



TRIUNFO SANITATION DISTRICT

A PUBLIC AGENCY

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Providing Outstanding Service Since 1963

April 22, 2019

Board of Directors
Triunfo Sanitation District
Ventura County, California

DISCUSSION: SEWER SERVICE CHARGES VIA DIRECT BILLING COMPARED TO COUNTY OF VENTURA TAX ROLLS

Summary

Historically, the District collects its annual sewer service charges through the tax rolls at a cost of one-quarter of one-percent (0.25%) of the total amount. For FY2018-2019 the amount collected was \$8,825,405 with a service charge of \$22,063 for the 10,759 accounts. In addition, due to the timing of payments by parcel owners, the District was paid approximately \$7,725 in interest for the holding of the service fees to coincide with the two payments received. As a way to potentially enhance the Triunfo Sanitation District's (District) cash flow, investment strategies, and customer recognition, Chair Orkney requested that staff research the cost impacts of the District invoicing its customers through direct monthly billing instead of using the County of Ventura Tax Rolls. In analyzing the cost impacts for the District to direct bill its customers, several options were considered and are presented in the following table. The costs are based on the 10,759 accounts (3,500 water customers so bill to include sewer) and \$8.8M in fees:

Billing Cycle	Staff Time (filing, billing, payments)	Mailing Costs	Processing Costs (non- staff)	Interest	Total Cost
Quarterly	\$16,000	\$17,500	\$8,000	\$14,000	\$27,500
Bi-Monthly	\$22,500	\$26,000	\$12,000	\$18,000	\$42,500
County (2)	\$4,000	-	\$22,063	\$7,725	\$18,338

Based on the District's historical billing records for its water customers, staff estimates on that on average the District would experience a 7% delinquency rate, of that 7%, approximately 0.5% would end up in collections. Although there would be a 10% late payment penalty applied to those delinquent accounts, which if paid, would likely offset

the additional costs to process billings. Should accounts be forwarded to collections however, the District only receives 40% of the actual amount so any penalties collected would likely be offset by losses resulting from the collection process. A major benefit of utilizing the tax rolls for collection of fees is that the County could on behalf of the District pursue non-payment via a tax lien process.

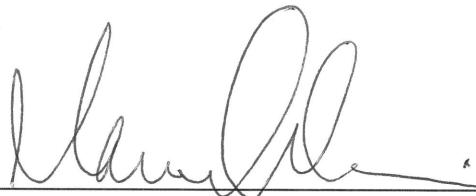
In order to support direct billing, the District will need to invest in a new payment system to handle the likely increase in e-check and credit card payment transactions. The estimated cost of a new systems is \$60,000. Staff anticipates there would also be an increase in the level of customer service needed to facilitate a direct billing method which could result in additional staff impacts.

Please contact me at 805-658-4621 or email marknorris@vrzd.com if you have any questions or need additional information.

Recommendation

It is recommended the Board discuss the feasibility of the direct billing option and provide direction to staff.

REVIEWED AND APPROVED:



Mark Norris - General Manager

Attachment: None