Rates 2021-22  
2. VRSD March 11, 2021 Board Letter, Consider and Approve Proposed FY21-22 Hourly Rates for VRSD Services

**VENTURA REGIONAL SANITATION DISTRICT**  
**ADOPTED HOURLY RATES**  
**JULY 1, 2021 THROUGH JUNE 30, 2022**

			FY 2021		FY 2022	
<u>CENTRAL ADMINISTRATION</u>			Hourly	OT	Hourly	OT
Div.	Pos.	Title				
CA	110	Human Resources Technician	\$84	\$126	\$85	\$128
CA	207	Administrative Assistant	\$84	\$126	NA	NA
CA	209	Office Assistant	NA	NA	NA	NA
CA	601	Fiscal Assistant	\$86	\$129	\$82	\$123
CA	605	Senior Fiscal Assistant	\$86	\$129	\$82	\$123
CA	208	Executive Assistant/Clerk of the Board	\$103	\$155	\$107	\$161
CA	103	Management Analyst	\$114	NA	NA	NA
CA	109	Senior Management Analyst	\$114	NA	NA	NA
CA	112	Safety Officer	\$121	NA	\$135	NA
CA	607	Accountant	\$114	NA	\$130	NA
CA	608	Senior Accountant	\$114	NA	\$130	NA
CA	111	Human Resources Manager	\$131	NA	\$146	NA
CA	502	Director of Finance	\$175	NA	\$209	NA
CA	501	General Manager	\$197	NA	\$234	NA
<u>OPERATIONS</u>			Hourly	OT	Hourly	OT
Div.	Pos.	Title				
WWW	209	Office Assistant	\$84	\$126	\$84	\$126
WWW	207	Administrative Assistant	\$84	\$126	\$84	\$126
WWW	909	W/WW Helper	\$66	\$103	\$82	\$123
WWW	908	W/WW Worker	\$90	\$135	\$101	\$152
WWW	911	Electrical/Mechanical Worker	\$104	\$156	\$110	\$165
WWW	916	W/WW Operator in Training	\$104	\$156	\$110	\$165
WWW	905	W/WW Treatment Operator I	\$104	\$156	\$110	\$165
WWW	906	W/WW Treatment Operator II	\$104	\$156	\$110	\$165
WWW	910	W/WW Treatment Operator III	\$104	\$156	\$110	\$165
WWW	913	W/WW Treatment Operator IV	\$104	\$156	\$110	\$165
WWW	914	W/WW Treatment Operator V	\$104	\$156	\$110	\$165
WWW	450	Environmental Resource Analyst	\$110	\$165	\$127	\$191
WWW	901	Instrumentation Technician	\$107	\$161	\$128	\$192
WWW	915	Electrical & Instrumentation Control Supervisor	\$131	NA	\$128	NA
WWW	720	W/WW Operations Supervisor	\$131	NA	\$139	NA
WWW	723	W/WW Operations Superintendent	\$141	NA	\$156	NA
WWW	950	Operations Manager	\$172	NA	\$156	NA
SW	820	Solid Waste Equipment Operator	\$104	\$156	\$110	\$165
SW	314	Engineering Technician	\$107	\$161	\$128	\$192
SW	320	Engineer	\$131	NA	\$139	NA
SW	315	Senior Engineer	\$131	NA	\$139	NA
SW	319	Senior Engineering Technician	\$131	\$197	\$139	\$209
SW	506	Director of Operations	\$175	NA	\$166	NA

- EMERGENCY CALL OUTS ARE PER PERSON, PORTAL TO PORTAL (3 HOUR MINIMUM).
- OBSERVED VRSD HOLIDAYS WILL BE CHARGED AT DOUBLE TIME (3 HOUR MINIMUM).
- OVERHEAD RATES APPLIED, AS FOLLOWS:

All Other Services: 15%



March 11, 2021

Board of Directors  
Ventura Regional Sanitation District  
Ventura, California

**CONSIDER AND APPROVE PROPOSED FY21-22 HOURLY RATES FOR VRSD SERVICES**

**RECOMMENDATIONS**

- A. Consider various options for FY21-22 Hourly Rates for VRSD Services.
- B. Approve and adopt Option B (Resource Requirement) as the FY21-22 Hourly Rates for VRSD Services.
- C. Direct staff to return to the Board of Directors with modified reserve policies based on the District's Proposed Reserves Policy.

**FISCAL IMPACT**

The VRSD Hourly Rates are calculated to ensure that revenues are sufficient to cover associated expenditures/costs for the Water/Wastewater Operations. The allocation of associated indirect/overhead costs is a policy issue reserved for Board review and approval. The Board decision on the allocation of the associated indirect/overhead costs impacts the long-term viability of the Solid Waste Operations, as well as the entire District. Specifically, the allocation of these costs will impact District service rates charged to water/wastewater clients, both private and public, as seen in columns A (Operating Expense method), H (Halfway method) and B (Resource Requirement method) of the Rate Sheet Attachment.

