



Hidden Valley Lake Community Services District

Strategic Plan

2024 – 2029

Adopted December 19, 2023

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General Manager's Message

Serving the community of Hidden Valley Lake is at the heart of everything that we do. Whether that includes assisting our customers directly or protecting our most precious natural resource, the directors and staff of the Hidden Valley Lake CSD are committed to providing exceptional water and wastewater services.

Since 1992 we have been working hard to strengthen our infrastructure and our community. In 1996, the wastewater treatment plant was commissioned for fulltime use; multiple lift stations and 15 miles of additional sewer main were constructed in anticipation of the removal of the original sewer system sludge ponds that would happen later in 2004. From 1997-2003, various water treatment plant improvements were made including the construction of a new 12-inch water mainline over one mile long, two 500,000-gallon steel tanks, and two booster stations. In 2014, we developed with the community by adding the Coyote Valley Elementary School and Coyote Valley and Hardester's shopping plazas to the sewer system and we continue to establish new connections with developing homes. In 2015, the Valley Fire devastated the community and caused damage to District infrastructure. Later in 2017, sewer collection system improvements began in response to severe winter flooding events and in 2020, the District, in partnership with the Hidden Valley Lake Association, developed a firebreak to protect the community from the fast-approaching LNU Complex Fire. There are currently eight ongoing projects involving tank replacements, securing auxiliary power, improving the sewer collection system, and improving infrastructure, and there are additional projects in the works. As our infrastructure continues to age, we direct our capital improvement efforts into repair and replacement programs to extend and renew the useful life of our assets. With new and improving technologies, we see tremendous opportunity for growth and making the Hidden Valley Lake community an even better place to live, work, and play.

Everything we do is to protect the water and quality of our community. All levels within our organization took part in the development of this Plan and we incorporated feedback received by customers over the years. We recognize the power of our collective focus to form valuable partnerships with the organizations around us. We have devised this Plan to guide us as we continue to improve and adapt, and we will remain committed to serving those who rely on us every day.



Dennis White
General Manager

This Strategic Plan was implemented under the leadership of the Hidden Valley Lake Community Services District Board of Directors.

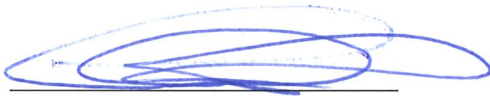
Claude Brown
President

Sean Millerick
Vice President

Jim Freeman
Director

Gary Graves
Director

Jim Lieberman
Director



Claude Brown
President of the Board

District Overview

HVLCSD (District, CSD) is a water purveyor and a wastewater and reclaimed water service provider in southern Lake County. CSD was founded in 1984 to provide water distribution and wastewater services with water supplied by the Stonehouse Mutual Water Company which, in 1992, merged with CSD by residential vote to generate efficiencies and cost savings. CSD is governed by a five-member, publicly elected Board of Directors who oversee the General Manager on policy and direction.

The District is a small agency located within a low-density population and high wildfire-prone region, with 32 miles of water infrastructure and 24 miles of wastewater infrastructure. Water is supplied by groundwater extracted from the Coyote Valley Basin which requires only the minimum amount of treatment. Since the establishment of the Hidden Valley Lake community, significant growth has, and is, expected to continue to occur. The Board of Directors and staff lead with the District’s mission, values, and vision in mind and aim to be the leading water purveyor in Lake County.

Mission Statement

The mission of the Hidden Valley Lake Community Services District is to provide, maintain and protect our community’s water.

Our Values	<ul style="list-style-type: none">• Compliance• Transparency• Teamwork• Cost Effectiveness• Affordability
To provide innovative and reliable services in an environmentally conscious manner that produces a high level of ratepayer satisfaction.	Our Vision

Where are we now?

