

2020 Proposed Water and Sewer Rate Changes: Informative Meeting

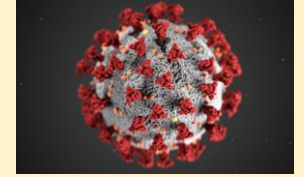
November 24th, 2020

Hidden Valley Lake Community Services District (CSD)

Virtual - Microsoft Teams



“All in person meetings should be avoided when possible. Meetings should be conducted electronically.” ([COVID-19 Public Health Emergency Return to Work – Worksite Protection Protocol p.4](#))



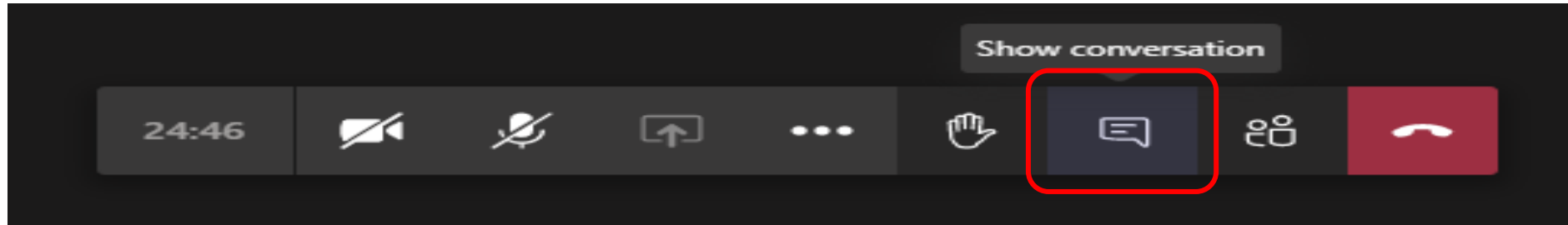
Virtual Meeting Protocol

- Questions answered at the end of the presentation
 - We encourage you to ask! Please use the chat window, or email (info@hvlcsd.org) at any time during the presentation
- Meeting is recorded
- Mutual respect and professionalism

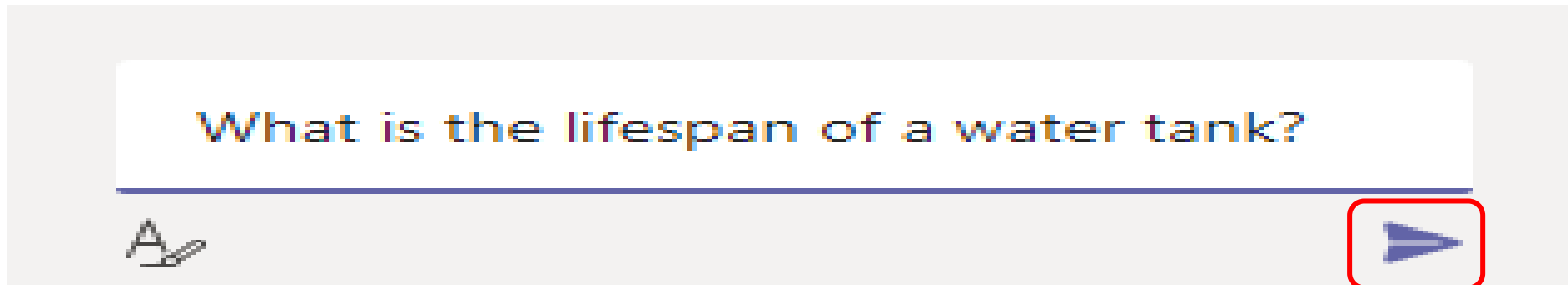


How to ask a question by using chat

1. Select *Show conversation*



2. Type your question in the *Meeting chat* window and select the *Send* arrow



3. We will address your question at the end

Board of Directors

President of the Board

Jim Lieberman

Director Jim Freeman

Director Carolyn Graham

Director Gary Graves

Director Claude Brown

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



General Manager - Dennis White

- Nearly 19 years of experience working in the water and wastewater industry at HVLCSD
 - Utility Worker
 - Mechanic
 - Lead Water Operator
 - Utility Supervisor
 - General Manager
- Longtime Lake County and Hidden Valley Lake resident



Agenda

- I. District overview
 - A. Definitions
 - B. Budget Breakdown
 - C. New Rate Proposal
- II. Challenges faced
 - A. Aging Sewer/Water Infrastructure
 - B. Natural Disasters, PSPS, etc.
- III. Recovery efforts
- IV. Q/A



I. District overview

What is the Community Services District?

- A public entity is an organization or body providing public services on behalf of the government
- Governance and the Brown Act
 - Transparency
 - Protection of our community, and downstream
 - Emergency
 - Not-for-profit

We cannot and will not charge more than what it costs to operate



I. District overview

Reasons for a Rate Increase

- Natural and human caused disasters
- Aging infrastructure
- Increasing operation costs
- Increasing state regulations

We want to ensure a safe and reliable water & wastewater system for our customers, and we need your help.





What is a Rate study?

An analysis of the cost-of-service and revenue requirements to develop cost-based rates that satisfy operation and maintenance needs.