**BACKGROUND**

The District's Water/Wastewater Operations are exclusively funded through service fee income instead of property taxes. VRSD staff prepares Hourly Rates each year for inclusion in the annual operating budget. These rates are used to establish billing rates for all VRSD labor and services. The hourly rates reflect VRSD's direct costs and indirect/overhead for the Water/Wastewater Operations.

**HISTORY**

This cost allocation issue and its consequences has been a frequent subject of Board review and discussion. The Board recently discussed cost allocation overhead and its

impact on the FY 2022 Hourly Rates at its February 11, 2021 meeting at which time the Board requested the presentation of the two allocation methods (Operating Expense and Resource Requirement) at one of their future meetings. Subsequently, VRSD staff made a more detailed discussion of the FY 2022 Hourly Rates at the March 4, 2021 Board meeting. This resulted in your Board requesting an analysis of additional cost allocation scenarios besides the Operating Expense method or the Resource Requirement method.

Specifically, the Board asked that the additional scenarios include an overhead allocation method halfway between Option A - Operating Expense and Option B - Resource Requirement (hereinafter referred to as Option H). The Board also requested a scenario with varying solid waste tonnage received from the City of Oxnard (instead of the basic assumption that Oxnard would not send any of their waste to VRSD's Toland Road Landfill for disposal) and this resulted in 45 different scenarios when combined with the various options for reserve policies and their application, which was also discussed during the March 4, 2021 meeting. The Proposed Hourly Rates have been updated from the original rate sheet presented at the March 4<sup>th</sup> Board Meeting due to further analysis during the Staff review process in the last few days.

The current cost allocation methodology, which was discussed in nine separate VRSD public meetings in 2018, was approved by your Board on September 6, 2018 for use beginning in FY2019-20. The methodology allowed the District to continue to offer competitive water/wastewater services to a broad range of private and public entities in the fulfillment of its statutory charter as a regional solid and wastewater sanitation agency.

## **ANALYSIS**

Included as Attachment 2 to this Board letter is a document titled Expected Date of Fiscal Emergency Under Various Cost Allocation Scenarios, which presents the different scenarios requested by the Board, with varying assumptions on: (a) the MSW tonnage from City of Oxnard; (b) the reserve policies; and (c) reserve policy application. The analysis shown in Attachment 2 is intended to show how these different cost allocation scenarios impact District operations and when District operations are expected to fail financially.

Shaded in red are the years in which Solid Waste operations become fiscally unviable and shaded in green are the scenarios under which Solid Waste operations remain fiscally viable. Fiscal unviability in this board letter and on Attachment 2 is defined as either 1) the District would not be able to maintain the reserves indicated for the given scenario (for solid waste operations), or 2) the billing rates indicated by the scenario will likely cause a loss of customers leading to a downward spiral (for Water/Wastewater operations). The analysis demonstrates that regardless of the hourly rates option chosen (A, H, or B), under any cost allocation scenario, VRSD Water/Wastewater operations are simply fiscally unviable. This conclusion was drawn from discussions with our existing customer base and through careful review of the market/competition for water/wastewater services.

**PROPOSAL**

The Board should consider which allocation method of overhead costs it wishes to incorporate in setting rates. Based on that choice, the rates required will be either in Option A (Operating Expense), H (Halfway) or B (Resource Requirement).


The Board-approved hourly rates will be used to establish total compensation amounts for annual contracts for existing public and private sewage sanitation clients and for any new public or private sanitation contracts or clients for services rendered. In addition, VRSD is expected to provide these rates to the Triunfo Water & Sanitation District (TWSD) Board in March of each year to facilitate preparation of TWSD's annual budget.

The District's Proposed Reserves Policy will (a) remove the requirement to maintain capital improvement project and debt service reserves; and (b) proposes only maintaining a 3-month Operating Reserve for Solid Waste and a \$1 million insurance reserve related to financial assurances legally required on the closure/post-closure funding of the District landfills. But all statutory closure and post-closure reserves will be maintained. This proposal will return to the Board for future approval in the form of a revised policy.

This letter and corresponding Hourly Rate sheet has been reviewed by Legal Counsel as to form.

If you have any questions or need additional information, please contact me by phone at (805) 658-4600 or via email at ChrisTheisen@vrsd.com.

