FINAL DRAFT

# MUNICIPAL SERVICE REVIEW

## SOLID WASTE SERVICES

Ventura Regional Sanitation District
Channel Islands Beach Community Services District

*Prepared for*:

## Ventura Local Agency Formation Commission

800 South Victoria Avenue
Ventura, California 93009

January 3, 2005

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# I. EXECUTIVE SUMMARY

The Solid Waste Municipal Service Review includes two special districts providing related but different services. The Ventura Regional Sanitary District provides solid waste disposal services through its landfill operations, as well as related contract services to smaller agencies. The Channel Islands Beach Community Services District provides trash collection services to the unincorporated communities of Silver Strand, Hollywood Beach and Hollywood-by-the-Sea.

The Ventura Regional Sanitation District (VRSD) is an enterprise, dependent district formed in 1970 pursuant to Health and Safety Code §4700 et seq. relating to County Sanitation Districts. VRSD provides integrated regional waste treatment and disposal services for all of Ventura County, except the Moorpark and Simi Valley areas. While it was once tax-supported, it voluntarily relinquished those funds to local cities and the County of Ventura and no longer receives tax support of any kind.

The Channel Islands Beach Community Services District (CSD) is a multi-service, independent district formed in 1982 pursuant to Government Code §61000 et seq. relating to Community Services Districts. The District is authorized to provide water, wastewater, and trash collection/recycling services within its boundaries and, via contract with the City of Oxnard, water and wastewater services to portions of Channel Islands Harbor.

LAFCo must conduct service reviews prior to or in conjunction with the mandated five-year schedule for updating SOIs. The service review report must include an analysis of the issues and written determinations for each of the following:

- Infrastructure needs or deficiencies;
- Growth and population projections for the affected area;
- Financing constraints and opportunities;
- Cost avoidance opportunities;
- Opportunities for rate restructuring;
- Opportunities for shared facilities;
- Government structure options, including advantages and disadvantages of the consolidation or reorganization of service providers;
- Evaluation of management efficiencies; and
- Local accountability and governance.

The Solid Waste service review process began in June and will be completed in January of 2005. A four-part questionnaire was sent to the districts requesting data on quantitative, qualitative and boundary issues. Both districts were contacted directly to clarify some of their responses. All data received was entered into the Ventura LAFCo database. The database will be used for subsequent service reviews, sphere of influence studies and other Ventura LAFCo studies and analysis.

For this review, no significant issues were noted relative to growth or infrastructure. Ventura County is projected to grow by approximately 1% annually, however it is the County's policy to direct growth to designated urban areas or existing communities. The Ventura Regional Sanitation District operates the Toland Road Landfill, one of two operating landfills in Ventura County. It also manages five other closed waste disposal sites. The Toland Road Landfill operates under a full Solid Waste Facility Permit issued by the County and is projected to have excess capacity at the facility's estimated closure in 2027. The Channel Islands Beach CSD does not own or maintain any infrastructure related to solid waste services; trash collection is provided by contract with Consolidated Disposal.

Both Districts are operated as enterprise districts and rely on fees for solid waste revenue. VRSD receives grant funding for some capital improvements at the Toland Road Landfill. VRSD is spending reserves as planned for landfill activation and closure and has one of the lowest rates in California for tipping fees. It adjusts rates to compensate for the cost of services provided.

The financial information provided by the Channel Islands Beach CSD indicates a net operating loss for solid waste for each of the four years reported. This may be due to an inadequate rate structure or improper classification of expenses on the questionnaire. The District raised its residential rates in July of 2004. It is recommended that the CSD evaluate its revenue and expenses for solid waste services and determine what course of action may be needed to reduce the operating loss.

Both districts reported unqualified audits for 2003 and are achieving a degree of management efficiency through their operations and planning. The VRSD has received several awards for its management programs.

No other government structure options were noted for the Ventura Regional Sanitation District. As discussed in the Water and Wastewater Municipal Service Review, it is suggested that Ventura LAFCo consider adopting a zero sphere policy and applying it to the Channel Islands Beach CSD. Trash collection services can be addressed in the future by contract, as they currently are, or by in-house service, similar to the cities of Oxnard and Port Hueneme.

# II. SERVICE REVIEW PROCESS

Ventura LAFCo completed the first round of municipal service review reports, which addressed water and wastewater services, in January of 2004. The second round of service review reports includes the following services and agencies:

| SERVICES | AGENCIES |
|---|---|
| Park/Recreation | • Casitas Municipal Water District*<br>• Conejo Recreation and Parks District<br>• County Service Area (CSA) #33<br>• Pleasant Valley Recreation and Park District<br>• Rancho Simi Recreation and Parks District<br>• United Water Conservation District* |
| Cemetery | • Bardsdale Public Cemetery District<br>• Piru Public Cemetery District<br>• El Rancho Simi Cemetery District |
| Solid Waste | • Ventura Regional Sanitation District*<br>• Channel Islands Beach Community Services District* |
| Drainage | • Oxnard Drainage District #1<br>• Oxnard Drainage District #2 |
| Roads | • County Service Area (CSA) # 3<br>• County Service Area (CSA) # 4<br>• County Service Area (CSA) # 14 |
| Community Services | • Bell Canyon Community Services District |

** Also included in the water/wastewater service review report*

The process used to prepare the water and wastewater service review report was also used for the agencies listed above. A four-part questionnaire was distributed to all 17 agencies. The first part collected general information about the agency (contact information, governing body, financial etc), the second part asked for service specific data, the third part included both questions and a map relating to boundary issues and the fourth part was a signature page. The questionnaire was designed to ensure the efficient transfer of data into the LAFCo database.

A meet and confer process was offered to all agencies and included interviews and email/phone conversations. Of the 17 agencies, 15 returned questionnaires although the format, quantity and quality of information returned varied significantly. Agencies which had previously completed the water/wastewater service review questionnaire (Casitas WD, United WCD, Channel Islands Beach CSD and Ventura Regional Sanitation District) were asked to just complete those portions of the questionnaires applicable to the service addressed in current service review.

All information collected from the questionnaires was entered into the Ventura LAFCo database which has been improved to increase its efficiency and facilitate future LAFCo reports.