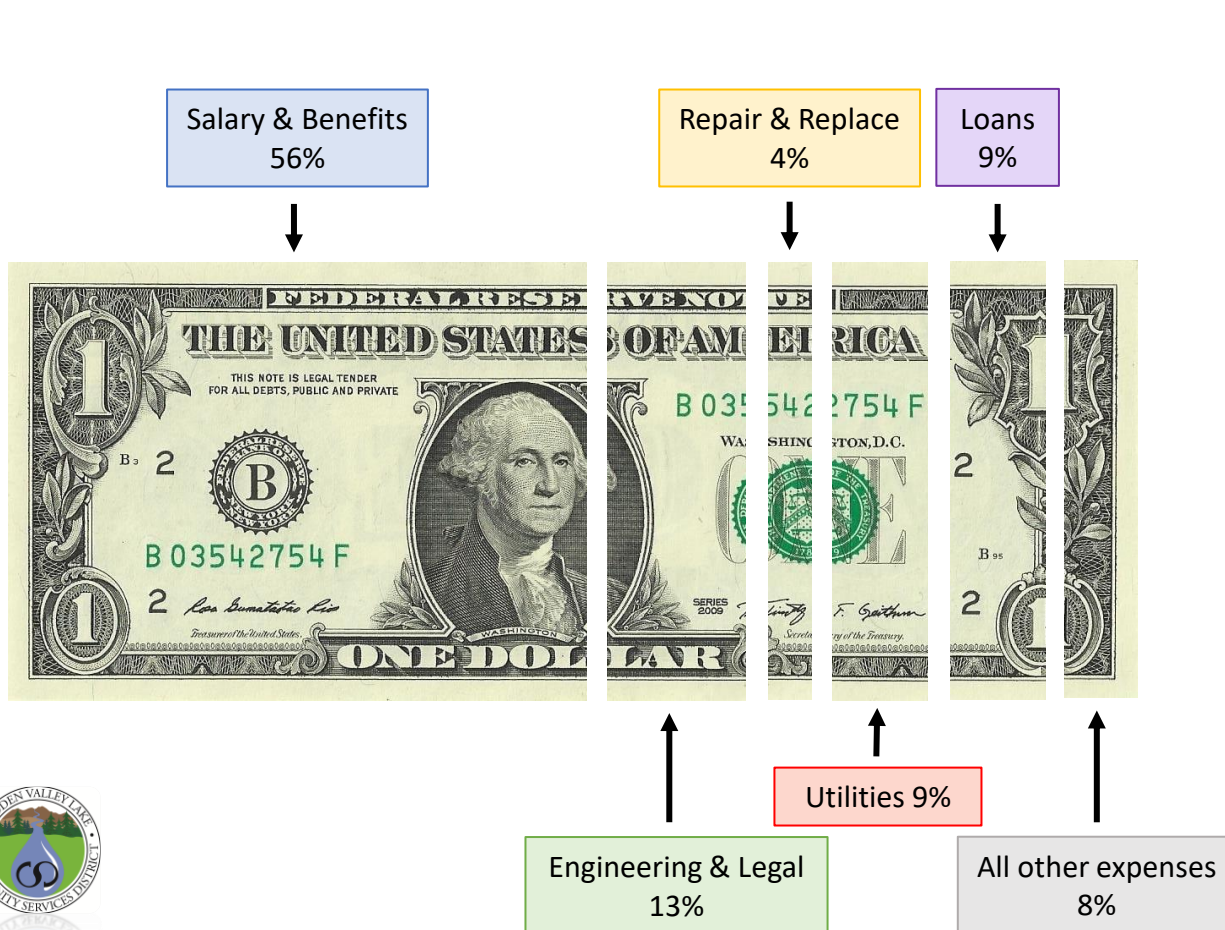
- NBS www.nbsgov.com
 - Contracted to design the District's rate proposal
 - Designed rates to:
 - Maximize rate payer benefits
 - Optimize District operational revenues
 - Fortify reserves



