



Explanation of Fee and Charge Components

Vista Irrigation District (District) has over 100 different fees and charges that are collected for the provision of services. Every year, the District performs a nexus study and fee analysis to ensure that its fees and charges accurately reflect the actual costs of providing services and only those costs. As a result, the District's fees and charges need to be increased or decreased to properly account for changes in the cost of labor, materials, and outside services for the coming year. Below are brief description of the most common components used in the calculation of fees and charges and explanations as to why fees and charges are increasing by service category (e.g. Construction, Engineering, Customer Service, Miscellaneous and Water Conservation). The Proposed Fee Summary document shows each of the fees and charges, the amount of increase or decrease and a brief note of factors contributing to the increase or decrease in a fee or charge. The data and detailed fee calculations are available to the public for public review at the District office.

Fee Components

The calculation of individual fees and charges is based on identified cost centers, such as labor, parts and materials and contract services. Labor costs are fully burdened to include taxes, benefits, equipment and assets, support staff and supervision, computers and other related overhead costs. Actual costs are used for all parts, materials and outside services; these costs are based on contract pricing, inventory values, last order cost or a request for quote from a vendor. Fees and charges can increase or decrease depending on changes to these cost centers as well as labor hours associated with providing a service.

Parts and Materials - inventory part costs are taken directly from the District's inventory system at Fiscal Year-end and based on the average actual cost of an item. Non-inventory part costs are based on the last purchase of an item or a quote from a vendor. The District procures parts and materials via a competitive bidding process to ensure it gets the items at the lowest price.

Material Burden - this cost represents the burden on material costs for the labor to obtain, store and distribute the materials. The material burden rate is calculated every five years and is based on the labor costs to operate and stock the warehouse. The material burden percentage is currently 25%.

Service Burden - this cost represents the burden on outside service contracts costs for labor to negotiate, prepare, execute and administer an agreement through completion. The service burden is calculated every five years. The District procures outside services via a competitive bidding process to ensure it gets the items at the lowest price. The services burden is currently at 8%.

Outside Services – the District contracts with third-party parties to provide certain services, such as paving and traffic control. The cost associated with said services is included in various construction related fees and pricing set forth in the contract. Costs can change annually due to new contracts being negotiated or pricing being adjusted for inflation (as specified in the contract terms).

Labor Rate – the labor rate is equal to the average non-management employee’s salary plus burden, including taxes, benefits, equipment and assets, support staff and supervision, liability insurance, computers, supplies and other related overhead costs. The labor rate is calculated annually based on actual costs, capturing negotiated salary increases capped at 4% (generally based on the U.S. Department of Labor’s Consumer Price Index – All Urban Consumers – San Diego, California) as well as changes in benefit and other burden related costs. The fully burdened labor rate, which incorporated adjustments to salary, benefit and other burden related costs, increased by 2.84%.

Labor Time – the District completes a full time and motion study for all fee and charges every other year. In years that the time and motion study is not undertaken, the time component of labor costs remains constant, unless adjustments are necessary due to changes in process. When a time and motion study is performed, the time estimates to complete tasks associated with a fee or charge are reviewed and adjusted, if necessary, to ensure they reflect the average actual time to complete said task.

Fee Increase Summary

Construction Fees

Construction fees are comprised of labor, parts/materials and outside services costs. Labor cost increases are explained in the Fee Components section. Part costs have increased significantly due to supply chain challenges and market conditions. Examples of the most significant year-over-year are shown in the table below.

| Key Inventory Items: Year-Over-Year Increase 20% or more | | | | | |
|--|--|------------|--------------|-----------|----------|
| Class Code | Description | Prior Year | Current Year | \$ Change | % Change |
| Angle Ball | Angle Ball Mtr Valve 1" Flare Swl Mtr Nut Lockwing | \$ 115 | \$ 148 | \$ 33 | 29.1% |
| Bolt Kit | Nut Bolt Gasket Kit 4" (4" gasket) | 7 | 9 | 2 | 35.2% |
| Bolt Kit | Nut Bolt Gasket Kit 6"-8" (6" gasket) 3/4 x 3 1/4 | 13 | 18 | 5 | 41.2% |
| Concrete | Concrete 60lb bag | 4 | 5 | 1 | 21.2% |
| Corp Stop | Corp Stop 1" MIP X Flare | 61 | 74 | 13 | 22.1% |
| Fire Hydrant | Fire Hydrant 6x4x2.5 | 3,121 | 3,848 | 727 | 23.3% |
| Gate Valve | Gate Valve 6" FL R/W | 793 | 972 | 179 | 22.5% |
| Gate Valve | Gate Valve 4" FL R/W | 486 | 639 | 153 | 31.6% |
| Gate Valve | Gate Valve 8" FL R/W | 989 | 1,332 | 343 | 34.7% |
| Misc | Wire 10 Gage Copper (500 foot spool) | 173 | 214 | 41 | 23.5% |
| Pipe | Pipe 4" PVC DR-14 C900 (20 foot unit) | 143 | 187 | 44 | 30.9% |
| Pipe | Pipe 6" PVC DR-14 C900 (20 foot unit) | 230 | 318 | 88 | 38.4% |
| Tee | Tee 2" Copper | 23 | 36 | 13 | 54.8% |
| Zinc Anode | Zinc Anode bag 30lb | 147 | 235 | 88 | 59.7% |

Engineering Fees

Most Engineering Fees are comprised of labor cost, the exceptions being Annexation, Detachment and Capacity Fees. Labor cost increases are explained in the Fee Components section.

Customer Service Fees

Customer Service Fees are mainly comprised of labor costs, which are explained in the Fee Components section. The Return Check fee also includes bank fees, and the Damaged Curb Stop fees include parts.

Miscellaneous Fees

Miscellaneous Fees are mainly comprised of labor costs, which are explained in more detail in the Fee Components section of this summary. The Bid Protest Fees also include costs associated with legal counsel's time to review bid protest documents.

Water Conservation Fees

Water Conservation Fees are mainly comprised of labor costs, which are explained in the Fee Components section.