

Fiscal Year 2023-2024

Budget



Approved June 20, 2023

Board of Directors:

Claude Brown, President

Sean Millerick, Vice President

Jim Freeman

Gary Graves

Jim Lieberman

General Manager:

Dennis White

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Introduction

The Hidden Valley Lake Community Services District (District) is an independent special district serving the Hidden Valley Lake Community in southern Lake County, California. The District, which consists of 15 full-time employees, and 1 part-time employee, provides municipal water to over 2,500 homes and 5 distinct businesses, and sewer services to nearly 1,500 within its three square mile service area.

Mission Statement

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

History

The Stonehouse Mutual Water Company was established in 1968 and supplied water to the Hidden Valley Lake subdivision. The Hidden Valley Lake Community Service District was established in 1984. In the early 1990’s discussions of a merger between Stonehouse Mutual Water Company, and Hidden Valley Lake Community Services District began. It was evident that combining the two stand-alone providers into one utility company would result in a tremendous cost savings. The merge also provided additional protection to the community via State oversight as well as access to grants and low cost loans. With the passage of AB 1504, the merger of the two utilities was accomplished on January 1, 1993 at 12:01 am.

Board of Directors

The Board of Directors of the Hidden Valley Lake CSD consists of five elected officials who are tasked with representing the general interest of those in the Hidden Valley Lake community. Directors must live within the boundaries of the water or sewer district, ensuring that they fully understand the intricacies of the community and are enlisted in services provided. Each member serves a four year term. Elections are held in November of even numbered years, and Director terms are staggered to mitigate disruption.

The Board of Directors sets goals and creates policies that guide District operations. The Board appoints a General Manager to handle the day-to-day operations of the District and to carry out the goals and policies. It is the General Manager’s responsibility to ensure that District

procedures are in line with the District's mission. Beyond the General Manager, the Board also appoints legal counsel and financial auditors.

The HVLCSD Board of Directors is committed to transparency. Board meetings are held in accordance with the Brown Act and are noticed as such. Regular board meetings are held on the third Tuesday of the month at 7:00 p.m. at the District's business office, 19400 Hartmann Rd., Hidden Valley Lake. An exception was made during the height of the pandemic, where board meetings were held virtually in the interest of public, employee and director safety. The board also assigns standing and ad hoc committees that meet throughout the year to assist in the development of policy. Committee meetings are also held at the District's business office; times and dates vary by committee and can be found on the District website, www.hvllcsd.org. Each meeting ends with a call for public comment, and community members are encouraged to attend and voice concerns or share accolades.

Revenue and Expense Trends and Forecast

Water & Wastewater Overview

The years 2015 – 2020 were survival years. Significant effort has been underway to make 2021 – 2025 the recovery and growth years. In years past, natural disasters caused expensive damage, and the battle to overcome the impacts to deferred capital improvement projects will be long. To that end, incremental improvements continue to accumulate. Despite enduring extreme weather events such as drought and intense rains, the District is experiencing water and sewer use revenues that meet the rising demands of operational expenses as well as improvements to infrastructure. The upcoming fiscal year 23/24 will follow the path originally developed in the rate study conducted by NBS in 2020.

The epidemiological events of the last few years have also been challenging, to say the least. A few positive changes, however, can be attributed to the multi-year experience. As is likely the case for most businesses and individuals of this nation, new protective measures have been implemented to enhance the safety of our employees, and ratepayers. Despite the new requirement to carry an increased accounts receivable liability, the District has been able to procure a full administrative staff to manage this additional responsibility.

The performance and progress of both the Water and Sewer Funds are uniquely nuanced and are detailed below.

Water Fund

Average water consumption has plateaued, but the annual number of new connections has slowed. This speaks to the strong demand of the existing customer base and the robust availability of the Coyote Valley Basin. While expenditures have marginally increased over budget expectations, revenue is increasing at a higher rate. Grant funding and a growing sphere of influence are key factors in this growth.

Wastewater Fund

Expenses and Revenues are proving to be commensurate with budget estimates. The Rate Study adopted in December 2020 provided the framework that was enacted by a seasoned and very informed staff.