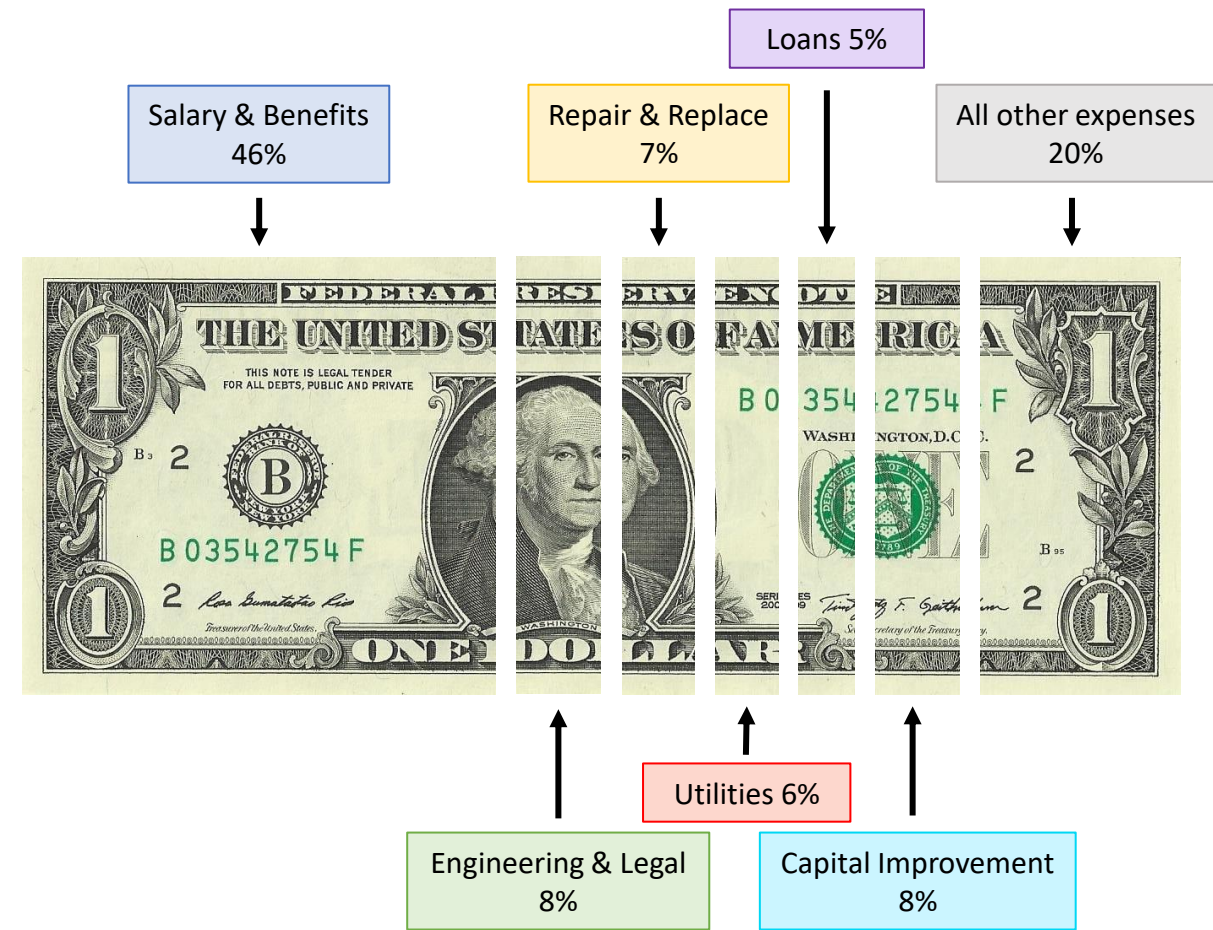
I. District overview

Budget Breakdown

2014/15 Budget



2020/21 Budget



I. District overview

Previously Proposed Rates

- The 2019 initial rate study:
 - High priority projects were identified
 - Five-year completion schedule was aggressive

The Board of Directors provided
direction to NBS to reduce
this impact to our ratepayers.



I. District overview

Water Rate Schedule	Current Rates ('20/21)	Proposed Water Rates				
		FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
Fixed Service Charge						
<i>Monthly Fixed Service Charge:</i>						
5/8 inch ¹	\$39.58	\$44.45	\$49.79	\$55.76	\$60.78	\$66.25
3/4 inch ¹	\$39.58	\$44.45	\$49.79	\$55.76	\$60.78	\$66.25
1 inch	\$94.91	\$107.15	\$120.01	\$134.41	\$146.51	\$159.69
1.5 inch	\$187.11	\$211.65	\$237.04	\$265.49	\$289.38	\$315.43
2 inch	\$297.75	\$337.04	\$377.48	\$422.78	\$460.83	\$502.31
Water Commodity Charges per hundred cubic feet (HCF)						
Uniform Rate (All Classes)	\$2.68	\$3.54	\$3.97	\$4.44	\$4.84	\$5.28