The District is exiting a time of severe financial hardship and recovery after the 2015 Valley Fire and the 2017 and 2019 severe flood events put a substantial burden onto ratepayers and depleted reserves. The District has been on a path to recovery ever since and over the last eight years has received over \$3 million in grant assistance from CalOES, FEMA, and other programs. The District also implemented a new rate structure in January of 2021. A Capital Improvement Plan was adopted in 2019 to address the growing list of deferred maintenance activities that still exists today and future growth in the area is expected to bring in additional revenue to fund expansion and more improvements. The audit for the fiscal year 2021/22 concluded that the District's financial standing improved significantly when compared to previous years. Highlights include:

- Total assets and deferred outflows of resources exceeded total liabilities and deferred inflows of resources by \$3,232,721. Unrestricted net position represents \$159,550 and net investment in capital assets was at \$1,600,520. The remaining restricted amounts were \$985,684 for debt service and \$486,967 for capital facilities.
- Total net position increased \$1,452,579 (82%) in fiscal year 2021/22 compared to a 12% increase, \$189,345, in fiscal year 2020/21.
- Total assets increased 13% from \$9,779,638 in fiscal year 2020/21 to \$11,029,713 in fiscal year 2021/22, mainly due to a small amount of capital improvement projects, including the installation of 700 new automated water meters and remaining inventory for installation next fiscal year.
- The District recorded deferred outflows of resources at \$528,902 an increase of \$86,306 (19%) and deferred inflows of resources of \$1,223,048, an increase of \$666,004 (120%), as well as the different components required by GASB 68 for pension accounting and reporting. Deferred outflows of resources are technically not assets but increase net position similar to an asset and deferred inflows of resources are technically not liabilities but decrease net position similar to liabilities.
- Total liabilities decreased 10% from \$7,885,048 in fiscal year 2020/21 to \$7,102,846 in fiscal year 2021/22. Current liabilities increased \$38,128 from \$513,692 to \$551,820 while non-current liabilities decreased \$820,330 from \$7,371,356 to \$6,551,026.
- Total program and general revenues increased by \$1,109,758 (24%) from fiscal year 2020/21, commensurate with planned infrastructure improvements.
- Total operating expenses decreased 2% (\$79,411) from fiscal year 2020/21.

Significant progress has been made thanks to the unity and urgency of directors and staff. Several projects are currently underway including the installation of advanced metering infrastructure, redwood water tank replacements, upgrading the SCADA system, and water and wastewater mainline replacements and repairs. Among others, these projects are crucial for securing system reliability and a similar momentum must also exist in the future if full recovery and financial stability is to be reached.

A SWOT analysis was completed to provide a more in-depth look at where the District currently stands. Evaluating the strengths, weaknesses, opportunities, and threats (SWOT) from both internal and external perspectives help identify the best strategy for success moving forward.

SWOT Analysis

Internal Factors	
Strengths	Weaknesses
<ul style="list-style-type: none"> • Teamwork – Departments collaborate and assist each other when needed, especially during emergency events. • Dedication – Staff and directors show passion for serving the very communities in which they live. • Education and training – The District recognizes the value of knowledge and its ability to spark passion in ones work. • Customer relations – There are established outreach practices by utilizing quarterly newsletters, public meetings, the District website, and by responding to inquiries in a timely manner. • Compliance – The District remains compliant with state and federal regulations during regular operations and works with regulators to maintain compliance during emergency events. • Increased revenue stream – The recent increase in rates allows for investments and crucial repairs and replacements. 	<ul style="list-style-type: none"> • Loss of institutional knowledge – As staff retire and/or resign, institutional knowledge may be lost as well. • Organization – There remains to be improvements in how historical records are maintained. • Emergency communication – There are difficulties in communicating with ratepayers during emergency events. • Service rates – According to the 2022 Risk Assessment Results for Public Water Systems, the District is considered “at-risk.” • Aging infrastructure – Outdated system components, such as mainlines, tanks, pump stations, etc. that are past their useful life compromise service reliability. • Aging equipment – Outdated or aged equipment, such as trucks, tools, computer systems, the SCADA system, etc. that are past their useful life make operating in a technologically advancing industry difficult.
External Factors	
Opportunities	Threats
<ul style="list-style-type: none"> • Monetary assistance – Both state, federal, and other organizations continue to provide monetary assistance to public systems. • HVLA collaboration – Serving the same community, CSD and HVLA can continue to partner for better opportunities and efficiencies. • Regulatory support for sewer expansion – Support for transitioning residential septic systems onto the public sewer system has been expressed both at the state and county level and potential assistance may be available. • Skilled workforce – Potential for staff to develop expertise in innovative technologies in the water and wastewater sector. • Sphere of influence – Neighboring developments provide the District with the opportunity to expand its service territory. • Aging infrastructure – As District assets age, crucial monetary assistance programs will become more attainable. • Flood control – There are partnership opportunities available between the District and entities holding remaining Retention Basin ownership and responsibility which may assist in addressing levee certification. 	<ul style="list-style-type: none"> • Regulations – Increasingly stringent regulations are rising at all regulatory levels and may generate additional compliance costs. • Climate change – Changing weather patterns create uncertainty and cause destructive weather events. • Natural disasters – Destructive events (oftentimes linked to climate change) threaten operations, safety, and financial stability. • Inflation – Increases in the cost of doing business threaten financial stability and limit project opportunities. • Grant competition – As an increasing number of public systems age, there is more competition for funding opportunities. • Flood control – The Retention Basin is not tolerant of large wet weather events that are becoming increasingly frequent.