New tools, vehicles and equipment are making a positive contribution to the battle against aging infrastructure. Looking to the future, this investment in tangible capital is a step towards increasing the skill level of the workforce. Job satisfaction can be an output of increased skills and considered an intangible asset. The plan to build tangible and intangible assets together brings longer retention and a more sustainable operational model.

Final Thoughts:

Resilience and sustainability are making their way back to the District. From capital projects to day-to-day operations, every collaborative decision made is a step closer to the big picture of safety and affordability. The goal is to become more resilient by increasing the useful life of critical infrastructure. An improved critical infrastructure also ensures self-reliance, but so does a skilled work force and job satisfaction. Managerial staff are working daily to improve work pride and reduce attrition. On the job training, procedural documentation, and learning new skills, helps build pride in one's work. This type of capital, intellectual, remains the lynchpin to the continued success of the District. If we can keep the skills level high, and the cost of capital projects low, we are winning that battle, and are better positioned to provide a safe and affordable drinking water environment to the community of Hidden Valley Lake.

Looking to the longer-term future, it is important to consider growth. Without adapting and keeping pace with change, one can be considered falling behind. Hidden Valley Lake, and in fact the immediate region is showing signs of growth. New annexations, businesses and increased meter sales are a testimony to the direction of South Lake County's economy. Today's plans are built with sustainable growth in mind. The District's maintenance and updates to the Local Hazard Mitigation Plan, the Strategic Plan, the Water Shortage Contingency Plan, as well as the Risk Management Plan will steer the District to success in managing growth within the public infrastructure domain.

**HIDDEN VALLEY LAKE COMMUNITY SERVICES DISTRICT
2023-2024 BUDGET
SEWER ENTERPRISE FUND**

REVENUE	
120-4020 PERMIT & INSPECTION FEES	1,000
120-4045 AVAILABILITY FEES	7,181
120-4050 SALES OF RECLAIMED WATER	168,451
120-4111 COMMERCIAL SEWER USE	85,538
120-4112 GOVERNMENT SEWER USE	1,200
120-4116 SEWER USE CHARGES	1,913,136
120-4210 LATE FEE	25,000
120 4300 MISC INCOME	500
120-4310 OTHER INCOME	2,000
120-4320 FEMA/CalOES GRANTS	-
120-4325 GRANTS	-
120-4550 INTEREST INCOME	1,200
120-4580 TRANSFER IN	176,733
TOTAL REVENUE	2,381,939

**HIDDEN VALLEY LAKE COMMUNITY SERVICES DISTRICT
2023-2024 BUDGET
SEWER ENTERPRISE FUND**

OPERATING EXPENDITURES

120-5010 SALARY & WAGES	575,704
120-5020 EMPLOYEE BENEFITS	226,163
120-5021 RETIREMENT BENEFITS	116,631
120-5022 CLOTHING ALLOWANCE	2,500
120-5024 WORKERS COMP INSURANCE	18,000
120-5025 RETIREE HEALTH BENEFITS	18,533
120-5030 DIRECTOR HEALTH BENEFITS	44,242
120-5040 ELECTION EXPENSE	2,500
120-5060 GASOLINE, OIL & FUEL	30,000
120-5061 VEHICLE MAINT	26,415
120-5062 TAXES & LICENSE	800
120-5063 CERTIFICATIONS	2,000
120-5074 PROPERTY/LIABILITY INSURANCE	129,000
120-5075 BANK FEES	35,000
120-5080 MEMBERSHIP & SUBSCRIPTIONS	12,000
120-5090 OFFICE SUPPLIES	5,000
120-5092 POSTAGE & SHIPPING	9,000
120-5121 LEGAL SERVICES	20,000