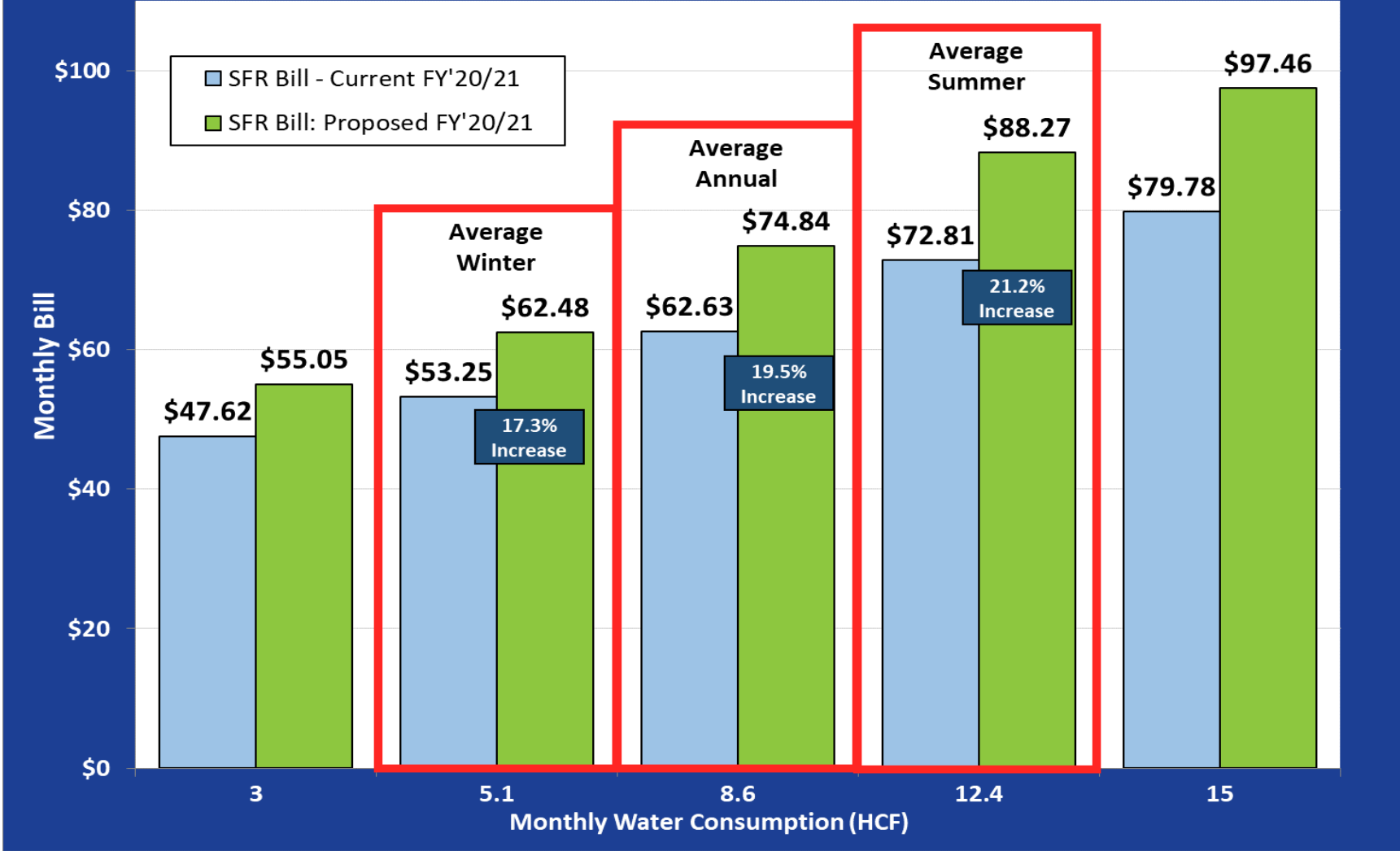


1. Most residential properties have 5/8- or 3/4-inch meters

Sewer Rate Schedule	Current Rates ('20/21)	Proposed Sewer Rates ¹				
		FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
Fixed Service Charge per HEU²						
Residential & Municipal	\$51.96	\$53.60	\$60.03	\$67.24	\$73.29	\$79.89
Commercial	\$51.96	\$53.60	\$60.03	\$67.24	\$73.29	\$79.89
Volumetric Charge (\$/hcf)³						
Residential & Municipal (Applied to Average Winter Water Use)	\$2.76	\$4.54	\$5.08	\$5.69	\$6.20	\$6.76
Commercial (Applied to Average Monthly Water Use)	\$3.00	\$5.73	\$6.41	\$7.18	\$7.83	\$8.53

Recycled Water Rate Schedule	Current Rates ('19/20)	Proposed Recycled Water Rates				
		FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
<i>% Increase in Annual Rate Revenue:</i>		12.00%	12.00%	12.00%	9.00%	9.00%
Fixed Service Charge per Acre Foot (AF)						
Recycled Irrigation (\$/AF)	\$291.64	\$326.64	\$365.83	\$409.73	\$446.61	\$486.80

Single-Family Residential Water Bill Comparison Current vs. Proposed Rates for 5/8" Meter



II. Challenges faced

Aging Infrastructure

- Water & Sewer system built in the 1960s
 - Major repairs have been deferred
 - Water main lifespan: 60 years
 - Wooden tank lifespan: 40-50 years
 - Time is essential in addressing infrastructure issues
- Failing equipment, main line breaks, damaged water tanks, leaky pipes, etc.
 - After hour service calls
 - Depleting reserve funds
 - Overtime maintenance/repair hours
- Leaves us susceptible to disasters

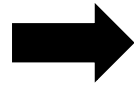


II. Challenges faced

Aging Sewer Infrastructure

- Infiltration and inflow is prevalent in aged sewer systems
 - Rain and groundwater enter the sewer system

