

Fiscal Year 2024-2025

Budget



Approved June 18, 2024

Board of Directors:

Sean Millerick, President

Jim Freeman, Vice President

Gary Graves

Jim Lieberman

Matt Metcalf

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 has 15 full-time employees and provides water services to over 2,500 homes and 6 distinct businesses, and wastewater services to over 1,500. Its service area encompasses approximately three-square miles.

Mission Statement

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

Vision Statement

“To provide innovative and reliable services in an environmentally conscious manner that produces a high level of ratepayer satisfaction.”

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 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 it allowed for the merger of the two utilities 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 represent the general interest of those in the Hidden Valley Lake community. Directors must live within the boundaries of the 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 operations. The Board appoints a General Manager to handle day-to-day operations and to carry out goals and policies. It is the General Manager's responsibility to ensure that District procedures are in line with the District's mission, and that on-going operations and planning are mindful of the District's vision. Beyond the General Manager, the Board also appoints legal counsel and financial auditors.

The Board of Directors is committed to transparency. Board meetings are held in accordance with the Brown Act regulations and public notice requirements. Regular board meetings are held on the third Tuesday of the month at 7:00 p.m. at the District's business office at 19400 Hartmann Rd, Hidden Valley Lake; an exception was made during the height of the COVID-19 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 policy development. 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, <https://www.hvlcsd.org/>. Each meeting ends with a call for public comment and community members are encouraged to participate.

Revenue and Expense Trends and Forecast

Water & Wastewater Overview

The years 2021 - 2025 are turning out to be recovery and growth years. Correspondingly, fiscal year 2024/2025 will land solidly in the recovery and growth category. The damage done by natural disasters and deferred maintenance has been replaced by new infrastructure and planning efforts. The District has adjusted to focus on providing reliable, resilient, quality water and wastewater services. Daily operations are implementing continuous improvement activities to maintain these goals and to uphold the District's vision. Despite continuously rising operational costs, the District is maintaining stability. This is in part due to the calculated transition from reactive to proactive mode. The performance and progress of both the Water and Sewer Enterprise Funds are uniquely nuanced. The upcoming fiscal year budget will follow the vision originally developed in the rate study conducted by NBS and adopted by the Board of Directors in 2020.

Wastewater

The Sewer Enterprise Fund revenues increased by 35% since the 5-year rate plan was implemented in January 2021. The revenue increase has allowed the District to focus on funding essential infrastructure rehabilitation. Operational expenses decreased 4%, securing excess revenue reserves for future infrastructure rehabilitation.

Water

The Water Enterprise Fund achieved a revenue growth of 21% over the past 3.5 years. Expenses increased by 11% mainly due to the increase in operational supplies, multiple infrastructure and capital improvement projects. Five (5) new water permits were purchased during fiscal year 23/24 accurately supporting the budget projections. Anticipating a decrease in housing construction, the water permit sales projection was decreased to three (3) for fiscal year 24/25.

Significant Budget Changes

Salaries and Benefits - \$2,090,718 (increase of \$128,493 from 23/24)

An adjustment of 3.5% to employee compensation will align the District to the Consumer Price Index (CPI) as a measure of cost of living. Special District Risk Management Authority (SDRMA) health insurance premiums increased 9%.

Liability Insurance -\$315,000 (increase of \$49,348 from 23/24)

Property/Liability insurance increased 17%.

Workers Comp Insurance -\$70,000 (increase of \$32,764 from 23/24)

Workers Compensation insurance increased 61%.

Final Thoughts

By making water reliability a priority, two key milestones of fiscal year 23/24 have helped keep improvements on track: (1) Federal Grant funding for infrastructure improvements, and (2) the Water Reliability Revenue Bond. This significant financial assistance helps to keep the cost of service reasonable for ratepayers. This trend is expected to continue through available funding at both the state and federal level. With improvements being made to infrastructure, both self-reliance and employee satisfaction will increase. Less time will be required to fix damaged pipes, valves, pumps, etc., since the infrastructure will be new. Staff time will be better spent maintaining and exercising new equipment and building new job-related skills. The District remains committed to the transition from reacting to breaks and leaks to proactively preventing them. With improved employee skill levels and subsidies keeping capital projects costs lower the District is better positioned to provide safe and affordable water and wastewater services to the growing community of Hidden Valley Lake.

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, and Risk Management Plans will help maintain financial stability.