Strategic Plan

This Strategic Plan incorporates elements from the SWOT analysis and follows the themes set forth in the District's mission, values, and vision. The purpose of this plan is to guide directors and staff by identifying the actions that must be taken in order to achieve the District's goals. Management must expect the unexpected and be prepared to alter strategies with the emergence of new technologies, regulations, environmental impacts, and other factors that affect the industry. As such, the plan should be treated as a living document and reviewed annually at a minimum, officially revised every five years and evaluated to reconsider best strategies. It is crucial that projects be implemented appropriately as the District's resources are limited and the cost of providing water and wastewater services continues to increase.

The Goals outlined in this Plan are equally important and are discussed in no particular order.

The District's Goals:

- Achieve Water and Wastewater Service Reliability
- Maintain Financial Stability
- Foster a Desirable Work Environment
- Strive for Excellent Ratepayer Communications
- Maintain Regulatory Compliance

How Do We Measure Success?

As the District works through the list of Goals, it is important to evaluate progress to ensure movement in the proper direction. To measure success and direct future progress, the District will:

- Evaluate ratepayer satisfaction.
- Assess that projects are progressing at a reasonable rate.
- Evaluate the financial health of reserves and debt.
- Evaluate employee satisfaction, retention, and productivity.
- Ensure that all regulatory requirements are met.

Goal: Achieve Water and Wastewater Service Reliability

The District recognizes that water and wastewater services are essential for human health and sanitation, and as such strives to keep service interruptions to a minimum and maintain palatable and safe water at all times. Reliable services are achieved by managing efficient operations and protecting water quality.

Manage Efficient Water Operations: Develop a Robust Distribution System

The District will continue the following:

- The Backup Power Reliability Project to acquire generators for the Water Treatment Plant and Greenridge Booster Station.
- The Defensive Space and Ignition Resistant Construction Project to remove vegetation surrounding the Little Peak tank site and wellfield, to replace the Unit 4 redwood water tank, and to enclose the municipal wells with ignition resistant structures.
- The Water Storage Reliability Project to replace the Unit 9 redwood water tank.
- The Water Distribution Reliability Project to replace water mainlines.
- The Firemain Linked Auxiliary Supply Hydraulic Energy Storage (FLASHES) Project to increase water storage capacity, increase protection during wildfire, and provide power redundancy during outages.
- The Advanced Metering Infrastructure (AMI) Project to replace low-reading meters.
- Upgrade the SCADA system to maintain control, awareness, and security of facilities.
- GIS mapping of water infrastructure and inventory equipment/tools.
- Maintain an up-to-date Local Hazard Mitigation Plan (LHMP) to secure access to grant funding opportunities.

The District will take the following actions:

- Implement the Leak Detection program which includes components that will:
 - Expand the Hydrant Flushing program to improve water quality and verify hydrant functionality.
 - Expand the Valve Exercising program to improve distribution infrastructure functionality.
- Implement and maintain an Air Vac/Air Release Program.
- Anticipate future regulatory requirements.
- Maintain compliance plans such as a Water Master Plan, Master Storm Drainage Plan, etc.
- Install and maintain automatic chlorine shut-off valves.
- Develop and maintain a Risk Management Plan (RMP) for the Drinking Water Chlorination Facility.