**Heavy
Rain**



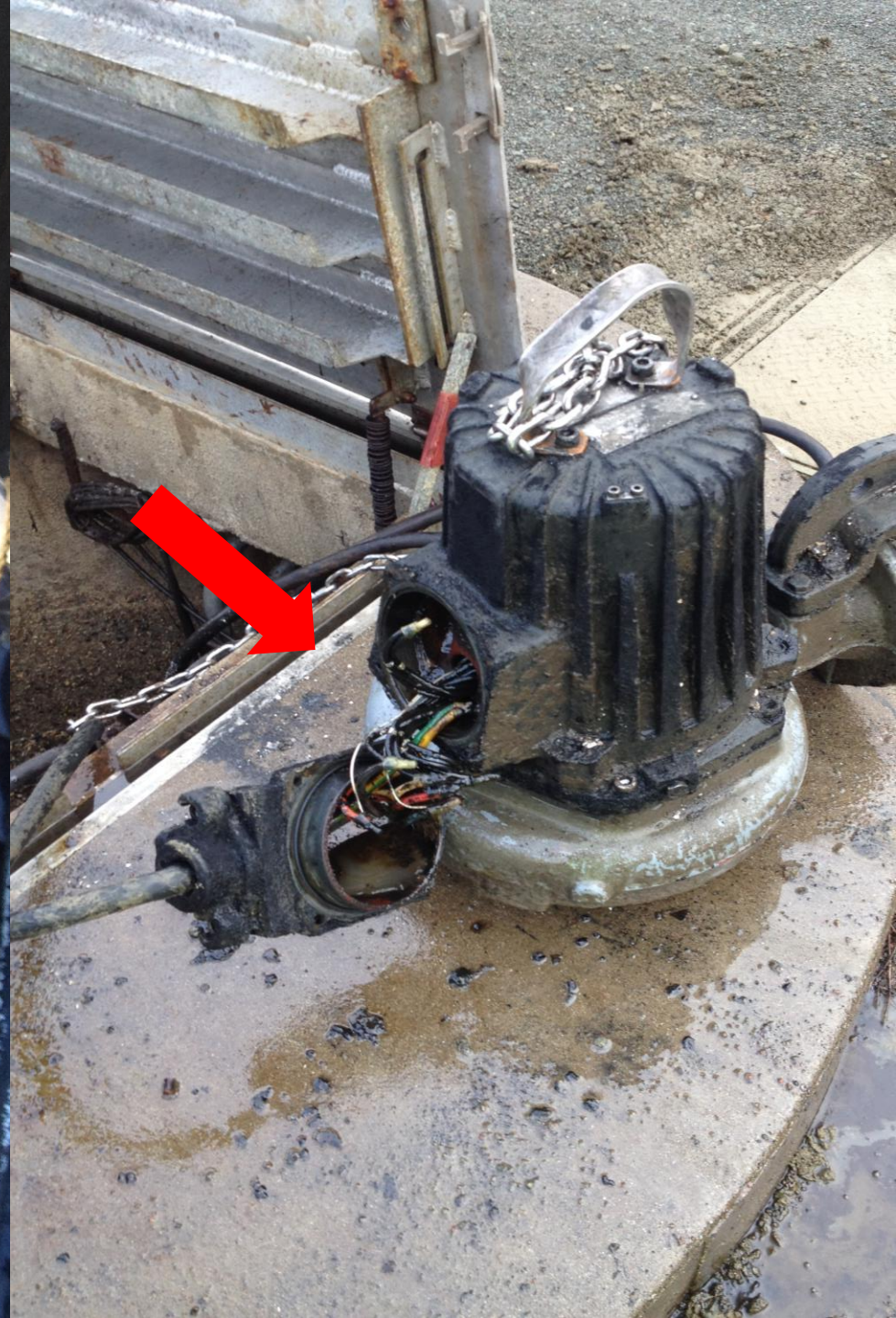
**Water enters the
sewer system**



Sanitary Sewer Overflows

- 2017 flood events caused SSOs at wastewater treatment plant and multiple sewer manholes
 - Unbudgeted ratepayer cost: \$1.4 million
 - Avoided a state fine by being proactive
- Foreign objects enter the sewer and cause backups and damage equipment
 - Flushable wipes, feminine products, floss, rags, paper towels, etc.







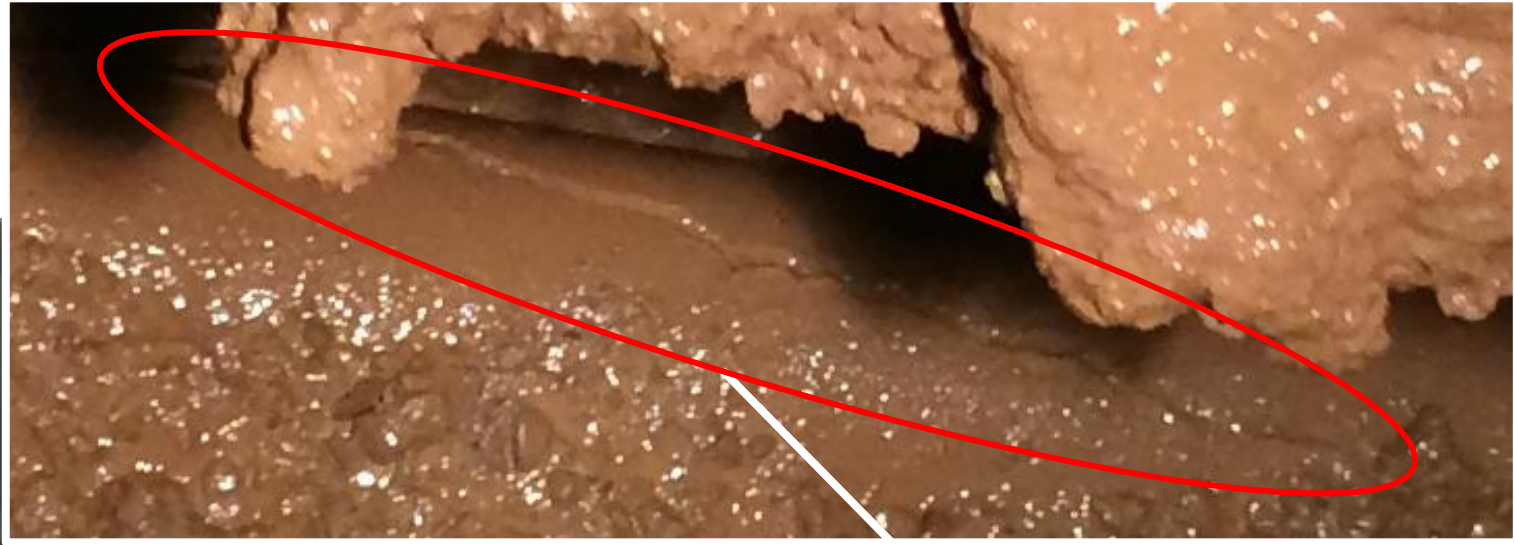
II. Challenges faced

Aging Water Infrastructure

- Water delivery system is susceptible to main line breaks and valve leaks
 - Interrupts regular water service
 - Threatens firefighting capability
- Various redwood water tanks are outdated and vulnerable to fires
 - Threatens water storage
 - Threatens sustained fire capability