120-5122 ENGINEERING SERVICES	75,000
120-5123 OTHER PROFESSIONAL SERVICES	12,000
120-5125 OPEB OBLIGATION	12,500
120-5126 AUDIT SERVICES	7,500
120-5130 PRINTING & PUBLICATION	8,000
120-5135 NEWSLETTER	1,000
120-5145 EQUIPMENT RENTAL	6,500
120-5148 OPERATING SUPPLIES	85,000
120-5150 REPAIR & REPLACE	180,000
120-5155 MAINT BLDG & GROUNDS	12,000
120-5156 CUSTODIAL SERVICES	17,500
120-5157 SECURITY	1,000
120-5160 SLUDGE DISPOSAL	42,000
120-5165 TERTIARY POND MAINT	50,000
120-5170 TRAVEL & MEETINGS	10,200
120-5175 EDUCATION/SEMINARS	10,500
120-5176 DIRECTOR TRAINING	3,600
120-5179 ADM MISC EXPENSE	800
120-5191 TELEPHONE	18,000
120-5192 ELECTRICITY	155,000
120-5193 OTHER UTILITIES	3,500
120-5194 IT SERVICES	35,000

120-5195 ENV/MONITORING	50,000
120-5198 ANNUAL OPERATING FEES	26,000
120-5310 EQUIPMENT - FIELD	1,200
120-5311 EQUIPMENT - OFFICE	1,200
120-5312 TOOLS - FIELD	1,500
120-5315 SAFETY EQUIPMENT	3,500
120-5317 COVID-19	7,500
120-5545 RECORDING FEES	250
120-5580 TRANSFER OUT – FUND 219 USDA SOLAR DEBT	32,200

TOTAL OPERATING EXPENDITURES	2,143,439
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**HIDDEN VALLEY LAKE COMMUNITY SERVICES DISTRICT
2022-2023 BUDGET
WATER ENTERPRISE FUND**

REVENUE	
130-4035 RECONNECT FEES	12,000
130-4039 WATER CONNECTION FEE (METER)	1,645
130-4040 LIEN RECORDING FEES	1,200
130-4045 AVAILABILITY FEES	28,000
130-4110 COMMERCIAL WATER USE	142,776
130-4111 BULK WATER SALES	32,000
130-4112 GOVERNMENT WATER USE	6,500
130-4115 WATER USE CHARGES	2,865,024
130-4210 LATE FEE 10%	57,000
130-4320 FEMA/CalOES GRANTS	2,389,985
130-4325 GRANTS	413,689
130-4215 RETURNED CHECK FEE	1,000
130-4300 MISC INCOME	1,500
130-4310 OTHER INCOME	100
130-4580 TRANSFER IN – FUND 320 CIP	840,000
130-4550 INTEREST INCOME	1,816
TOTAL REVENUE	
	7,094,234

**HIDDEN VALLEY LAKE COMMUNITY SERVICES DISTRICT
2023-2024 BUDGET
WATER ENTERPRISE FUND**

OPERATING EXPENDITURES

130-5010 SALARY & WAGES	575,704
130-5020 EMPLOYEE BENEFITS	226,163
130-5021 RETIREMENT BENEFITS	116,631
130-5022 CLOTHING ALLOWANCE	2,500
130-5024 WORKERS' COMP INSURANCE	18,000
130-5025 RETIREE HEALTH BENEFITS	18,533
130-5030 DIRECTOR HEALTH BENEFITS	44,242
130-5040 ELECTION EXPENSE	2,500
130-5060 GASOLINE, OIL & FUEL	30,000
130-5061 VEHICLE MAINT	25,000
130-5062 TAXES & LICENSE	1,200
130-5063 CERTIFICATIONS	1,000
130-5074 PROPERTY/LIABILITY INSURANCE	129,000
130-5075 BANK FEES	35,000
130-5080 MEMBERSHIP & SUBSCRIPTIONS	32,000
130-5090 OFFICE SUPPLIES	5,000
130-5092 POSTAGE & SHIPPING	8,500
130-5110 CONTRACTUAL SERVICES	60,000