# III. DISTRICT REVIEW

## A. BACKGROUND

### Definition of a Special District

To ensure the consistent use of the terms “independent and dependent” as well “enterprise and non-enterprise” the following definitions have been used in the municipal service review reports.[1]

#### *Dependent and Independent*

The governing bodies of special districts are either dependent or independent. A dependent district is one in which either a city council or county board of supervisors directly controls the district. An independent special district is one in which the governing body is either directly elected by the voters or appointed for a fixed term of service, often by a board of supervisors. The governing boards can vary with the size and nature of the district.

#### *Enterprise vs. Non-Enterprise*

Enterprise districts render services much like a business enterprise; services are used by individual customers. Residents of special districts typically pay a fee for the services they receive, such as water, wastewater treatment and solid waste collection/disposal. The services for which they pay are known as district "enterprise" functions. The fees are directly tied to the cost of providing the service.

Other services are considered "non-enterprise" functions because they are meant for the benefit of the community and are not funded by direct charges to special district customers. Non-enterprise functions include flood control, groundwater management and fire protection, among others. Because customers do not pay for such services, special districts rely on property tax revenues and other types of voter-approved revenue, such as property-related assessments, fees and charges.

## B. SOLID WASTE AGENCIES

The Ventura Regional Sanitation District (VRSD) was formed in January 1970 pursuant to Health and Safety Code §4700 et seq. relating to County Sanitation Districts. When formed, the District’s boundaries were co-terminus with the County boundaries and the governing board consisted of 22 members. As originally envisioned, the District was to acquire, construct, and operate regional sewage collection, treatment and disposal facilities. In 1971 VRSD became involved with the operation of several solid waste landfill sites. Also in 1971, the state legislature adopted the Solid Waste Management Act making counties responsible for solid waste planning and implementation. Originally these functions were delegated to VRSD, but the County assumed the solid waste planning and implementation functions in 1981.

At the request of the Ventura County Grand Jury, LAFCo conducted a detailed evaluation of the District in 1983 that resulted in special legislation causing a major change in VRSD’s governing structure. In January 1984 the Board of Directors was reduced from 22 members to 5 members (two city representatives, two Board of Supervisor representatives, and one special district representative). In 1985, based on a petition by the cities of Simi Valley and Moorpark, territory within the Simi Valley and Moorpark Unified School District boundaries was detached from the District. In 1988, special legislation was again adopted that changed VRSD’s Board of Directors to 9 members: eight city members (all cities except Simi Valley and Moorpark), and one special district member. The

[1] California Special Districts Association, www.csda.net

County chose to forgo representation at that time because of its enforcement role relative to the District's operations.

Today VRSD remains a dependent district with a 9 member board operating under the County Sanitation District law. It is authorized to acquire, construct, and operate sewage collection, treatment and disposal facilities; to acquire, construct, and operate refuse transfer and disposal facilities; and perform wastewater and solid waste management. The District's primary activities, however, relate to the operation of the Toland Road Landfill, which provides a majority of the District's revenues. A major issue during the 1980s was the District's reliance on property tax revenues. Beginning in 1999, however, VRSD relinquished its share of property tax revenues back to the County and cities within its boundaries. VRSD's boundaries and sphere of influence have remained unchanged since 1988.

The Channel Islands Beach Community Services District (CSD) was formed in 1982 as a successor agency to the Channel Islands County Water District. It provides water, wastewater (sewer) and solid waste (rubbish) collection services in the unincorporated communities of Silver Strand, Hollywood Beach and Hollywood-by-the-Sea. It is an independent special district governed by a 5 member Board of Directors elected at-large for 4-year terms. The CSD was formed pursuant to Government Code §61000 et seq. relating to Community Services Districts. Under this law community services districts are potentially empowered to perform many types of services. Since its inception, however, the CSD has performed and is authorized to perform only water, wastewater and solid waste collection services.

The unincorporated communities served by the CSD are all within its boundaries, as is the water area within Channel Islands Harbor. The CSD's sphere of influence follows its boundaries, but also includes all of the Channel Islands Harbor (land and water areas). Channel Islands Harbor is owned and operated by the County of Ventura, but is within the boundary and sphere of influence of the City of Oxnard. Because the CSD provides water and wastewater collection services via contract to portions of Channel Islands Harbor outside the CSD's boundaries, the sphere of influence reflects the special relationship that exists between the CSD and areas within the Harbor. These areas are not eligible to be annexed into the CSD without the consent of both the County and the City of Oxnard.

## C. AGENCY PROFILES

| VENTURA REGIONAL SANITATION DISTRICT | |
|---|---|
| **Contact:** | Bill Smith, General Manager |
| **Mailing Address:** | 1001 Partridge Drive, Suite 150, Ventura, CA 93003 |
| **Site Address:** | Same |
| **Phone Number:** | 805-658-4642 |
| **Fax Number:** | 805-658-4633 |
| **Email/Website** | billsmith@vrsd.com |
| **Types of Services:** | Solid Waste Disposal, Septic System Maintenance and Monitoring |
| **Population Served:** | 600,000 |
| **Size of Service Area (sq miles):** | 1,693 |
| **Date of Formation** | July 28, 1970 |

| STAFF AND FACILITIES | |
|---|---|
| **Number of Paid Staff** | 29.75 (Solid Waste Division ) |

| FINANCIAL INFORMATION | | | |
|---|---|---|---|
| **Budget: (FY 2004-2005)** | **Revenues*:** | **Expenses*** | **Reserves**** |
| | $8,637,895 | $10,332,384 | $42,448,483 |
| **% Revenue from Fees:** | 89% | | |
| **% Revenue from Grants:** | 2% | | |
| **% Revenue from Other:** | 9% | | |

** for Solid Waste Division only*
***for entire agency at June 30, 2003*

*Excess expense over revenue is funded by an $80,224 transfer from operating reserves and a $1,614,265 transfer from capital reserves.*

| CHANNEL ISLANDS BEACH COMMUNITY SERVICES DISTRICT | |
|---|---|
| **Contact:** | CJ Dillon, Office Manager |
| **Mailing Address:** | 353 Santa Monica Drive, Channel Islands Beach, CA 93035 |
| **Site Address:** | Same |
| **Phone Number:** | 805-985-6021 |
| **Fax Number:** | 805-985-7156 |
| **Email/Website** | cibcsd@prodigy.net |
| **Types of Services:** | Water, wastewater, trash collection, community services |
| **Population Served:** | 5,973 |
| **Size of Service Area (sq miles):** | 9.9 |
| **Date of Formation** | 1982 |