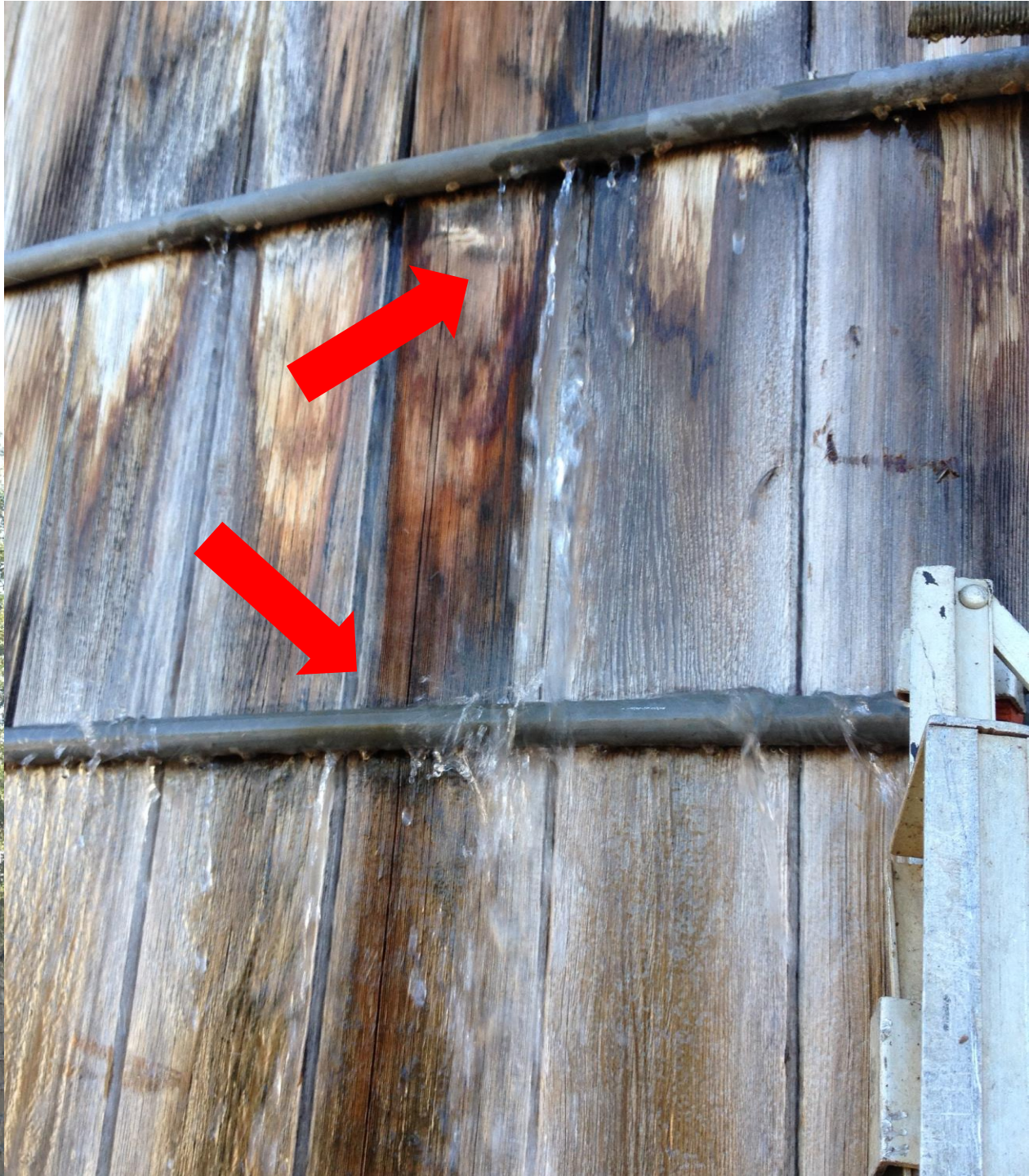












II. Challenges faced

Natural Disasters

- 3 of the 5 largest wildfires in state history have occurred within the county
 - Wildfires
 - The CSD developed fire breaks
 - Floods
 - The CSD is **not** authorized to handle stormwater
- Our staff work during natural disasters and evacuations as part of our oath to serve the community

Disasters since previous rate study		
Disaster Title	Year	Disaster Type
LNU Lightning Complex Fire	2020	Wildfire
Covid-19	2020	Pandemic
Kincade Fire	2019	Wildfire
*Winter Flooding	2019	Flood
Mendocino Complex Fires	2018	Wildfire
*Winter Flooding	2017	Flood
Clayton Fire	2016	Wildfire
*Valley Fire	2015	Wildfire
Jerusalem Fire	2015	Wildfire
Rocky Fire	2015	Wildfire

*Direct damage to infrastructure











II. Challenges faced

Human Caused Disasters

Since October of 2019:

286 hours have been spent in a Public Safety Power Outage (PSPS)

Impact to the District:

- Operate in emergency mode
- Threatens water availability
- Incur higher operational costs
- Compromises fire fighting ability
- Difficulty attaining generators