Manage Efficient Wastewater Operations: Develop a Robust Collection and Treatment System

The District will continue the following:

- The Infiltration and Inflow (I/I) Project to reduce stormwater inundation of the collection system and protect wastewater treatment biological processes.
- Upgrade the SCADA system to maintain control, awareness, and security of facilities.
- GIS mapping of wastewater infrastructure and inventory equipment/tools.

- Work towards maintaining a healthy Reclamation Pond pH level.

The District will take the following actions:

- Maintain compliance plans such as a RMP for the Water Reclamation Plant, Sewer System Management Plan, etc.
- Expand wastewater collection infrastructure into septic-only areas of the community.
- Install and maintain automatic chlorine shut-off valves.

Protect Water Quality

The District will take the following actions:

- Form a Groundwater Sustainability Agency (GSA) for the Coyote Valley Groundwater Basin to promote proper land management and protect groundwater quality and the environment.
- Determine infrastructure stability:
 - Augment an understanding of the condition and costs associated with critical wastewater infrastructure.
 - Maintain and enhance the condition of all assets over the long term at the lowest possible cost and under acceptable risk levels consistent with anticipated growth and ratepayer/regulator expectations.
 - Exercise a fixed asset management plan and assure that asset repair, rehabilitation and replacement efforts are coordinated with efforts of other government offices to minimize costs, disruptions, or negative consequences. In addition, a more skilled workforce should be further developed to perform work in-house to minimize costs.
- Evaluate costs for providing current solutions to mitigate emerging contaminants such as:
 - Hexavalent Chromium (Cr(VI))
 - Develop a Hexavalent Chromium Exceedance Contingency Plan.
 - Consider blending as a solution to exceedance.
 - Per- and polyfluoroalkyl substances (PFAS)
- Evaluate innovative technologies for maintenance and repair of infrastructure and possible cost savings.

Goal: Maintain Financial Stability

Financial stability is crucial for sound operations, emergency response, and delivering high quality services to ratepayers. A new rate structure, implemented in January of 2021, has greatly improved the District's financial standing and restored some reserves. Crucial projects are now more viable and long-needed equipment has been purchased. The District can maintain financial stability – and potentially improve its financial standing – by leveraging its resources to identify new revenue streams, by expanding its service area in anticipation of local growth, and by seeking funding assistance from public grant programs. Ratepayer ability to pay, equity, and anticipating future funding requirements are taken into serious consideration when managing finances.

Leverage Existing Resources

The District will continue the following:

- The FLASHES project to generate and sell electricity and fund water mainline replacements.

The District will take the following actions:

- Consider supplementing Putah Creek flow for downstream users for a reasonable price.
- Consider methods of collecting residual income:
 - Rent vacant property to telecommunication and Internet providers or other interested parties.
- Evaluate alternate bank services tailored for special districts and/or institutions with lower interest rates.
- Explore loan-refinancing and pay off loans quickly.

Expand the Existing Service Area

The District will continue the following:

- Expand the District's service area where both feasible and beneficial.

The District will take the following actions:

- Consider service area expansion, in accordance with Lake County LAFCo processes.

Seek Funding Assistance

The District will continue the following:

- Seek federal, state, and other funding opportunities to help finance projects.
- Participate in the Westside Sacramento Integrated Regional Water Management (IRWM) group.
- Maintain memberships and relationships with industry organizations to help identify funding opportunities.

Consider Ratepayer Equity

Excess ratepayer burden is harmful to the community and is not in the District's best interest. When considering new projects and capitalizing on a rate change process, it is important that ratepayer ability to pay and equity be taken into account.

Goal: Foster A Desirable Work Environment

The District must continue to be the “gold standard” choice for attracting and retaining local and regional workers. Turnover is burdensome for management, redirects costly staff time towards training, and depletes valuable institutional knowledge. The District can retain staff and increase quality of life for employees by encouraging healthy work-life balances, increasing workplace education, improving workplace standards, investing in proper equipment, and providing competitive compensation.