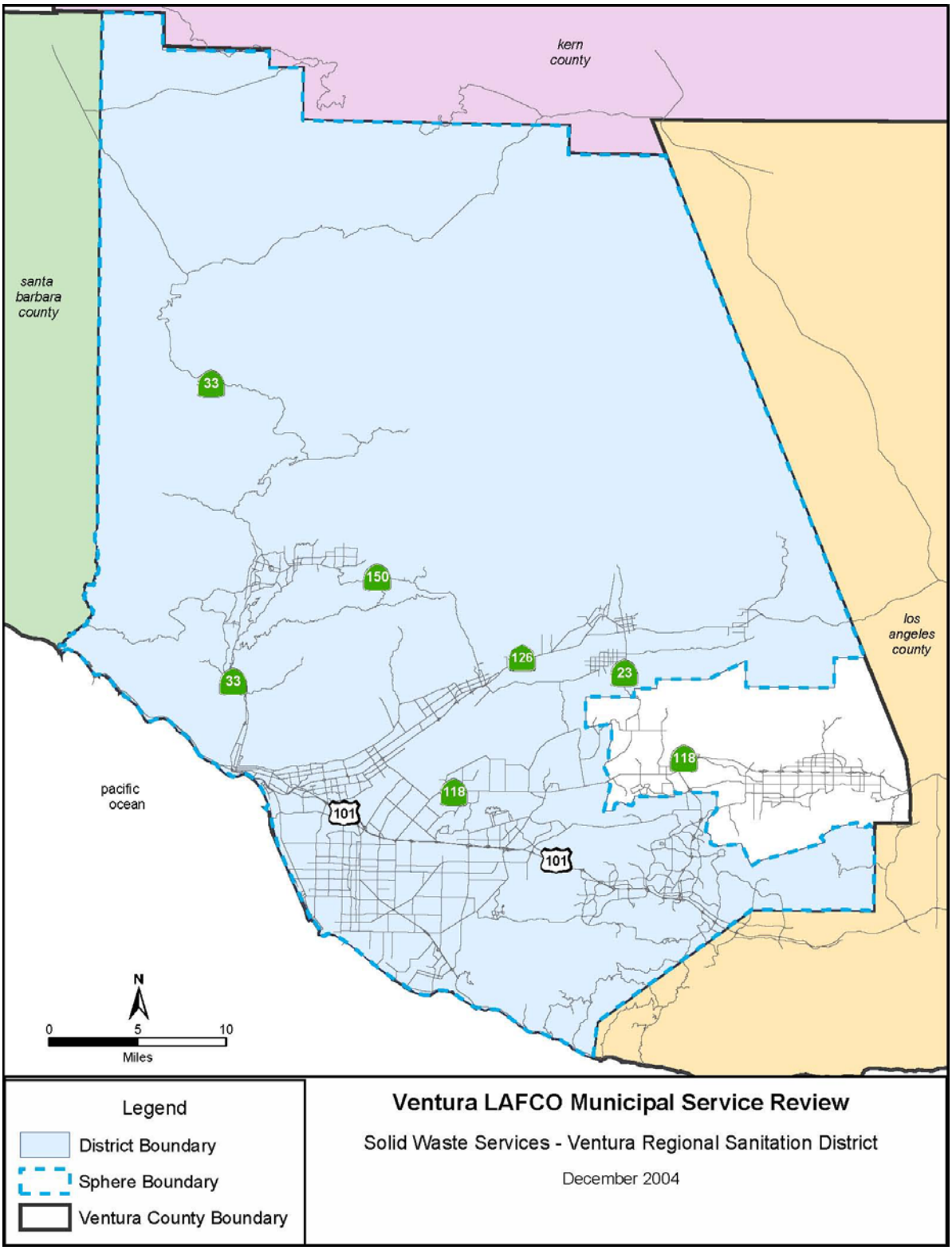
| STAFF AND FACILITIES | |
|---|---|
| **Number of Paid Staff** | 2.03 (solid waste service apportionment) |

| FINANCIAL INFORMATION | | |
|---|---|---|
| **Budget: (FY 2004-2005)*** | **Revenues:** | **Expenses** |
| | $475,300 | $538,377 |

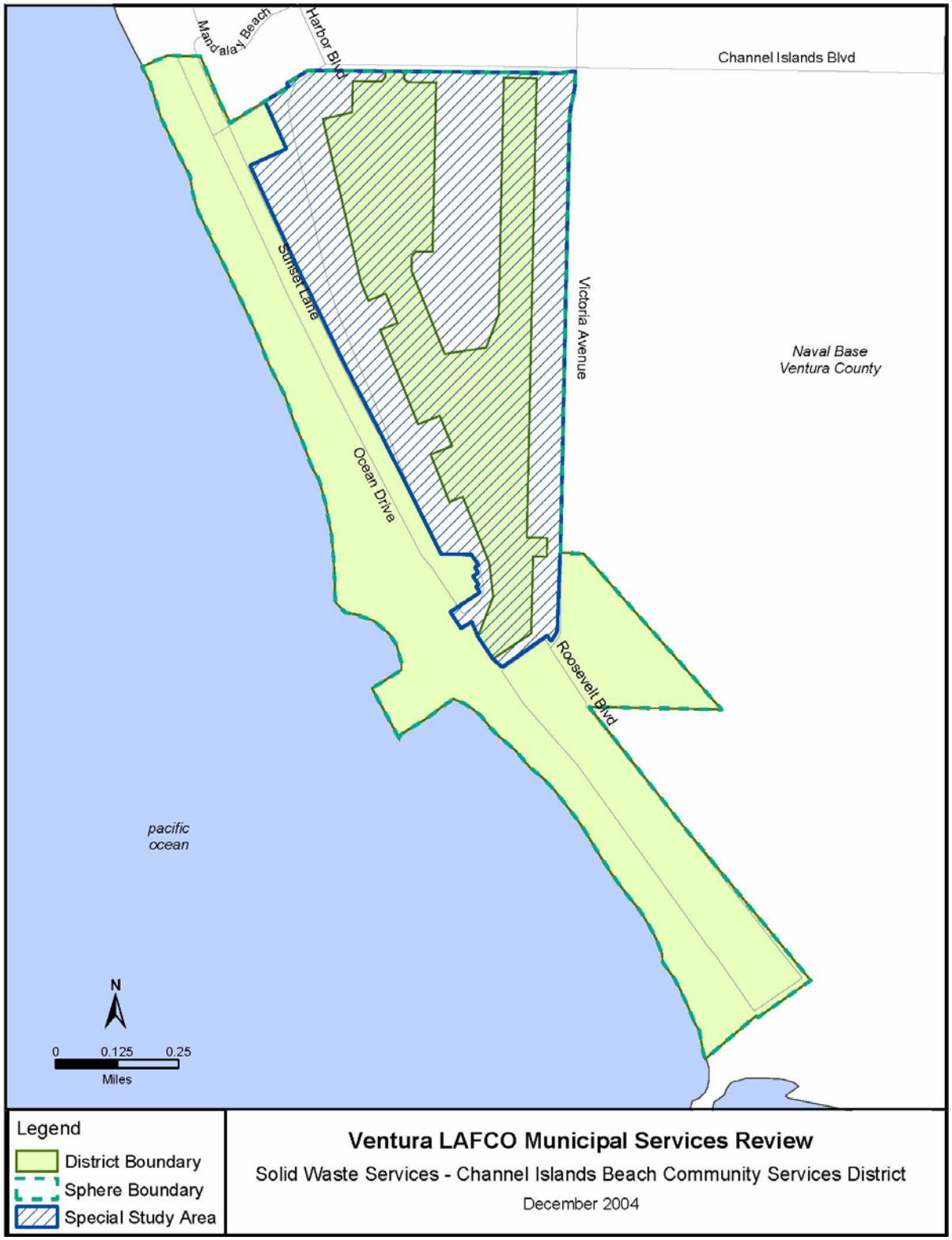
| | |
|---|---|
| **% Revenue from Fees:** | 99% |
| **% Revenue from Other:** | 1% |