130-5121 LEGAL SERVICES	30,000
130-5122 ENGINEERING SERVICES	100,000
130-5123 OTHER PROFESSIONAL SERVICES	15,000
130-5124 GSA - GROUNDWATER SUSTAINABILITY	15,000
130-5125 OPEB OBLIGATION	12,500
130-5126 AUDIT SERVICES	7,500
130-5130 PRINTING & PUBLICATION	7,500
130-5135 NEWSLETTER	1,200
130-5145 EQUIPMENT RENTAL	35,000
130-5148 OPERATING SUPPLIES	7,500
130-5150 REPAIR & REPLACE	140,000
130-5155 MAINT BLDG & GROUNDS	15,000
130-5156 CUSTODIAL SERVICES	5,000
130-5157 SECURITY	5,000
130-5170 TRAVEL & MEETINGS	10,200
130-5175 EDUCATION/SEMINARS	10,000
130-5176 DIRECTOR TRAINING	5,000
130-5179 ADM MISC EXPENSE	800
130-5191 TELEPHONE	17,000
130-5192 ELECTRICITY	220,000
130-5193 OTHER UTILITIES	3,600
130-5194 IT SERVICES	62,000

130-5195 ENV/MONITORING	20,000
130-5198 ANNUAL OPERATING FEES	40,000
130-5310 EQUIPMENT - FIELD	1,000
130-5311 EQUIPMENT - OFFICE	1,000
130-5312 TOOLS - FIELD	2,000
130-5315 SAFETY EQUIPMENT	5,000
130-5317 COVID-19	7,500
130-5505 WATER CONSERVATION	5,000
130-5545 RECORDING FEES	250
130-5580 TRANSFER OUT-218 CIEDB DEBT	132,273
130-5580 TRANSFER OUT-CIP EXPENSES	840,000
130-5600 CONTINGENCY	-

TOTAL OPERATING EXPENDITURES	3,109,797
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Significant Changes

Salaries and Benefits An adjustment to employee pay rates will align the District to the Consumer Price Index (CPI) as a measure of cost of living. The policy for Other Post-Employment Benefits (OPEB) investments has been modified. Employees continue to be rewarded for their years of service, and now are collaboratively investing in the District's post-employment benefits 115 Trust Fund.

Insurance

Liability insurance was reviewed with no changes to report. The premium for Workers Compensation and Liability Insurance has increased 33%.

Repair/Replace

The Water repair/replace budget has decreased 46%. This represents a shift from "repair" to "improve" as funds are allocated to Capital Improvement Projects. The Sewer Repair/Replace account will have no increases this year.

Electricity

Energy rates continue to increase, the District's grandfathered pricing has expired. This budget item for water and sewer electric charges has increased by 9% and 0%, resp.

Engineering Services

Proper planning for future growth requires engineering studies. These include but are not limited to, Feasibility, Technical Memorandum, Basis of Design, Designs, Plans & Specifications, and Construction Management & Inspection. This budget item has increased by 53% to accommodate for this planning.

Capital Additions

The five (5) year Capital Improvement Plan adopted in December of 2020 remains in effect. Project definitions remain hierarchical to better align with the District's overall goals.

Water

A proposed \$5M (net) revenue bond, secured by future District water sales revenue will be used to facilitate the local cost share required to support the unprecedented District obligations resulting from four water reliability projects being awarded grant funding simultaneously.

Disaster Mitigation: \$23,500

SCADA (\$23,500) - This project is designed to mitigate against disaster by fortifying the District's Supervisory Control And Data Acquisition (SCADA) system. Funding is split between both the sewer and water fund as this system supports both. The SCADA Master Plan adopted in 2022 is now being leveraged to develop and execute an implementation plan.

Reliable Water Supply: \$6,217,512

Unit 9 Tank (\$3,184,850) Funding awarded in 2022 has assisted in the progress of designing the two tanks that will replace the single redwood water storage tank. Current scheduling estimates construction to begin in this coming fiscal year.

Unit 4 Tank (\$416,345) Funding awarded in 2022 has assisted in the progress of designing the tank replacement known as area 4. Along with water storage, this project aims to build wildfire resilience by implementing the defensive space principles of NFPA 1144.

AMI (\$191,437) The final phase of equipment procurement, this final expenditure will provide staff with the tools to eliminate the costly tasks of monthly manual meter reading.

Mainlines (\$294,000) Funding awarded in 2022 has assisted in the progress of building a plan to improve underground water infrastructure.

Generators (\$2,130,880) Funding awarded in 2022 has assisted in the progress of establishing stationary backup generators at water booster pump stations.