**HIDDEN VALLEY LAKE COMMUNITY SERVICES DISTRICT
2024-2025 BUDGET
SEWER ENTERPRISE FUND 120**

REVENUE	
120-4020 PERMIT & INSPECTION FEES	500
120-4045 AVAILABILITY FEES	9,000
120-4050 SALES OF RECLAIMED WATER	183,611
120-4111 COMMERCIAL SEWER USE	85,538
120-4112 GOVERNMENT SEWER USE	1,200
120-4116 SEWER USE CHARGES	2,059,031
120-4210 LATE FEE	32,000
120 4300 MISC INCOME	500
120-4310 OTHER INCOME	500
120-4320 FEMA/CalOES GRANTS	-
120-4325 GRANTS	121,875
120-4550 INTEREST INCOME	3,000
120-4580 TRANSFER IN	433,875
TOTAL REVENUE	2,930,630

**HIDDEN VALLEY LAKE COMMUNITY SERVICES DISTRICT
2024-2025 BUDGET
SEWER ENTERPRISE FUND 120**

OPERATING EXPENDITURES

120-5010 SALARY & WAGES	600,605
120-5020 EMPLOYEE BENEFITS	230,942
120-5021 RETIREMENT BENEFITS	135,063
120-5022 CLOTHING ALLOWANCE	2,500
120-5024 WORKERS COMP INSURANCE	35,000
120-5025 RETIREE HEALTH BENEFITS	19,007
120-5030 DIRECTOR HEALTH BENEFITS	59,752
120-5040 ELECTION EXPENSE	2,500
120-5060 GASOLINE, OIL & FUEL	30,000
120-5061 VEHICLE MAINT	30,000
120-5062 TAXES & LICENSE	800
120-5063 CERTIFICATIONS	2,000
120-5074 PROPERTY/LIABILITY INSURANCE	157,500
120-5075 BANK FEES	35,000
120-5080 MEMBERSHIP & SUBSCRIPTIONS	14,000
120-5090 OFFICE SUPPLIES	5,000
120-5092 POSTAGE & SHIPPING	10,000
120-5121 LEGAL SERVICES	20,000

120-5122 ENGINEERING SERVICES	75,000
120-5123 OTHER PROFESSIONAL SERVICES	37,000
120-5125 OPEB OBLIGATION	13,000
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	90,000
120-5150 REPAIR & REPLACE	185,000
120-5155 MAINT BLDG & GROUNDS	15,500
120-5156 CUSTODIAL SERVICES	18,500
120-5157 SECURITY	5,000
120-5160 SLUDGE DISPOSAL	50,000
120-5165 TERTIARY POND MAINT	50,000
120-5170 TRAVEL & MEETINGS	12,000
120-5175 EDUCATION/SEMINARS	14,000
120-5176 DIRECTOR TRAINING	3,600
120-5179 ADM MISC EXPENSE	1,200
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	27,000
120-5310 EQUIPMENT - FIELD	1,200
120-5311 EQUIPMENT - OFFICE	1,200
120-5315 SAFETY EQUIPMENT	3,500
120-5545 RECORDING FEES	250
120-5580 TRANSFER OUT	154,075

TOTAL OPERATING EXPENDITURES	2,431,194
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**HIDDEN VALLEY LAKE COMMUNITY SERVICES DISTRICT
2024-2025 BUDGET
WATER ENTERPRISE FUND 130**

REVENUE	
130-4035 RECONNECT FEES	15,000
130-4039 WATER CONNECTION FEE (METER)	1,645
130-4040 LIEN RECORDING FEES	1,200
130-4045 AVAILABILITY FEES	32,000
130-4110 COMMERCIAL WATER USE	168,824
130-4111 BULK WATER SALES	32,000
130-4112 GOVERNMENT WATER USE	7,400
130-4115 WATER USE CHARGES	3,104,882
130-4210 LATE FEE	57,000
130-4215 RETURNED CHECK FEE	1,000
130-4300 MISC INCOME	1,500
130-4310 OTHER INCOME	100
130-4320 FEMA/CalOES GRANTS	3,822,358
130-4325 GRANTS	121,875
130-4330 HYDRANT METER USE DEPOSIT	3,240
130-4550 INTEREST INCOME	5,985
130-4580 TRANSFER IN	1,274,119
TOTAL REVENUE	8,650,128