**Note: Financial information provided by District for solid waste services only.*

## Map I Ventura Regional Sanitation District



## Map II Channel Islands Community Services District



## D. GROWTH AND POPULATION

Ventura County covers 1,864 square miles and ranks 11th in population out of California's 58 counties, with a Census 2000 count of 753,000. The majority of this population is located in the southern portion of the county. The Los Padres National Forest covers a significant portion of the northern county area where growth and development are limited. The population projections developed for the county by the Ventura Council of Governments (VCOG) are shown below in *Table III-1*. As a comparison, the California Department of Finance (DOF) projections are included as well. VCOG is projecting a 1% annual growth rate, while DOF is projecting 1.5%.

**TABLE III-1**
**Ventura County Population Projections**

| Population | 2005 | 2010 | 2015 | 2020 | 2025 | Annual Growth Rate |
|---|---|---|---|---|---|---|
| VCOG | 796,387 | 836,186 | 874,881 | 915,005 | 951,080 | 1.0% |
| DOF | 818,600 | 877,400 | 934,000 | 1,007,200 | | 1.5% |

The population patterns within Ventura County are critical for the future provision of solid waste services from two perspectives: the first is the need for adequate service levels and disposal facilities, and the second is for acceptable sites to establish treatment, transfer and disposal operations. Without adequate planning, growth and development can limit potential sites for waste facilities. The County has addressed both in its General Plan.

The County's General Plan has six basic land use designations: Urban, Existing Community, Rural, Agricultural, Open Space, and State and Federal Facilities. Each land use type has associated goals and policies. When considering the efficient provision of services, the County has a stated goal to direct urban development to existing cities and unincorporated urban centers and maintain open space between urban areas.

In addition, the Public Facilities and Services section of the County's General Plan addresses waste treatment and disposal facilities. Per the requirements of Government Code §65302(a), solid waste disposal facilities are designated in the Land Use Element of the General Plan. One of the County's policies is that discretionary development adjacent to existing and proposed waste treatment, transfer, and disposal sites shall not conflict with the current and anticipated future use of the facility.

Under AB 939 (Public Resources Code §40000 et seq.), the County and cities are required to develop comprehensive solid waste planning documents known as Source Reduction and Recycling Elements (SRREs), Nondisposal Facility Elements (NDFEs), and Household Hazardous Waste Elements (HHWEs) for the management of wastes generated within their respective jurisdictions.[2] In addition, the County is responsible for the preparation and administration of a Countywide Integrated Waste Management Plan (CIWMP) which incorporates each of the elements listed above. The CIWMP

[2] Ventura County Integrated Waste Management Plan, Summary Plan, June 2001.

considers the county's solid waste needs in terms of the projected growth in population, and must be consistent with the General Plan.

The Ventura Regional Sanitation District provides solid waste services for the entire county, except the Moorpark and Simi Valley areas. The District operates the Toland Road Landfill three miles west of Fillmore, one of two disposal sites in the county that is currently operating. Trash generated by the communities in the Santa Clara Valley (Fillmore, Santa Paula and Piru) is allowed to be disposed of at the facility directly; all other solid waste must come through a transfer station. This facility is included in the County's Integrated Waste Management Plan and estimated closure is in May of 2027.

Growth within the boundaries of the Channel Islands Beach Community Services District will be limited due to its coastal location and previous development. The District did not provide its own population projections, and the VCOG does not project population growth for special districts. However, the service area of the CSD is nearly built-out and the CSD relies on the Channel Islands Harbor Master Plan and the Ventura County Public Works Plan to project future growth. The solid waste needs associated with any future population growth could be addressed through a contract amendment with the private company providing the trash collection services.

Although the County will experience growth and land use changes over the next twenty years, the County's General Plan and Integrated Waste Management Plan have addressed solid waste needs related to that growth.

## E. INFRASTRUCTURE NEEDS AND DEFICIENCIES

The Ventura Regional Sanitation District was formed under Health and Safety Code §4700 et seq. The District provides a variety of services related to water, wastewater, and solid waste. In addition to disposal management, it offers source control programs, operations and technical staff augmentation, biosolids processing, disposal projects, asset management, professional services (including customer billing), technology evaluation and inspection services.

The most significant solid waste infrastructure for the Sanitation District is its Toland Road Landfill. The District owns and operates this 217-acre disposal site under a full Solid Waste Facility Permit (SWFP) which includes 285 sub-clauses that outline the parameters for operation. The SWFP was issued by the County of Ventura's Resource Management Agency – Environmental Health Division which serves as the local enforcement agency. The permit was issued on August 29, 2002 and provides for a capacity of 30 million cubic yards and a throughput of 1,500 tons a day. The District developed and maintains over 25 full-scale plans and programs related to the facility's operation. The site is permitted to accept agricultural, construction/demolition, industrial, mixed municipal, and sludge waste types. The SWFP does not have an expiration date although estimated closure is in May of 2027.