Wastewater

Disaster Mitigation: \$183,500

SCADA (\$183,500) - This project is designed to mitigate against disaster by fortifying the District's Supervisory Control And Data Acquisition (SCADA) system. Funding is split between both the sewer and water fund as this system supports both. The SCADA Master Plan adopted in 2022 is now being leveraged to develop and execute an implementation plan.

Risk Management: \$30,000

Chlorine Tank Shut-Off Valve (\$30,000) A improvement opportunity identified in the Chlorine Risk Management Plan, this project will involve the addition of an auto shut-off capability in the chlorine tank room.

Regulatory Compliance: \$25,000

Manhole Lids (\$25,000) Manhole lid replacements to reduce/eliminate Sewer System Overflows (SSOs) by replacing manhole lids with airtight, composite lids.

**HIDDEN VALLEY LAKE COMMUNITY SERVICES DISTRICT
2023-2024 BUDGET
CAPITAL PROJECTS**

WASTEWATER			
120-5-70-7201	REGULATORY COMPLIANCE	\$	25,000
120-5-70-7202	DISASTER MITIGATION	\$	183,500
120-5-70-7205	RISK MANAGEMENT	\$	30,000
TOTAL CAPITAL WASTEWATER EXPENDITURES		\$	238,500
WATER			
130-5-70-7202	DISASTER MITIGATION	\$	23,500
130-5-70-7204	RELIABLE WATER SUPPLY	\$	6,217,512
TOTAL CAPITAL WATER EXPENDITURES		\$	6,241,012

Debt

1) Sewer Expansion and Wastewater Treatment Plant

Sewer System Reassessment District No. 1 Limited Obligation Refunding Improvements Bonds Series 2016, issued March 9, 2016 in the amount of \$3,650,000, payable in annual installments with an interest rate of 3.25-3.50% and maturity of September 2, 2032. The bonds were used to finance improvements to the sewer system. The bonds are secured by a pledge of reassessment of revenues.

2) Water Infrastructure Project

California Infrastructure and Economic Development Bank direct borrowing Loan, issued June 24, 2002 in the amount of \$3,000,000, payable in annual installments with an interest rate of 3.48% and maturity on February 1, 2032. The loan was used to finance the expansion and upgrade of the water system. Net system revenues and all amounts in the enterprise fund are pledged as collateral for the debt.

3) Solar Project

2012 Series direct borrowing Certificate of Participation Water Reclamation Plant Energy Sustainability Project issued October 1, 2012, in the amount of \$640,000, payable in annual installments with an interest rate of 3.0% and maturity on August 1, 2041. The certificates of participation were used to finance the sewer system solar project. Net revenues are pledged as collateral for debt.

**HIDDEN VALLEY LAKE COMMUNITY SERVICES DISTRICT
2023-2024 BUDGET
DEBT**

DEBT REVENUE SOURCE		FUND	AMOUNT
1)	BOND SERIES 2016 - TAX ASSESMENT	215	\$ 298,981
2)	CIEDB LOAN - WATER INFRASTRUCTURE	130/218	169,721
3)	USDA LOAN - SOLAR PROJECT WWTP	120	32,158
TOTAL DEBT SERVICE REVENUE			\$ 500,860
DEBT SERVICE EXPENSE		FUND	AMOUNT
1)	BOND SERIES 2016 (PRINCIPAL)	215	\$ 213,000
	BOND SERIES 2016 (INTEREST)	215	76,341
	BOND ADMINISTRATION (ANNUAL FEE)	215	9,640
TOTAL BOND DEBT			\$ 298,981
2)	CIEDB (PRINCIPAL)	218	\$ 121,960
	CIEDB (INTEREST)	218	43,970
	CIEDB (ANNUAL FEE)	218	3,791
TOTAL CIEDB DEBT			\$ 169,721
3)	USDA SOLAR LOAN (PRINCIPAL)	219	\$ 18,500
	USDA SOLAR LOAN (INTEREST)	219	13,658
TOTAL USDA DEBT			\$ 32,158
TOTAL DEBT SERVICE EXPENSE			\$ 500,860