

LAKE ARROWHEAD COMMUNITY SERVICES DISTRICT

M E M O R A N D U M

DATE: FEBRUARY 27, 2018

TO: BOARD OF DIRECTORS
Lake Arrowhead Community Services District

FROM: 
CATHERINE CERRI, General Manager

SUBJECT: STRATEGIC PLAN UPDATE

A. RECOMMENDATION

This is an information item only.

B. REASON FOR RECOMMENDATION

This is an information item only.

C. BACKGROUND INFORMATION

In 2006, The District developed a comprehensive Strategic Plan that compiled information from the studies and public input that the District conducted at the time. While some details have changed, much of the content is still relevant and valuable. While staff are preparing the current budget, we want to be sure that we are in alignment with the goals and vision of the Board of Directors.

The Mission Statement, Values, Vision and Priorities as determined by the 2006 Strategic Plan are stated below. Staff is not recommending any changes to these elements but is looking for feedback from the Board. The Mission Statement continues to be a guiding principal and current operations accurately reflect this commitment. The Values and Vision as stated are also still very relevant.

Mission Statement

To provide Exceptional water and wastewater services, as we protect our water resources and preserve our environment.

Values

- *Openness, Integrity, and Respect*
- *Service Excellence and Quality*
- *Continuous Improvement*
- *Reliability*
- *Accountability*

Vision

- *Provide high quality water and wastewater services so that the unique character of the communities we serve will not be diminished.*
- *Our District will become a national model for 1) conservation, 2) community involvement, 3) resources management, 4) the effective use of technology, and 5) cost-effectiveness.*
- *Our employees will be informed, well-trained, and prepared to respond to customers and the changing needs in the community.*
- *Our customers will always receive courteous, prompt, and professional service 24 hours a day, every day. Our customers will be well-informed about the plans for spending revenues on current operations and future programs. Our policies will be straightforward and easy to understand.*
- *We shall actively preserve the environment of the communities we serve. The watershed and the water resources of the Lake Arrowhead communities will always be under the protection of our staff.*
- *Our water and wastewater services will have long-term operational viability and cost-effectiveness. We shall be continually maintaining and upgrading our facilities.*

Priorities

- *Public Health & Safety*
- *Regulatory Compliance*
- *Fiscal Management*
- *Resources & Environmental Management*
- *Customer Service*
- *Organization Development*

Goals & Initiatives

Goals were developed to realize the Priorities. Many of the goals are still relevant but there are recommended changes in the draft as shown in the attachment. Feedback from the Board would be appreciated. There were many initiatives created to achieve the goals. Some have been completed and some are outdated. Staff will revisit the initiatives necessary to achieve the goals.

Public Health and Safety Goals are related to drinking water quality, wastewater containment and fire flow. Goal #3, to maintain service during power outages was achieved with the installation of generators several years ago. Goal #4 related to wastewater spills was split into two separate goals, one for the treatment plant and one for the collection system. Goal #5 was updated with more recent regulations.

Regulatory Compliance goals are to ensure compliance with existing orders and regulations from the State Water Resources Control Board (SWRCB). Goal #1, limiting withdrawals from the lake to 1,566 AFY is being met by managing demand. The supply side of this goal is discussed in more detail below. Goal #2 is related to compliance with effluent quality standards. Staff are currently working

with Dudek on this goal. Goal #3 is related to the I&I CDO which is ongoing and is related to the wastewater treatment plant goal under Public Health and Safety.

Fiscal Management goals include rates, costs and efficiencies. Staff are working to improve the estimates used in the budget for capital improvement projects. Managing pension costs has been added as a new goal.

Resources and Environmental Management goals focus on maximizing water resources which are discussed in more detail below. A renewable energy goal has been added.