500kw Generator

 **United
Rentals**

POWER
800-UR-RENTS | Uni

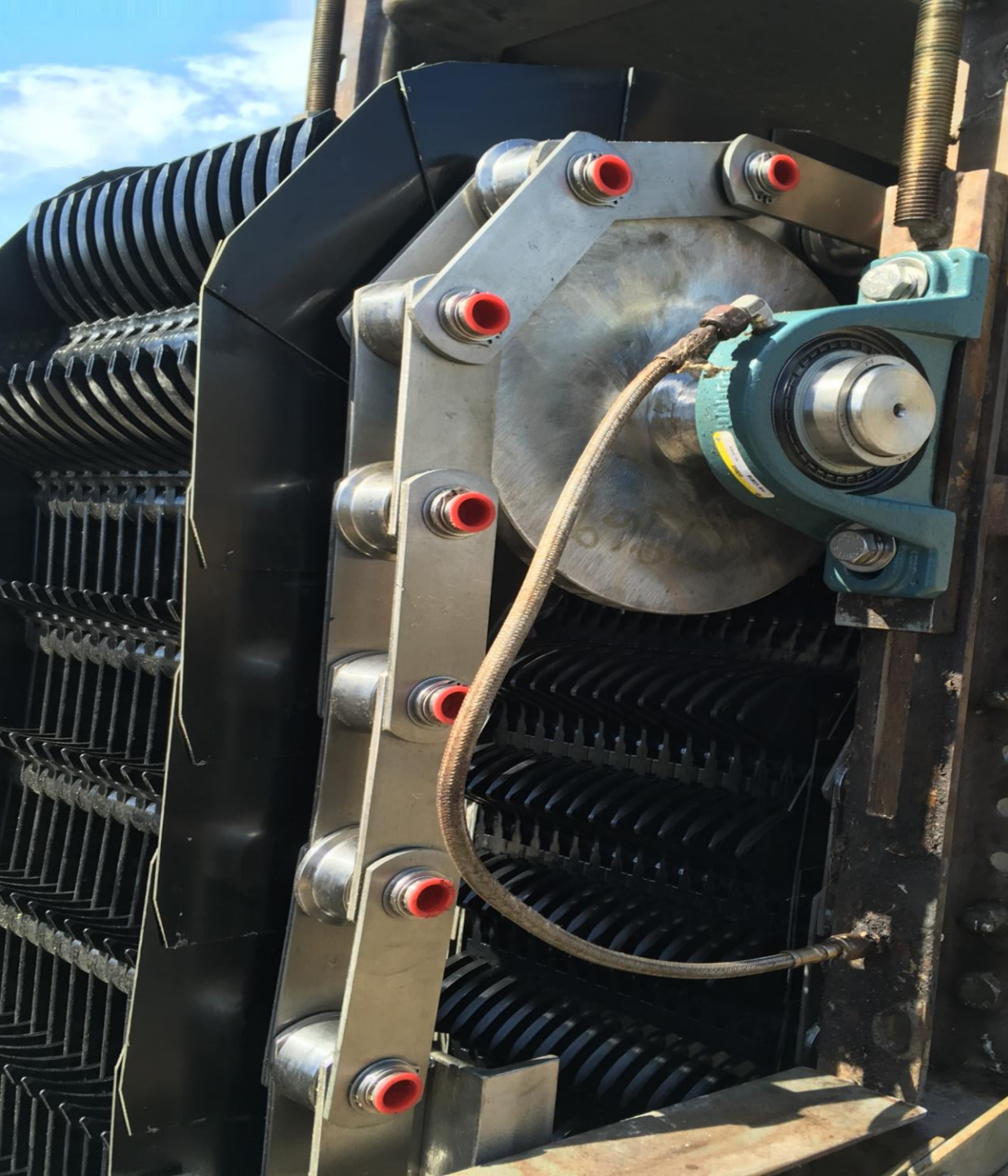
III. Recovery efforts

Repairs, Replacements, Reimbursements

How have we cut costs:

1. \$2.4 million reimbursed for emergency repairs
 - Regularly researching and pursuing reimbursement and grant programs (FEMA, state, etc.)
2. Solar Panels: reduce electric costs by 30%
3. Promote internally and hire at entry levels
4. Purchase Capital equipment to relieve rental expenditures
 - Participate in the Disaster Response Network
5. Perform in-house maintenance
6. Reduced rate increases by decreasing the Water Capital Improvement Plan from \$19 million to \$3.7 million (over a 5-year period)





Functioning filter







III. Recovery efforts

Disaster Reimbursements (Federal & State)

Year of event	Disaster	Project	Description	Completion	Reimbursed?	Reimbursements
2017	4301	LHHVA01	Pump & Dump	100%	100%	\$214,133.04
2017	4301	LKHVB01	Repair & Labor	100%	100%	\$16,748.90
2017	4308	LKHVA81	Pump & Dump	100%	100%	\$390,533.63
2017	4308	LKHVB81	Repair & Labor	100%	100%	\$5,317.17
2017	4308	LKHVF83	Repair & Labor	100%	100%	\$652,310.53
2019	4434	100063	Pump & Dump	100%	100%	\$916,723.31
2019	4434	100118	Repair	100%	100%	\$13,101.71
2019	4434	100126	Repair & Labor	100%	100%	\$39,032.81
2019	4434	101502	Repair & Labor	100%	100%	\$33,321.19
2019	4434	100138	Repair	0%	0%	\$167,608.13
2020	4482	138890	Materials	100%	0%	\$10,401.87
2020	4558	TDB	EPM	100%	0%	\$100,000.00

Totals:	\$2,559,232.29
Actual:	\$2,281,222.29



III. Recovery efforts

Federally funded, non-disaster projects (HMGP)					
Related Disaster	Project	Description	Completion	Reimbursed?	Reimbursement
4344	512	LHMP	100%	90%	\$74,404.00
4382	112	Unit 9 Tank	0%	0%	\$1,300,000.00
4407	57	Generators	0%	0%	\$1,900,000.00

Totals:	\$3,274,404.00
Actual:	\$74,404.00

State Funded projects (Prop 1, Prop 68)					
Funding Agency	Project	Description	Completion	Reimbursed?	Reimbursement
DWR/IRWM	205	I & I	25%	0%	\$-
DWR/IRWM	206	Unit 9 Tank	5%	0%	\$-