The District contracts with the owners of transfer stations for landfill use. 85 to 90% of the waste entering the facility is already presorted. Trash that is generated by the Santa Clara Valley communities is sorted on site and recyclables and hazardous materials are removed. Greenwaste is used as an alternative daily cover, which takes less space than soil. With the operating procedures currently in use, the District projects that there may be 25 to 30% remaining capacity in the landfill at the estimated closure date.

The District noted in its FY 2004-2005 Budget Summary that the Phase IIC liner at the Toland Road Landfill had been completed, allowing for continuous landfill operations into 2007. In the next year

the staff will be evaluating the cost-effectiveness of the Phase III detention basin design which is required in conjunction with the Phase IIIA liner. In addition, completion of the Toland Operations and Maintenance Center is expected in FY 2004-2005, which will greatly improve operating facilities at the site.

The Toland Road Landfill has won multiple awards from professional organizations. It received the *2004 Excellence in Environmental Engineering Honor Award* in the areas of operations and management from the American Academy of Environmental Engineers. It was also awarded the *Silver 2003 Landfill Management Technical Division Excellence Award* from the Solid Waste Association of North America (SWANA). In 2000, SWANA awarded the landfill its *Landfill Excellence Bronze Award*.

The District has five other closed waste sites within the county. The only other open landfill is owned and operated by Waste Management, Inc. as a private enterprise. WMI's Simi Valley Landfill and Recycling Center has a full SWFP, issued by the County of Ventura in May of 2003 for a capacity of 43.5 million cubic yards and 3,000 tons of throughput per day. It accepts construction/demolition, industrial, mixed municipal, and sludge waste types. The permit has no expiration although estimated closure is in 2022.

The Channel Islands Beach Community Services District contracts with Consolidated Disposal Services, a private company, for its trash collection. The District does not own or maintain any infrastructure related to the solid waste services it provides to the community.

## F. Financing Constraints and Opportunities, Cost Avoidance Opportunities and Rate Restructuring

Both districts included in the review provide solid waste services as an enterprise activity, generating revenue through fees for services rather than from property tax. The State's budget act of 2004 includes a number of changes in how local revenues are allocated which directly affect special districts. Both of the districts will be required to contribute to the County's Educational Revenue Augmentation Fund under the program known as ERAF III. The districts are avoiding costs through planning and management of solid waste services; both districts' rate structures are intended to cover the direct and indirect costs of the service.

### Ventura Regional Sanitation District

The Ventura Regional Sanitation District (VRSD) is an enterprise public agency providing integrated regional waste treatment and disposal services. While it was once tax-supported, it voluntarily relinquished that funding source to local cities and the County of Ventura as of July 1, 1999. VRSD no longer receives tax support of any kind and is funded entirely by user fees and revenue generating programs.

VRSD is unusual in that it is an enterprise district operating in at least a quasi market environment. In other words it does not have a guaranteed monopoly position for the services it delivers. Other public and private solid waste landfill operators can attract tonnages now going to the VRSD facility.

Because of these factors VRSD is vulnerable to market changes. It is dependent on the solid waste landfill function to enable it to have the size and scope necessary to provide other technical services to smaller member agencies. However, it has expanded its service offerings to include a broad range of technical, professional and administrative services related to water, wastewater and solid waste management. The District believes that due to its size and staff qualifications, it can achieve

economies of scale which make their contract services competitive, if not less expensive, for smaller agencies who have relied on in-house staffing. The District received its first major reimbursable services contract in 2004.

According to the District's FY 2004-2005 Budget Summary, the budget distribution among departments for the current fiscal year is Solid Waste 59%, Water & Wastewater 26%, and Central Administration 15%. The cost for Central Administration is allocated as overhead to the two other departments with 65% to Solid Waste and 35% to Water & Wastewater.

A summary of the District's financial performance for solid waste services is shown in *Table III-2*.

**TABLE III-2**
**VRSD Financial Performance**

| SOLID WASTE FUNDS | FY 04-05*[3] | FY 03-04*[4] | FY 02-03[5] |
|---|---|---|---|
| Total Direct Revenue | $8,637,895 | $9,634,448 | $7,720,554 |
| Total Direct Expense | $10,332,384 | $13,475,497 | $7,719,384 |
| Income (Loss) | ($1,694,489) | ($3,841,049) | $1,170 |
| Fund Balance, end of year | NP | NP | $14,888,910[6] |
| Working Capital (entire District) | | $42,448,483 | $44,497,365[7] |

** Note: Data includes both Solid Waste Operating and Solid Waste Capital Funds*
*NP = not provided*

The District noted in its FY 2004-2005 budget that amounts shown in FY 2004-2005 are not directly comparable to previous years because of changes in the District's Chart of Accounts that group costs differently. The District is using reserves as intended for landfill activation and closure/post closure costs for the older landfills. The deficit in FY 2003-2004 is the net result of an increase in operating reserves of $723,336 and a decrease in capital reserves of $4,564,385. In FY 2004-2005, the deficit includes a decrease in operating reserves of $80,442 and a decrease in capital reserves of $1,614,265.

The use of reserves should be evaluated within the context of landfill operations. The District operates on an "accumulate and use" trend for its reserves. As noted above, reserve levels are significant for the District as a whole. They are planned for use to increase the level of service at the Toland Road Landfill as well as to carry out post-closure plans on the closed landfills as required under operational permits. As a permit condition, solid waste districts are required to place into reserves a portion of the projected closure and post-closure costs each year that the landfill is in operation. This ensures that there will be adequate reserves to address the closure requirements and to maintain the site for the specified number of years following closure. With the current development of the Toland Road Landfill and the management of five closed sites, the District is using its Solid Waste Capital reserves as intended.

[3] VRSD. Final Budget FY 2004-2005
[4] VRSD. Final Budget FY 2003-2004
[5] Information provided by District on service review questionnaire.
[6] VRSD. Comprehensive Annual Financial Report FY ending June 20, 2003.
[7] VRSD. Final Budget FY 2003-2004

Per the District's Comprehensive Annual Report for FY 2002-2003, the District had $43,717 in notes payable related to the Toland Road Landfill. Its long-term liability for landfill closure and postclosure costs for all five of its landfill sites was approximately $25 million. The District accounts for these costs in accordance with GASB Statement No. 18, with costs to cover closure and maintenance/monitoring for 30 years after closure accrued during the period the landfill is operated.