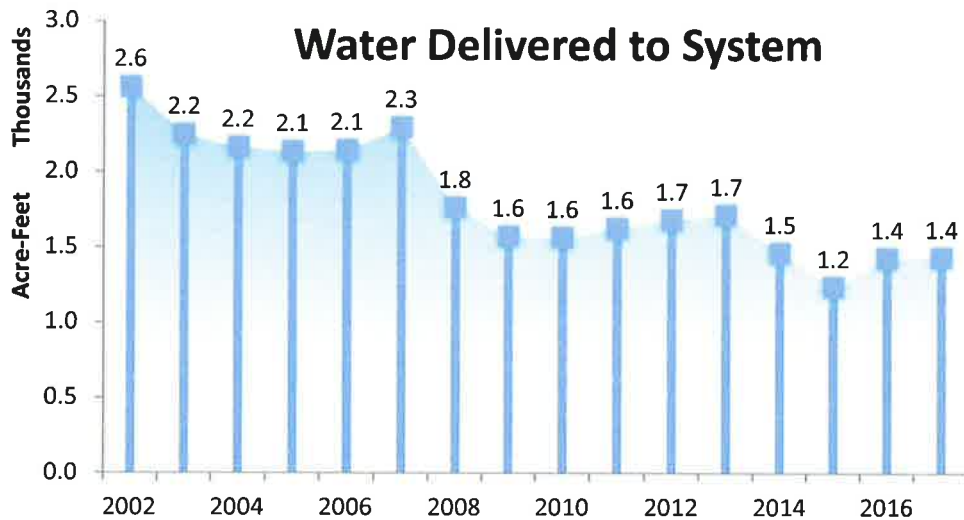
Customer Service goals are related to public awareness and customer satisfaction. One of the Visions of the Strategic Plan is to ensure our customers are well informed about the District's projects and programs. We believe we could improve in this area and are developing a newsletter to accomplish that.

Organization Development goals are critical to ensure a safe, stable workforce that cares about the District and the community we serve.

Water Security Goals

In 2006, the SWRCB issued Order WR 2006-0001 which limited LACSD's diversion right to 1,566 AFY. Historically, Lake Arrowhead served as the community's sole source of water supply. In 2003, the District Board of Directors adopted a new water resources management goal to reduce and ultimately eliminate reliance on Lake Arrowhead as the community's sole source of water. Under this policy, the District did not propose to stop using lake water outright. During wet and average water years the community would continue to rely on the lake for at least a part of its water supply. This is because water supplied from Lake Arrowhead is the community's lowest cost, best quality and most reliable source of water. Surface water treatment carries a very low cost of \$150/AF and is an asset owned by the community, but if drought becomes extreme and lake level is a concern, the District must have a plan in place to manage demand and protect resources.

Included in the Resource & Environmental Management Priority in the Strategic Plan is the development of additional water sources. We have been meeting Regulatory Compliance Goal #1 (complying with the 1,566 AFY limit) by managing demand through water conservation assisted by a lower full-time population. The District needs to continue developing local water sources to be able to respond to drought and any future increase in population. The highest system demand was in 2002 at 2,600 acre-feet (AF). This gives us an indication that 3,000 AF could safely be our maximum demand if development and population increased. The lowest demand was 1,238 AF in 2015. This could be considered our minimum demand which occurred during a low point of population at maximum conservation efforts during a prolonged state-wide drought.