CHRIS THEISEN, GENERAL MANAGER

APPROVED FOR BUDGET IMPACT:   
Alvertina Rivera, Director of Finance

APPROVED FOR AGENDA:   
Chris Theisen, General Manager

Attachments: 1. Ventura Regional Sanitation District Proposed Hourly Rates FY21-22 Options  
2. Expected Date of Fiscal Emergency Under Various Cost Allocation Scenarios

**VENTURA REGIONAL SANITATION DISTRICT  
PROPOSED HOURLY RATES  
JULY 1, 2021 THROUGH JUNE 30, 2022**

			FY 2021		OPTION A FY 2022		OPTION H FY 2022		OPTION B FY 2022	
<b>CENTRAL ADMINISTRATION</b>			Hourly	OT	Hourly	OT	Hourly	OT	Hourly	OT
CA	110	Human Resources Technician	\$84	\$126	\$85	\$128	\$85	\$128	\$85	\$128
CA	207	Administrative Assistant	\$84	\$126	NA	NA	NA	NA	NA	NA
CA	601	Fiscal Assistant	\$86	\$129	\$82	\$123	\$82	\$123	\$82	\$123
CA	605	Senior Fiscal Assistant	\$86	\$129	\$82	\$123	\$82	\$123	\$82	\$123
CA	208	Executive Assistant/Clerk of the Board	\$103	\$155	\$107	\$161	\$107	\$161	\$107	\$161
CA	103	Management Analyst	\$114	NA	NA	NA	NA	NA	NA	NA
CA	109	Senior Management Analyst	\$114	NA	NA	NA	NA	NA	NA	NA
CA	112	Safety Officer	\$121	NA	\$135	NA	\$135	NA	\$135	NA
CA	607	Accountant	\$114	NA	\$130	NA	\$130	NA	\$130	NA
CA	608	Senior Accountant	\$114	NA	\$130	NA	\$130	NA	\$130	NA
CA	111	Human Resources Manager	\$131	NA	\$146	NA	\$146	NA	\$146	NA
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CA	501	General Manager	\$197	NA	\$234	NA	\$234	NA	\$234	NA
<b>OPERATIONS</b>			Hourly	OT	Hourly	OT	Hourly	OT	Hourly	OT
WWW	209	Office Assistant	\$84	\$126	\$78	\$117	\$81	\$122	\$84	\$126
WWW	207	Administrative Assistant	\$84	\$126	\$78	\$117	\$81	\$122	\$84	\$126
WWW	909	W/WW Helper	\$66	\$103	\$76	\$114	\$79	\$119	\$82	\$123
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- OVERHEAD RATES APPLIED, AS FOLLOWS:

All Other Services: 15%

# VENTURA REGIONAL SANITATION DISTRICT

## Expected Date of Fiscal Emergency Under Various Cost Allocation Scenarios

	Solid Waste (0% of Oxnard)			Solid Waste (50% of Oxnard)			Solid Waste (67% of Oxnard)			Water/Wastewater Labor Budget Changes		
	Option A 62/38	Option H 56/44	Option B 50/50	Option A 62/38	Option H 56/44	Option B 50/50	Option A 62/38	Option H 56/44	Option B 50/50	Option A 62/38	Option H 56/44	Option B 50/50
Proposed Reserves Policy - Solid Waste and Water/Wastewater Each Responsible for Their Own Reserves	FY 2029	FY 2029								FY 2022 (30% Avg Increase)	FY 2022 (32% Avg Increase)	FY 2022 (36% Avg Increase)
Proposed Reserves Policy - Solid Waste Makes Up Necessary Reserves	FY 2025	FY 2025	FY 2025				FY 2029	FY 2029	FY 2029	FY 2023 (4.20% Avg Increase)	FY 2023 (6.50% Avg Increase)	FY 2023 (9.60% Avg Increase)
Existing Reserves Policy - Solid Waste Makes Up Necessary Reserves	FY 2024	FY 2024	FY 2024				FY 2023	FY 2023	FY 2023	FY 2023 (4.20% Avg Increase)	FY 2023 (6.50% Avg Increase)	FY 2023 (9.60% Avg Increase)
Proposed Reserves Policy for Solid Waste & No Reserves for Water/Wastewater	FY 2029	FY 2029								FY 2023 (4.20% Avg Increase)	FY 2023 (6.50% Avg Increase)	FY 2023 (9.60% Avg Increase)
Existing Reserves Policy for Solid Waste & No Reserves for Water/Wastewater	FY 2025	FY 2025	FY 2025	FY 2025	FY 2025	FY 2025	FY 2025	FY 2025	FY 2027	FY 2023 (4.20% Avg Increase)	FY 2023 (6.50% Avg Increase)	FY 2023 (9.60% Avg Increase)

Item # 6

Item # 7