Currently, the District appears to be in a relatively stable position, mainly due to the competitiveness of the Toland Road Landfill in the region. The facility received 346,061 tons of refuse in FY 2002-2003 and approximately this amount in each of the previous six years. About 85% of this came from transfer stations operated by the City of Oxnard and Gold Coast Recycling, the landfill's two largest customers. The strong solid waste business the District enjoys is a positive for the overall organization. In addition in FY 2002-2003 the District showed positive growth in contract service revenues, which has improved diversification.

The operating model for this District, while unusual, appears to be stable. It is vulnerable however to significant revenue impacts if landfill tonnages drop and could become unsustainable if landfill usage drops due to cost or market factors. Landfill capacity is also capped so revenue growth will need to come mainly from rate increases, which are subject to regional market forces.

Per the requirements of the State's budget act of 2004, the District will be required to contribute to the County's Educational Revenue Augmentation Fund for FYs 2004-2005 and 2005-2006. The estimated contribution is $2,463 for the first year, which is not significant given the District's revenue levels.

The District is avoiding costs through phased development of the landfill based on future need. The District has a Capital Improvement Program projected out for five years. Capital costs associated with landfill activation are budgeted for the orderly and timely completion of the facility. The District is also avoiding costs by using efficient operating procedures that maximize capacity, such as greenwaste for the daily cover. The District is installing a 70kW microturbine, which is expected to supply all of the Toland Road Landfill's power needs as well as send surplus power to the SCE grid. Additionally, the District has made a fundamental shift to outsource most laboratory tests so that staff can conduct more critical analyses of test results and address contract agency source control needs.

The Toland Road Landfill Fee Ordinance governs the rate structure for the facility. In establishing, rates, the District uses a methodology that seeks to recover costs for services offered. The District's posted gate rate is one of the lowest in California. A flat rate of $25 is charged for pickup loads; self-haul disposal is $25.31 per ton. Haulers who agree to a contract with the District for delivery of a certain daily volume of waste can negotiate lower rates. As a comparison, Waste Management, Inc. charges $29.00 per ton from a transfer trailer and $40.30 per ton for unsorted municipal waste at its Simi Valley Landfill.

Contract services are negotiated with the requesting agency based on level of services and staff type needed. District overhead is charged at 35% on salaries, benefits, and contract labor; 10% on fixed assets; and 15% on other direct expense.

## Channel Islands Beach Community Services District

The Channel Islands Beach Community Services District (CSD) was formed in 1982 as a successor to the Channel Islands County Water District. The CSD is now a multi-service district that provides water, sewage, and rubbish collection service in the unincorporated area of Silver Strand, Hollywood Beach, and Hollywood-by-the-Sea.

The CSD provides trash collection services to 1,668 residential accounts through a contract with Consolidated Disposal Services, a private company. The CSD administers the entire process, including customer billing and arranging for delivery of extra bins, etc.

The CSD's primary revenue sources are water and wastewater utility fees, but significant revenues are derived from the franchised solid waste collection contract. Enterprise revenues account for the vast majority of District funding. Only approximately 13% of total revenues derive from taxes and assessments, none of which are related to the solid waste services. The District's financial performance is summarized below in *Table III-3*.

**TABLE III-3**
**Channel Islands Beach CSD Financial Performance**

| SOLID WASTE SERVICES | FY 04-05[8] | FY 03-04[9] | FY 02-03[10] |
|---|---|---|---|
| Total Operating Revenue | $475,300 | $476,400 | $465,929 |
| Total Operating Expense | $538,377 | $605,849 | $511,070 |
| Net Income (Loss) | ($63,077) | ($129,449) | ($45,141) |
| Fund Balance, end of year (entire district) | NP | NP | $2,650,837*[11] |

*NP = not provided*
**Cash and investments at year end for entire District*

Trash service represents 21% of the CSD's operating revenue. The financial information provided by the District on the questionnaire indicates a net loss for solid waste services for each of the four years which may be due to a misclassification of expenses or an indication that water/wastewater operations are subsidizing the solid waste services to an extent. The solid waste revenue is adequate to cover the cost of the contract; however the District has allocated 2.03 FTE staff to solid waste services which may not be fully covered along with other overhead costs. The CSD's financial statement does not segregate solid waste revenues or expenses, so it is difficult to determine the net financial result of solid waste services. Per the Independent Auditor's report, the CSD had a net income of $102,801 in FY 2002 and a net loss of $112,264 in FY 2003 for all operations (water, wastewater and trash).[12] The State Controller's Report for FY 2001-2002 listed approximately $5.3 million in long-term debt for the District, all related to the water enterprise.

The District receives an apportionment of the County's 1% maximum property tax levy. The District has pledged this revenue to debt service. However, the State's budget act of 2004 included some significant changes in how local revenues are allocated. The District will be required to contribute to the County's Educational Revenue Augmentation Fund for FYs 2004-2005 and 2005-2006. The preliminary estimate for the first year is $87,933, a significant amount given the District's total budget. Although trash collection rates are intended to cover the costs, this change to the District's overall financial condition is a financing constraint and may impact the level of administrative services related to solid waste that the District provides for residents.

[8] Information provided by District on service review questionnaire.
[9] Ibid.
[10] Ibid.
[11] Independent Auditor's Report. Teaman, Ramirez, & Smith, Inc. FY June 30, 2003
[12] Ibid. (report includes FY 2002 for comparison)

The CSD is avoiding costs through the use of a negotiated contract with the service provider. The contract is negotiated every five years; the current agreement was formalized in August of 2002. The District is providing all administrative services for the trash collection service of the District. Due to the District's small size, it is difficult to achieve economies of scale. The CSD should consider preparing a cost analysis to determine if it might be more cost effective to have the contractor handle the administrative services as part of the contract.

