

April 3, 2025

Board of Directors  
Ventura Regional Sanitation District  
Ventura, California

**RECEIVE AND FILE MIDYEAR REVIEW OF 2024/25 BUDGET; CONSIDER AND APPROVE PROPOSED FY 2024/25 BUDGET ADJUSTMENTS**

**RECOMMENDATIONS:**

- A. Receive and file an update on changes in financial position based on revised projections for VRSD funds for FY 2024/25.
- B. Approve and authorize staff to make the recommended adjustments to the FY 2024/25 Budget.
- C. Approve the designation of the Local Agency Investment Fund (LAIF) investment account as a reserve for funding Public Agency Retirement Services (PARS) obligations

**FISCAL IMPACT**

The fiscal impact of the Proposed Budget Adjustments will have an overall positive impact of \$1,417,115 on the Toland Road Landfill operations and a negative impact of \$914,440 on Water/Wastewater operations.

**BACKGROUND**

In June 2023, the District adopted a two-year budget for fiscal years 2023/24 and 2024/25. The current year's budget has been adjusted in accordance with the Board's previous direction which includes budget adjustments approved by the Board and carry-over of unexpended prior fiscal year allocations. In preparation for the upcoming two-year budget cycle, staff undertook an in-depth review of the current year's budget performance and determined that a variety of budget adjustments are recommended to meet the current priorities and needs of the District, as well as to align the budget with the financial realities of the District.

**PROPOSED BUDGET ADJUSTMENTS**

A detailed list of all recommended budget adjustments is included as Attachment #1 to this board letter and is incorporated herein by reference. Additionally, a brief narrative explaining the reasons for the recommendations can be found in the follow section.

## **BRIEF EXPLANATIONS FOR PROPOSED BUDGET ADJUSTMENTS**

### Toland Road Landfill Fund:

Reductions of \$65,000 in **Contract Labor & Material Revenues** to reflect the reduction in contract work for reimbursable landfill related services, primarily at the closed Santa Clara-Oxnard Landfill.

Increases of \$1,150,000 in **Refuse fees** due to higher volume than projected from Direct Haul, Commercial and Cash customers, and recent Mountain Fire debris activity.

Increases of \$562,000 in **Interest Earnings** resulting from a strategic change to shift investments from a managed portfolio to CAMP liquidity and fixed-term investments as well as a higher yield environment.

Reductions totaling \$216,000 in **Salary and Benefit** related to: (a) vacant positions; (b) higher overtime costs as a result of some capital project work; and (c) opening some Saturdays or extended hours during the week to meet the needs of EJ Harrison and the Mountain Fire remediation customers.

Reductions of \$130,000 in **Worker's Compensation** because of better than anticipated experience modifier rate and lower than projected wages.

Increase of \$5,000 in **Investment fees** as a result of having to meet the minimum investment fee for the managed portfolio. Over the last couple of years, the District shifting its investment strategy by placing less of its portfolio in active management, and investing in the CAMP pool which has yielded higher return rates without any risk of principal loss with less investment fees.

Increase of \$6,000 for **Credit Card fees** as a result of higher gate activity/drive-up customers at Toland Road Landfill.

Reductions of \$15,000 in **Legal fees** related to solid waste matters as legal resources have been redirected towards more administrative/agency governance support.

Increases of \$56,000 in **Electricity** costs to account for new LFGCS flare recently put in place and higher electricity rates.

Increase of \$12,000 for **Lab Services & Supplies** to cover customer reimbursable testing services.

Increase of \$50,000 for **Leachate & Condensate** being removed via off-site hauling from Toland Road Landfill because of inability to use leachate on site.

Reductions of \$90,000 in **Operating Supplies** primarily due to over-estimating expenditures. Current year actuals are expected to fall in-line with prior year actuals.

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Reductions of \$ 89,000 in **Operating Services** primarily due to over-estimating expenditures. Current year actuals are expected to fall in-line with prior year actuals.

Increase of \$200,000 in **Heavy Equipment Maintenance** costs for major repairs incurred on the D8T & D9T dozers and a dump truck.

Increase of \$60,000 **Equipment Usage** charges to reflect the use of water/wastewater equipment at the landfill.

Increase of \$133,000 in **Depreciation** costs as a result of placing in service new heavy equipment and the new flare.

Increase of \$270,000 in **Post-closure Reserve** funding as a result of higher than projected tonnage from Commercial, Direct Haul, and Mountain Fire debris activity.

Bailard Fund:

Increase of \$15,000 in **Interest Earnings** resulting from a combination of shift investments from a managed portfolio to CAMP liquidity investments and a better interest rate environment.

Increase of \$2,000 in **Electricity** costs to account for higher electricity rates.

Increase of \$2,000 **Equipment Usage** charges to reflect the use of water/wastewater equipment at the landfill.

Reductions of \$11,136 in **Depreciation** costs as a result of some assets becoming fully depreciated in May of 2024.