Compensation and Workplace Standards

The District will continue the following:

- Provide training and review of best safety practices in accordance with District plans and regulations.
- Dedicate regular “Status Meetings” – both in and across departments – to increase and improve communication.

The District will take the following actions:

- Evaluate compensation and benefits.
- Maintain competitive salaries to the mean amounts in accordance with local water purveyors.
- Develop Standard Operating Procedures (SOPs) for all positions.
- Organize physical and electronic files/databases.
- Hold team building activities.
- Promote staff who achieve higher levels of certification/licensing.
- Encourage and reward ingenuity, organization, cleanliness, safety, and accountability.

Invest in Equipment

The District will take the following actions:

- Responsibly invest in cost-effective equipment that will simplify operations and working conditions.
- Responsibly invest in modern vehicles.
- Upgrade the failing SCADA system to reduce staff time dedicated to physically operating and restarting equipment.
- Replace aging infrastructure to avoid catastrophic failures that create stressful work environments.
- Update the 2019 Capital Improvement Plan and practice preventative maintenance.
- Encourage staff to notify management about needed or deferred maintenance.

Goal: Strive for Excellent Ratepayer Communications

Ratepayer satisfaction is a key component of the District's vision. Management recognizes that communication and education increase public trust and in turn garner support for projects and investments in infrastructure. The District can achieve excellent public communication by maintaining transparency, encouraging public engagement, and practicing excellent customer service.

Maintain Transparency

The District will continue the following:

- Remain transparent and encourage transparency at all times.
- Post public meeting information and public documents on the District website and in public places.
- Respond to public inquiries in a timely manner.
- Highlight capital project benefits and progress to explain why they are being funded.

The District will take the following actions:

- Increase and improve communication during emergency events.
 - Management should address emergency communications by following the proper chain of command.
 - Explore ways to improve communications during localized emergencies.
 - Coordinate emergency communications with HVLA.

Encourage Public Engagement and Education

The District will continue the following:

- Encourage public participation in public meetings, workshops, and Town Halls.
- Value and evaluate customer feedback.
- Manage an informative and well-organized website that is compliant with the Americans with Disabilities Act (ADA).
- Distribute the quarterly newsletter to provide updates on District activities and educate the public on water and wastewater systems.

Practice Excellent Customer Service

The District will continue the following:

- Exercise a positive attitude when interacting with the public, other entities, and employees.
- Respect private property and community members and use appropriate language at all times.
- Create written policies/Standard Operating Procedures (SOPs) to address ratepayer complaints.

Goal: Maintain Regulatory Compliance

There has been a consistent influx of controversial legislation and water quality standards proposals that have the potential to make maintaining regulatory compliance difficult. It is the District's legal responsibility to meet state and federal law requirements and the District must be proactive if it is to remain compliant. The District can do so by remaining up to date on proposed and upcoming legislation, being proactive on repairs, avoiding corrective maintenance and being innovative.

Follow Legislative Activity

The District remains current on proposed and upcoming legislation through regulatory agencies and organizations that support special districts and water agencies. The California Special Districts Association (CSDA), Association of California Water Agencies (ACWA), and others provide legislative alerts, bill analyses, learning opportunities, and host working groups that promote sound policy.

The District will continue the following:

- Maintain an active membership with CSDA and ACWA.
- Engage in the legislature on critical bills.
- Form partnerships and coalitions with like-minded organizations.
- Engage in legislation by establishing relationships with state and federal legislators, submitting letters of support/opposition, holding press conferences, etc.

Be Proactive

The District will take the following actions:

- Prior to the adoption of new regulatory standards, consider the best strategy when preparing to adopt ways of maintaining compliance.
 - E.g., Hexavalent Chromium (Cr(VI))
- Create a plan for shifting the District's fleet to Zero Emission Vehicles in accordance with the California Air Resources Board's (CARB) Advanced Clean Fleets regulation.
- Evaluate cybersecurity threats through policy and employee best practices in anticipation of cybersecurity audits.

Be Innovative

The District will take the following actions:

- Utilize best available technologies (BATs) if possible when upgrading infrastructure.
- Encouraging collaboration between the Board of Directors and all departments.

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