The District increased its solid waste fees in July of 2004 from $19.30 per month to $21.30. Each customer receives one refuse and one recycling container, emptied once per week. The area has minimal landscaping so greenwaste collection would not be cost effective and is not offered. Extra services, such as a 3-yard bin or special pickup, are provided for an additional charge. As a comparison the collection rates for nearby cities are shown in *Table III-4* below:

**TABLE III-4**
**Residential Trash Collection Rates**

| SOLID WASTE COLLECTION SERVICES | INCLUDED | MONTHLY RATE |
|---|---|---|
| Channel Islands Beach CSD | 95-gal refuse container<br>65-gal recycling container | $21.30 |
| City of Port Hueneme | 65-gal refuse container<br>95-gal recycling container | $18.30 |
| City of Oxnard | 110-gal split refuse/recycle container<br>70-gal greenwaste container | $23.01 |

The District's rates are comparable to those of other agencies offering similar services. However, the District's rates may not be adequate to cover all direct and indirect expenses associated with solid waste services and administration.

## G. OPPORTUNITIES FOR SHARED FACILITIES, EVALUATION OF MANAGEMENT EFFICIENCIES AND GOVERNMENT STRUCTURE OPTIONS

### Shared Facilities and Management Efficiencies

The Ventura Regional Sanitation District participates in the California Sanitation Risk Management Authority, a Joint Powers Authority created to provide various self-insurance programs to wastewater agencies. It shares facilities through its contract agency agreements, providing highly trained staff to smaller districts for technical expertise and management.

The Sanitation District has 29.75 FTE employees, including 1 management, 5 professional and 23.75 operational. The District has received several management awards, including a *Certificate of Achievement for Excellence in Financial Reporting* for the eleventh year. The District's general manager is a Certified Special District Administrator, one of only 15 in the State.

The Channel Islands Beach Community Services District has several joint service agreements related to water and wastewater, as outlined in the previous Water and Wastewater Service Review. It does participate in insurance pools through ACWA.

The CSD has 2.03 FTE employees allocated for solid waste services, including .29 for management, .58 for support, and 1.16 for operations. The District is currently operating with an interim general manager.

One measure of management efficiency is the presence and opinion of audits. *Table III-5* below summarizes the audit status for both agencies:

**TABLE III-5**
**District Audits**

| DISTRICT | AUDIT CYCLE | LAST AUDIT SUBMITTED TO COUNTY AUDITOR | NEXT AUDIT DUE | AUDIT COMMENTS |
|---|---|---|---|---|
| Ventura County Regional Sanitation District | 1 yr. | Jun '03 | Jun '04 | Unqualified |
| Channel Islands Beach Community Services District | 1 yr. | Jun '03 | Jun '04 | Unqualified |

## Government Structure Options

### Ventura Regional Sanitation District

The Sanitation District's current sphere of influence and service area includes the cities within Ventura County, except for Moorpark and Simi Valley, as well as unincorporated areas. The District's Solid Waste Facility Permit issued by the County for the Toland Road Landfill allows the facility to accept solid waste generated anywhere in the county, as long as it comes through a transfer station (with the exception of the Santa Clara Valley which may come directly). Therefore there is some discrepancy between the District's sphere of influence as approved by LAFCo and the conditions of its landfill operating permit. It is recommended that if the District considers a contract with a waste hauler that serves the Moorpark/Simi Valley area, the proposed out-of-agency agreement should be provided to LAFCo for review and approval.

The District appears to be providing an adequate level of service in an efficient, cost-effective manner. No additional government structure options were noted.

### Channel Islands Beach Community Services District

As discussed in the Water and Wastewater Municipal Service Review, there has been considerable history of discussion about the provision of service to the communities served by the CSD. The issues are generally classified as boundary adjustments, service provision, and various governmental structure options.

The solid waste services that the District provides involve finances and administrative staff time; no infrastructure, system interconnections or permitting is involved. Although solid waste services comprise 21% of the District's revenue, the District's sphere of influence and service boundaries should be determined by water and wastewater that have greater constraints and require capital investment.

The District appears to be providing an adequate level of service to the community for trash collection, provided the revenue and related expenses are brought into alignment. The Water and Wastewater Municipal Service Review suggested that Ventura LAFCo consider adopting a zero sphere for several agencies, including the CSD, primarily because services could be provided by other agencies at potentially the same or reduced costs.

The concept of a zero sphere would indicate that when either the CSD's Board and/or a majority of the residents in the district agree, the Channel Islands Beach CSD should be reorganized with another agency. It is further suggested that if the Ventura LAFCo adopts a zero sphere for the CSD, then the spheres of the Cities of Port Hueneme and Oxnard should be reviewed. Both cities provide trash collection services through in-house staff and equipment; however collection services within the CSD area could be addressed either through contract, as service is currently provided, or by municipal staff.

If the Ventura LAFCo decides not to adopt a zero sphere policy and apply it to the Channel Islands Beach CSD, it is recommended that the current service area and sphere of the District be classified as a special study area due to discrepancies between the District's service area, its sphere of influence and portions of the Channel Islands Harbor. The Channel Islands Beach CSD only serves the developed portions of the Channel Islands Harbor and it was recommended, in the previous municipal service review, that LAFCo detach the water areas of the Channel Islands Harbor from the District. Areas that were developed as part of the Harbor and should be within the District and the areas constituting the water that should be detached from the District have been mapped and labeled as special study areas. The areas were created primarily by the continued development of the Harbor since the previous SOI update.

Due to the issues raised in this and the water/wastewater service review reports, the Channel Islands Beach CSD's service area and sphere should be reduced and limited to its current service area.

## H. LOCAL ACCOUNTABILITY AND GOVERNANCE

The governing board of the Ventura Regional Sanitation District (VRSD) is appointed pursuant to Health & Safety Code §4730.6, that was last amended in 1988. This special legislation provides for a nine member board. Each of the eight cities within the District (all the cities in Ventura County except Moorpark and Simi Valley) appoint one member of their City Council, and one alternate member, and the special districts that are wholly or partially within the boundary of VRSD, and that are comprised, in whole or in part, of separately elected members, appoint one of their elected members and one alternate. Because of this governance structure, VRSD is a dependent special district as its members are not directly elected or appointed for fixed terms of office (i.e. the terms of office coincide with the terms of office for city council or elected special district board member terms).

The Channel Islands Beach Community Services District is an independent special district. Board members for the CSD are elected at-large to fixed four year terms by voters in the District.