Totals:	\$-
Actuals:	\$-



III. Recovery efforts

Potential projects (LHMP)					
Priority	Funding Agency	Project	Description	Costs	Notes
1	HMGP (FEMA)	SCADA	Technology refresh	\$ 1,000,000	Initial Feasibility discussions underway, Joined Demand Response program to qualify for rebates
1	HMGP (FEMA)	Tanks	Replace wooden tanks	\$ 5,400,000	Subapplication submitted for one tank only, 4558 - NOI
1	HMPG (FEMA)	I & I	Pipe-bursting	\$ 1,000,000	Grant funds awarded for first pipe-bursting
1		RRP, ERP	Requirement of AWIA of 2018	\$ 200,000	Due 3/21, Possible 4482-NOI opportunity
1	HMGP (FEMA)	Water	Correlators, AirVacs, Lines, Meters	\$ 5,500,000	ESCOs can support energy savings projects
2		WMP	Water Master Plan	\$ 100,000	This is 20 years old. Is a reference document for grant applications
2	HMGP (FEMA)	WWTP	EQ Basin, Sludge Beds	\$ 6,000,000	Every flooding disaster in the last 4 years has damaged a portion of the WWTP. Possible developed contributions.
2		SWP	Stormwater Master Plan	\$ 200,000	This is 20 years old. Opportunity for regional benefits.
2		Stormwater	Implement Stormwater Master Plan Improvements	\$ 10,000,000	Phase 1 - Culverts in the Flood detention basin, previous NOI accepted for this activity
2	HMGP (FEMA)	Well	Drill a new well	\$ 4,000,000	Water Resilience, Contamination Mitigation, possible developer assistance
2	FMAG (FEMA)	Fuels Mitigation	Defensible Space, Concrete detention basin, masonry buildings	\$ 400,000	Possible 4558-NOI opportunity
2	FMAG (FEMA)	Hydrants	Improvements	\$ 4,100,000	Previous NOI accepted for this activity
2	PDM (FEMA)	GIS	Fully develop database, O&M	\$ 400,000	Management, maintenance, and communications tool
3		PAP	Public Awareness Program	\$ 200,000	Disaster preparedness, response and recovery
3	HMGP (FEMA)	CL2 valve	Automatic shut-off valve	\$ 50,000	Operator Safety, RMP improvement list
3	HMGP (FEMA)	CL2 Analyzers	Chlorination Basin improvements	\$ 100,000	Flow-based treatment process will streamline WWTP
3	HMGP (FEMA)	Earthquake	Retrofits	\$ 5,000,000	
3		Levee	Certification	TDB	Opportunity for regional benefits, flood insurance
3		Dam	Inundation Mitigation	TDB	Infrastructure improvements



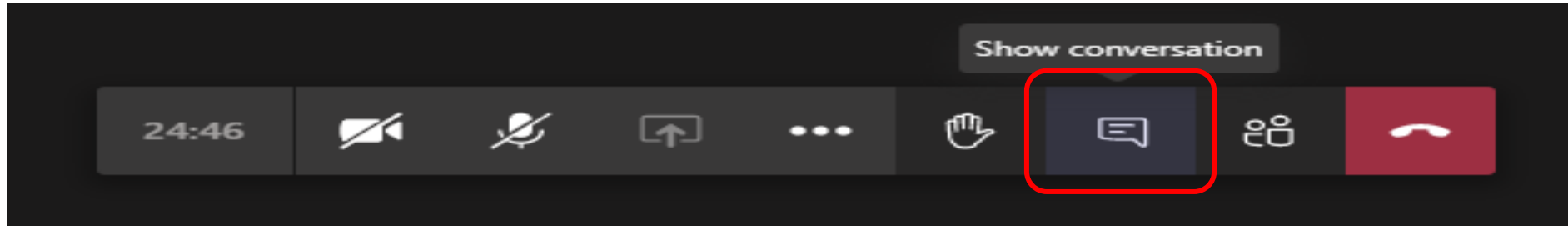
Summary

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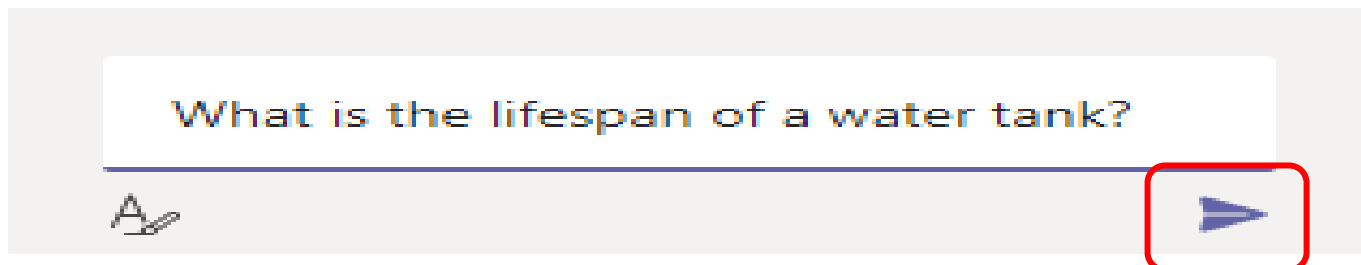


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Protest Requirements per CA Prop 218

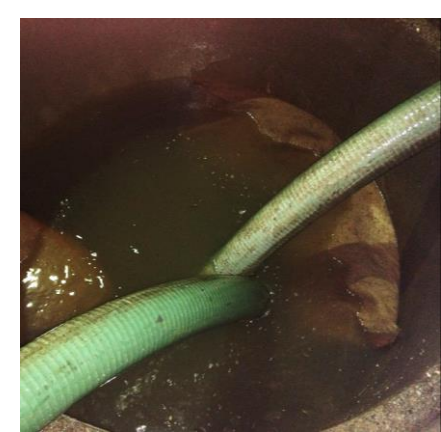
- How to protest rate changes:

Each protest **must**:

1. Be in writing
2. State the specific rate changes for which the protest is being submitted
3. Provide the location of the identified parcel (by assessor's parcel number or street address)
4. Include the original signature of the owner

Written protests may be submitted by mail to: Dennis White, General Manager
Hidden Valley Lake CSD
19400 Hartmann Road
Hidden Valley Lake, CA 95467





Thank you for your time, we are always available for you over the phone and at our office.
We look forward to seeing you at our Board Meetings!