**HIDDEN VALLEY LAKE COMMUNITY SERVICES DISTRICT
2024-2025 BUDGET
WATER ENTERPRISE FUND 130**

OPERATING EXPENDITURES

130-5010 SALARY & WAGES	600,605
130-5020 EMPLOYEE BENEFITS	230,942
130-5021 RETIREMENT BENEFITS	135,063
130-5022 CLOTHING ALLOWANCE	2,500
130-5024 WORKERS' COMP INSURANCE	35,000
130-5025 RETIREE HEALTH BENEFITS	19,007
130-5030 DIRECTOR HEALTH BENEFITS	59,752
130-5040 ELECTION EXPENSE	2,500
130-5060 GASOLINE, OIL & FUEL	30,000
130-5061 VEHICLE MAINT	35,000
130-5062 TAXES & LICENSE	1,200
130-5063 CERTIFICATIONS	1,200
130-5074 PROPERTY/LIABILITY INSURANCE	157,500
130-5075 BANK FEES	35,000
130-5080 MEMBERSHIP & SUBSCRIPTIONS	35,000
130-5090 OFFICE SUPPLIES	5,000
130-5092 POSTAGE & SHIPPING	9,500
130-5121 LEGAL SERVICES	75,000

130-5122 ENGINEERING SERVICES	50,000
130-5123 OTHER PROFESSIONAL SERVICES	25,000
130-5124 GSA - GROUNDWATER SUSTAINABILITY	15,000
130-5125 OPEB OBLIGATION	13,000
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	10,000
130-5150 REPAIR & REPLACE	180,000
130-5155 MAINT BLDG & GROUNDS	15,500
130-5156 CUSTODIAL SERVICES	18,500
130-5157 SECURITY	5,000
130-5170 TRAVEL & MEETINGS	21,000
130-5175 EDUCATION/SEMINARS	25,000
130-5176 DIRECTOR TRAINING	5,000
130-5179 ADM MISC EXPENSE	1,200
130-5191 TELEPHONE	19,000
130-5192 ELECTRICITY	220,000
130-5193 OTHER UTILITIES	4,000
130-5194 IT SERVICES	55,000
130-5195 ENV/MONITORING	20,000

130-5198 ANNUAL OPERATING FEES	30,000
130-5310 EQUIPMENT - FIELD	1,000
130-5311 EQUIPMENT - OFFICE	1,000
130-5315 SAFETY EQUIPMENT	5,000
130-5505 WATER CONSERVATION	7,500
130-5545 RECORDING FEES	700
130-5580 TRANSFER OUT	5,125,435

TOTAL OPERATING EXPENDITURES	7,393,804
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Capital Additions

Wastewater

Disaster Mitigation: \$351,875

SCADA (\$200,000) – The SCADA Master Plan was adopted in 2022. The SCADA implementation plan was completed in 2023. This fiscal year’s plan is to secure state funding to begin the design process for key improvements. The broad topic of SCADA (Supervisory Control And Data Acquisition) will be honed to a small number of elements that will best serve the District by their improvement. This effort represents the beginning of a 2-year design process. Funding is split between both the sewer and water funds as this system supports both.

SMP (\$121,875) – The Stormwater Mitigation project is a new entry in the long-term improvement plans for the District. Reducing the damaging effects of stormwater protects both sewer and water infrastructure, so costs will be split between these two funds. State funding will be targeted to help build a feasibility study that will identify the key steps and costs to moving forward.

LHMP Update (\$30,000) – Adopted in 2020, the original Local Hazard Mitigation Plan (LHMP) will expire in 2025. Federal funding will assist in the development of the plan’s update. This plan also encompasses both sewer and water and project costs will be split between the two.

Risk Management: \$52,000

Chlorine Tank Shut-Off Valve (\$52,000) - An improvement opportunity identified in the Chlorine Risk Management Plan; this project will involve the addition of an automatic shut-off capability in the chlorine tank room.

Regulatory Compliance: \$25,000

Manhole Lids (\$25,000) – This project continues the commitment to battle Infiltration and Inflow (I&I) in the sewer system. Manhole lid replacements and associated appurtenances will reduce/eliminate Sewer System Overflows (SSOs) by replacing manhole lids with airtight, composite lids.

Water

Disaster Mitigation: \$351,875

SCADA (\$200,000) – The SCADA Master Plan was adopted in 2022. The SCADA implementation plan was completed in 2023. This fiscal year’s plan is to secure state funding to begin the design process for key improvements. The broad topic of SCADA will be honed to a small number of elements that will best serve the District by their improvement. This effort represents the beginning of a 2-year design process. Funding is split between both the sewer and water funds as this system supports both.

SMP (\$121,875) – The Stormwater Mitigation project is a new entry in the long-term improvement plans for the District. Reducing the damaging effects of stormwater protects both sewer and water infrastructure, so costs will be split between these two funds. State funding will be targeted to help build a feasibility study that will identify the key steps and costs to moving forward.