The board members of each district, their terms of office and compensation are shown in the following tables:

**TABLE III-6**
**VRSD Board Members and Terms - 2004**

| BOARD MEMBER | TITLE | TERM OF OFFICE | COMPENSATION |
|---|---|---|---|
| Brian Brennan | 2004 Chairman (San Buenaventura) | NA | $162 per mtg/max of $972 per month |
| Patty Walker | Chairman-elect (Fillmore) | NA | $162 per mtg/max of $972 per month |
| James Acosta | Director (Special Districts) | NA | $162 per mtg/max of $972 per month |
| David Bury | Director (Ojai) | NA | $162 per mtg/max of $972 per month |
| Rick Cook | Director (Santa Paula) | NA | $162 per mtg/max of $972 per month |
| Charlotte Craven | Director (Camarillo) | NA | $162 per mtg/max of $972 per month |
| Dennis Gillette | Director (Thousand Oaks) | NA | $162 per mtg/max of $972 per month |
| Jon Sharkey | Director (Port Hueneme) | NA | $162 per mtg/max of $972 per month |
| John Zaragoza | Director (Oxnard) | NA | $162 per mtg/max of $972 per month |

*Note: Board members receive mileage at $0.375 per mile as well as a meal allowance of $50 per day.*

Meetings of the Ventura Regional Sanitation District are held the first and third Thursday of each month beginning at 8:30 a.m. at the District's offices. The public is noticed through posting and on the District's website. New board members are provided an orientation with the District's legal counsel, and the District conducts regular reviews of the Brown Act.

**TABLE III-7**
**Channel Islands Beach CSD Board Members and Terms - 2004**

| BOARD MEMBER | TITLE | TERM OF OFFICE | COMPENSATION |
|---|---|---|---|
| Marcia Marcus | President | Dec. 2006 | $100 per mtg/ max of $600 per month |
| Anna Spanopoulos | Board member | Dec. 2006 | $100 per mtg/ max of $600 per month |
| Ellen Spiegel | Board member | Dec. 2006 | $100 per mtg/ max of $600 per month |
| Vickie Finan | Board member | Dec. 2004 | $100 per mtg/ max of $600 per month |
| Harvey Paskowitz | Board member | Dec. 2004 | $100 per mtg/ max of $600 per month |

Meetings of the Channel Islands Beach Community Services District are held the second and fourth Tuesday of each month at 7:30 p.m. at the Hollywood Beach School. The public is noticed through posting; the CSD does not maintain a website. As an additional measure of local accountability, it is recommended that the District consider creating a website to provide information to the community regarding District contacts, services and meetings.

No significant issues regarding local accountability and governance were noted for either district.

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# IV. DETERMINATIONS

***Determinations are based on data provided by the districts.***

## I. VENTURA REGIONAL SANITATION DISTRICT

- **Infrastructure needs or deficiencies**
  1. That the Ventura Regional Sanitation District operates the Toland Road Landfill and manages five other closed waste disposal sites.
  2. That the District has received professional awards for the operations and maintenance of the landfill.
  3. That the District is using alternative cost-effective methods to maximize capacity at the landfill.

- **Growth and population projections for the affected area**
  1. That the Ventura Regional Sanitation District uses growth and population projections from the Ventura Council of Governments and the state Department of Finance.

- **Financing constraints and opportunities**
  1. That the Ventura Regional Sanitation District operates as an enterprise district and adopts a budget annually.
  2. That the District is accruing costs for landfill closure and maintenance while the landfill is in operation.
  3. That the District has established reserves for landfill activation, operation and closure.

- **Cost avoidance opportunities**
  1. That the Ventura Regional Sanitation District provides contract services to other agencies when shown to be cost effective.
  2. That the District maximizes opportunities to avoid costs by generating power from the landfill and from outsourcing laboratory testing.

- **Opportunities for rate restructuring**
  1. That the rates and fees of the Ventura Regional Sanitation District are established to cover the cost of services.
  2. That the District uses posted rates as well as negotiated rates for disposal companies under contract.

- **Opportunities for shared facilities**
  1. That the Ventura Regional Sanitation District provides contract services to other agencies when shown to be cost effective.
  2. That the District participates in a joint powers authority for self-insurance programs.

- **Government structure options, including advantages and disadvantages of the consolidation or reorganization of service providers**
  1. None were noted.

- **Evaluation of management efficiencies**
  1. That the Ventura Regional Sanitation District achieves management efficiencies through its operating plans and budgeting process.
  2. That the District maximizes staff resources and technical abilities through its contract services and the outsourcing of laboratory testing.

- **Local accountability and governance**
  1. That the Ventura Regional Sanitation District Board adheres to applicable government code sections.
  2. That the agency posts pertinent operations and financial information on its website.

## J. CHANNEL ISLANDS BEACH COMMUNITY SERVICES DISTRICT

- **Infrastructure needs or deficiencies**
  1. That the Channel Islands Beach Community Services District provides trash collection services by contract, and does not own or maintain any infrastructure required for the service.

- **Growth and population projections for the affected area**
  1. That the District is nearly built-out and relies on the Channel Islands Harbor Master Plan and the Ventura County Public Works Plan to project future growth.

- **Financing constraints and opportunities**
  1. That the Channel Islands Beach CSD operates as an enterprise district for water and waste disposal and prepares an annual budget.
  2. That the revenue and expenses related to solid waste services are not balanced, and the District's financial information indicates a net operating loss for solid waste for the four years reported.

- **Cost avoidance opportunities**
  1. That the Channel Islands Beach CSD avoids costs through a negotiated contract for trash collection services.
  2. That the District should evaluate whether there might be a potential cost savings from outsourcing the administrative services associated with trash collection.

- **Opportunities for rate restructuring**
  1. 1. That the trash collection rates of the Channel Islands Beach CSD were increased in July of 2004, but the rate increase may not be adequate to cover solid waste expenditures as reported by the District.

- **Opportunities for shared facilities**
  1. That the Channel Islands Beach CSD participates in the ACWA Joint Powers Insurance Authority.

- **Government structure options, including advantages and disadvantages of the consolidation or reorganization of service providers**
  1. That the Channel Islands Beach CSD should participate in discussions with the Cities of Oxnard and Port Hueneme regarding cost-effective alternatives for future service provision.

- **Evaluation of management efficiencies**
  1. That the current management structure of the Channel Islands Beach CSD is adequate to serve the present needs of the agency.

- **Local accountability and governance**
  1. That the Channel Islands Beach CSD is locally accountable through adherence to applicable government code sections, open and accessible meetings, and dissemination of information and encouragement of participation in their process.
  2. That the District holds regularly scheduled meetings at a time and place that encourages public participation.