Water/Wastewater Fund:

Reductions totaling \$1,220,000 in **Contract Services Revenue** as a result of loss of the Triunfo Water & Sanitation District (TWSD) & Top O'Topanga W/WW contracts.

Reductions totaling \$445,240 in **Salary and Benefit** related to vacant positions as a result of loss of the TWSD & Top O'Topanga W/WW contracts

Reductions of \$51,000 in **Worker's Compensation** costs resulting from a better than anticipated experience modifier rate and lower than projected wages.

Increase of \$12,000 for **Lab Services & Supplies** to cover customer reimbursable testing services.

Increase of \$150,000 for **Operating Services** to cover customer reimbursable services.

Reductions of \$4,070 for **Water** costs previously associated with TWSD.

Increase of \$24,750 for **Trash Disposal** cost related to the Saticoy pond cleaning, which is reimbursable by the customer.

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Increase of \$8,000 for **Electricity** costs resulting from higher rates, which is reimburseable by the customers.

#### Overhead Fund:

Reductions totaling \$64,278 in **Salary and Benefit** costs primarily as a result of the vacant Safety Officer position.

Reductions of \$12,979 in **Worker's Compensation** costs resulting from a better than anticipated experience modifier rate and lower than projected wages.

Increase of \$50,000 in **Legal fees** as legal resources have been refocused on administrative support projects including the General Manager recruitment, file organization, and agency governance matters.

Increases in **Other Professional Services** totaling \$50,000 to cover recruitment costs for the General Manager position and consulting services associated with the conditional use permit required to maintain the Bailard facility as the District headquarters.

### **PROPOSED RECOMMENDATION FOR FUNDING OF PARS LIABILITY**

The District has established two trust accounts with PARS for funding of the District's Retirement Enhancement Plan (REP) and retiree medical contributions (OPEB). The OPEB trust account is overfunded by \$577,066 as of June 30, 2024, while the REP trust account is underfunded by approximately \$5,400,000 as of June 30, 2024 based on valuation estimates as of June 30, 2023. The District has been funding these trust accounts to reduce its unfunded liability until the last 3-years when it essentially paused its contributions to these trust accounts while continuing to budget for contributions to reduce the unfunded liability. The decision for pausing the actual contributions was meant to accomplish a couple of things.

The first thing was to allow the downsizing effects of the organization that began in 2020 to be reflected in the unfunded liability projection which are derived from actuarial studies which run a couple of years behind to avoid overfunding of the trust. Since contributions to the trust account can't be taken back until the entire obligation of the trust account is fulfilled. Fulfillment is defined as, making the final payment to the last person entitled to receive the benefit of the trust. Given the irrevocability of contributions, its important not to overfund the trusts otherwise the District's assets would remain inaccessible for potentially decades.

The second reason for holding off on making the budgeted contributions was to protect those contributions from the market volatility that was taking place in the investment markets at the time. As examples of the volatility in FY 2022 the 1-year investment return was a **loss** of 7.57% and the 3-year annualized return as of June 30, 2024 was 0.61%. By holding those funds in District investment accounts, the District was able to obtain a higher return on those funds, but most importantly safeguarded those funds.

For the same reasons, staff initially paused the contributions to the PARS trust accounts, staff recommends continuing to hold the designated contributions within the District's investment accounts. However, instead of continuing to carry-over the expenditure allocations, which currently equals approximately \$1,200,000, staff recommends designating the Local Agency Investment Fund (LAIF) account as a reserve for PARS liability funding instead of making a  
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contribution payment to the PARS trust account. This recommendation is based on the fact that contributions to the PARS trust account are irrevocably restricted even primarily in an over-funded situation. As the handful of employees covered under the PARS plan are retiring, the District will be in a better position to more concisely assess its liability under this program.

This letter has been reviewed by VRSD legal counsel as to form.

If you should have any questions or need additional information, please contact me at (805) 658-4646 or via email at TinaRivera@vrsd.com.



ALVERTINA RIVERA, DIRECTOR OF FINANCE

APPROVED FOR AGENDA:



Chris Theisen, General Manager

Attachment: 1. Detailed List of Recommended Budget Adjustments

## ATTACHMENT #1

### Detailed List of Recommended Budget Adjustments

Fund	Acct	Amount	One-time / Ongoing	Description
Toland	210-40100	(15,000)	Ongoing	Contract Labor
Toland	210-40101	(50,000)	Ongoing	Contract Materials
Toland	300-40200	350,000	Ongoing	Transfers
Toland	300-40201	800,000	Combination	Direct Haul
Toland	300-40202	(20,000)	Ongoing	Hard to Handle
Toland	300-4020X	20,000	One-time	Extmeded Hrs of OP
Toland	300-40250	10,000	Ongoing	Misc
Toland	100-40520	455,000	Combination	Interest - Securities
Toland	100-40530	75,000	Combination	Interest - LAIF
Toland	100-40550	32,000	Combination	Interest - CDs
Toland	320-40620	12,115	One-time	Disposal of Assets
Toland	150-51010	12,000	One-time	Salaries
Toland	300-51010	(150,000)	One-time	Salaries
Toland	300-51040	45,000	One-time	Overtime
Toland	320-51010	7,000	Ongoing	Salaries
Toland	320-51040	(5,000)	Ongoing	Overtime
Toland	300-51211	(25,000)	Ongoing	VCERA
Toland	300-51218	(100,000)	Ongoing	Cafeteria
Toland	300-51224	(120,000)	Ongoing	Worker's Comp
Toland	320-51224	(10,000)	Ongoing	Worker's Comp
Toland	100-52153	5,000	Ongoing	Investment Fees
Toland	100-52154	6,000	Combination	Credit Card Fees
Toland	100-52070	(40,000)	One-time	Attorney Fees
Toland	210-52070	25,000	One-time	Attorney Fees
Toland	300-52115	50,000	Ongoing	Leachate
Toland	210-52195	1,000	Ongoing	electricity
Toland	300-52195	55,000	Ongoing	electricity
Toland	210-52155	12,000	Ongoing	Lab Services & Supplies
Toland	210-52185	(20,000)	Ongoing	Operating Supplies
Toland	300-52185	(70,000)	Ongoing	Operating Supplies
Toland	300-52186	(89,000)	Ongoing	Operating Services
Toland	320-52204	200,000	One-time	Heavy Equip maint
Toland	300-52210	60,000	Ongoing	Equipment Usage
Toland	320-52264	133,000	Ongoing	Depreciation
Toland	300-60550	270,000	Combination	PCL
Bailard	300-40520	15,000	Combination	Interest Income - Securities
Bailard	300-52195	2,000	Ongoing	electricity
Bailard	300-52210	2,000	Ongoing	Equipment Usage
Bailard	320-52264	(11,136)	Ongoing	Depreciation
W/WW	210-40100	(1,200,000)	Ongoing	Contract Services Rev - Labor

W/WW	210-40101	80,000	Ongoing	Contract Services Rev -Materials & Supp
W/WW	210-40102	(100,000)	Ongoing	Contract Services Rev - Equipment
W/WW	150-51010	(11,000)	Ongoing	Salaries
W/WW	300-51010	(320,000)	One-time	Salaries
W/WW	320-51010	11,000	Ongoing	Salaries
W/WW	210-51211	(35,000)	Ongoing	VCERA
W/WW	100-51218	(55,000)	Ongoing	Cafeteria
W/WW	150-51218	(1,240)	Ongoing	Cafeteria
W/WW	210-51218	(35,000)	Ongoing	Cafeteria
W/WW	320-51218	1,000	Ongoing	Cafeteria
W/WW	100-51224	(6,000)	Ongoing	Worker's Comp
W/WW	210-51224	(45,000)	Ongoing	Worker's Comp
W/WW	210-52155	12,000	Ongoing	Lab Services & Supplies
W/WW	210-52186	150,000	One-time	Operating Services
W/WW	210-52193	(4,070)	One-time	Water
W/WW	210-52194	24,750	One-time	Trash Disposal
W/WW	210-52195	8,000	Ongoing	electricity
Overhead	100-51010	120,000	Ongoing	Salaries
Overhead	120-51010	(65,000)	Ongoing	Salaries
Overhead	130-51010	(38,000)	One-time	Salaries
Overhead	140-51010	(10,148)	Ongoing	Salaries
Overhead	150-51010	(94,000)	One-time	Salaries
Overhead	210-51010	15,000	Ongoing	Salaries
Overhead	100-51040	11,768	One-time	Over-time
Overhead	120-51040	8,140	One-time	Over-time
Overhead	100-51211	23,000	Ongoing	VCERA
Overhead	120-51211	(7,000)	Ongoing	VCERA
Overhead	130-51211	(4,000)	One-time	VCERA
Overhead	140-51211	(1,250)	Ongoing	VCERA
Overhead	150-51211	(12,000)	One-time	VCERA
Overhead	210-51211	(1,500)	Ongoing	VCERA
Overhead	100-51218	11,000	Ongoing	Cafeteria
Overhead	120-51218	(13,000)	Ongoing	Cafeteria
Overhead	140-51218	(428)	Ongoing	Cafeteria
Overhead	150-51218	(7,560)	One-time	Cafeteria
Overhead	210-51218	700	Ongoing	Cafeteria
Overhead	100-51224	(10,000)	Ongoing	Worker's Comp
Overhead	120-51224	(1,400)	Ongoing	Worker's Comp
Overhead	130-51224	(300)	One-time	Worker's Comp
Overhead	140-51224	(59)	Ongoing	Worker's Comp
Overhead	150-51224	(1,220)	One-time	Worker's Comp
Overhead	100-52070	50,000	One-time	Attorney Services
Overhead	100-52080	12,000	One-time	Other prof. Services
Overhead	130-52080	38,000	One-time	Other prof. Services

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