LHMP Update (\$30,000) – Adopted in 2020, the original LHMP will expire in 2025. Federal funding will assist in the development of the plan’s update. This plan also encompasses both sewer and water and project costs will be split between the two.

General Vehicle: \$85,000

Construction Truck (\$85,000) – A fully outfitted construction truck supports the District’s commitment to enabling the workforce to proactively maintain new infrastructure. This truck will be dedicated to water treatment and conveyance services only.

Reliable Water Supply: \$5,096,132*

Unit 9 Tank (\$800,867) – Construction began in 2023 and is expected to be completed in the upcoming fiscal year. Federal funding and proceeds from the Net Revenue Bond have assisted in the progress of this project. Two steel bolted tanks will replace the existing redwood tank.

Unit 4 Tank (\$3,020,050) – Construction is anticipated to begin in this fiscal year. Federal funding and proceeds from the Net Revenue Bond are expected to assist in funding. A concrete

tank will replace the existing redwood tank. Along with water storage, this project aims to build wildfire resilience by implementing the defensive space principles of NFPA 1144.

Mainlines (\$180,922) – This multi-year planning and design project is scheduled to be completed this fiscal year. Federal funding and proceeds from the Net Revenue Bond have assisted in funding. The output of this effort will help form the basis for additional potential funding for final design and construction. This project will target three of the most impactful improvements to underground water infrastructure.

Generators (\$1,094,293) - Construction began in 2023 and is expected to be completed in the upcoming fiscal year. Federal funding and proceeds from the Net Revenue Bond have assisted in funding. Two generators will be placed at integral water pumping stations to ensure reliability of water delivery to all elevations within the community.

*The \$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.

**HIDDEN VALLEY LAKE COMMUNITY SERVICES DISTRICT
2024-2025 BUDGET
CAPITAL PROJECT EXPENSES**

WASTEWATER		
120-5-70-7201	REGULATORY COMPLIANCE	\$ 25,000
120-5-70-7202	DISASTER MITIGATION	\$ 351,875
120-5-70-7205	RISK MANAGEMENT	\$ 52,000
TOTAL CAPITAL WASTEWATER EXPENDITURES		\$ 428,875
WATER		
130-5-70-7102	VEHICLES	\$ 85,000
130-5-70-7202	DISASTER MITIGATION	\$ 351,875
130-5-70-7204	RELIABLE WATER SUPPLY	\$ 5,096,132
TOTAL CAPITAL WATER EXPENDITURES		\$ 5,533,007

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 on 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 (CIEDB) 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 the debt.

4) Water Bond

Water Reliability Bond Series 2023A, issued November 16, 2023, in the amount of \$5,000,000, payable in annual installments with an interest rate of 5.26% and maturity on February 1, 2048. The bonds will finance improvements to the water systems multiple capital improvement projects (CIP). Net system revenues and all amounts in the enterprise fund are pledged as collateral for the debt.

**HIDDEN VALLEY LAKE COMMUNITY SERVICES DISTRICT
2024-2025 BUDGET
DEBT**

DEBT REVENUE SOURCE	FUND	AMOUNT
BOND SERIES 2016 - TAX ASSESSMENT	215	\$ 298,981
CIEDB LOAN - WATER INFRASTRUCTURE	130/218	169,355
USDA LOAN - SOLAR PROJECT WWTP	120	32,095
BOND SERIES 2023A – CIP	130	271,625
TOTAL DEBT SERVICE REVENUE		\$ 772,056
DEBT SERVICE EXPENSE	FUND	AMOUNT
BOND SERIES 2016 (PRINCIPAL)	215	\$ 213,000
BOND SERIES 2016 (INTEREST)	215	76,341
BOND ADMINISTRATION (ANNUAL FEE)	215	9,640
TOTAL SEWER BOND DEBT		\$ 298,981
CIEDB (PRINCIPAL)	218	\$ 126,204
CIEDB (INTEREST)	218	39,726
CIEDB (ANNUAL FEE)	218	3,425
TOTAL CIEDB DEBT		\$ 169,355
USDA SOLAR LOAN (PRINCIPAL)	219	\$ 19,000
USDA SOLAR LOAN (INTEREST)	219	13,095
TOTAL USDA DEBT		\$ 32,095
BOND SERIES 2023A (PRINCIPAL)	130	\$ 20,000
BOND SERIES 2023A (INTEREST)	130	251,625
TOTAL WATER BOND DEBT		\$ 271,625
TOTAL DEBT SERVICE EXPENSES		\$ 722,056