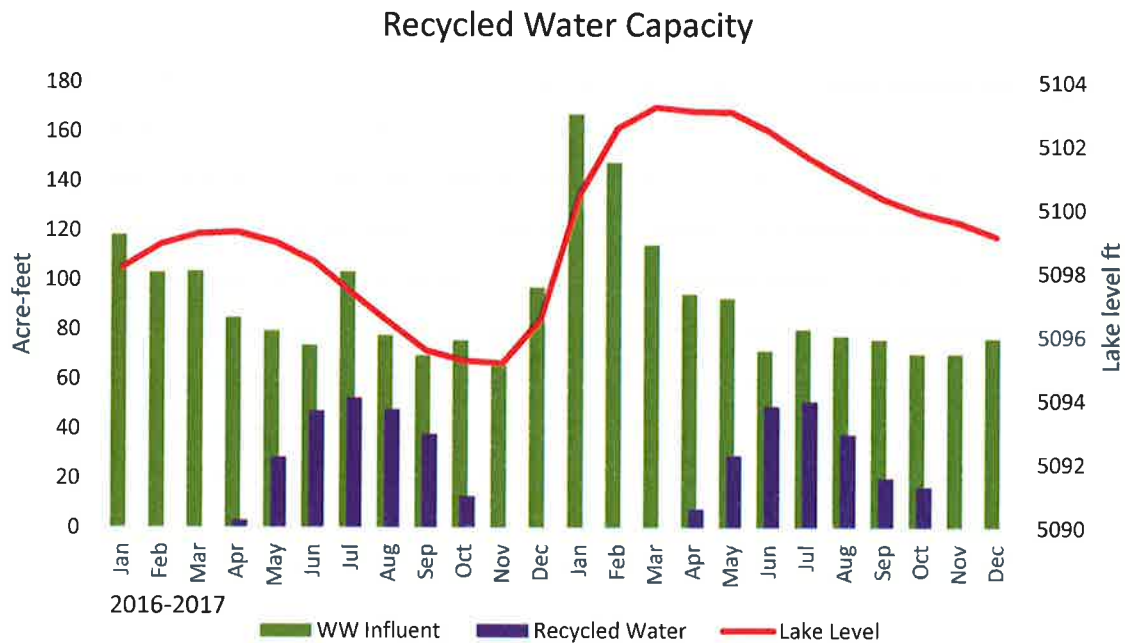
Current local water sources provide approximately 2,000 AF per year (AFY) which meets minimum demand but leaves a gap of 1,000 AFY during maximum demand. If the District wants to reduce reliance on Lake Arrowhead during drought and minimize expensive and unreliable imported water purchases, we would need to develop 800 AFY to meet minimum demand and 2,600 AFY to meet maximum demand. Currently, imported water is priced at \$2,600 per AF so development of any water source at a cost less than that would be feasible unless the District can obtain a lower imported water cost.

If we develop an additional 400 AFY of groundwater and 800 AFY in additional recycled water uses, we could meet minimum demand in a severe drought without drawing on the lake as long as groundwater production remained constant and maximum conservation measures were in place. At maximum demand we would have a shortage of 1,400 AFY if we didn't want to draw off the lake. In this scenario we would need to manage demand and purchase imported water. The District's Water Conservation program currently costs approximately \$150/AF which is roughly equivalent to the cost of surface water treatment.

Recycled Water Capacity

The District is currently recycling approximately 20% of its wastewater on an annual basis but in the summer months, up to 69% of the influent is recycled. Planning for additional recycled water projects through indirect potable reuse (IPR) needs to consider storage capacity and seasonality. Injecting highly purified water into Lake Arrowhead has been identified in multiple reports but the storage capacity of the lake varies by season and year. The District would need the greatest capacity during the winter months when the golf course is not irrigating but this is when the lake level is most likely higher. This makes groundwater augmentation more practical. Two studies are currently underway to determine the feasibility of both options.

Assuming a 20% production loss we could reclaim about 800 AFY. The current operating cost of recycled water is approximately \$700 per AF but water for IPR would need additional treatment. A detailed cost estimate needs to be prepared but assuming \$1,000 per AF in operating costs and \$10M to construct the facilities, with a useful life of 50 years, the per unit cost would equate to approximately \$1,250 per AF.



D. FISCAL INFORMATION

This is an information item only.

E. ATTACHMENTS

Goals Scorecard
2006 Initiatives

Priorities and Goals

A. Public Health & Safety

1. Maintain 100% drinking water compliance.
2. Maintain one-hour response to disasters and system emergencies.
- ~~3. Maintain 100% water and wastewater service during power outages.~~
- 4.3. Achieve zero wastewater plant spills and ~~<3 overflows in wastewater collection system per year, by Q2 2008.~~
4. Maintain <3 Category 1 overflows in wastewater collection system per year.
5. Ensure ~~1,000~~ 1,500 GPM fire flow for any two-hour duration, ~~by 2012.~~

B. Regulatory Compliance

1. Achieve 100% compliance with SWRCB Order WR 2006-0001 (1,566 AF withdrawal limit), ~~by date to be determined.~~
2. Achieve 100% compliance with wastewater effluent quality requirements, ~~by Q4 2008.~~
3. Achieve 100% compliance with Regional Water Quality Control Board requirements for I&I, by ~~2020~~ 2026.

C. Fiscal Management

1. Maintain rates that are equitable and support necessary operations, debt service, and approved capital projects.
2. Ensure that all capital projects do not exceed 15% of CIP budget and 20% of planned duration, ~~by Q4 2008.~~
3. Ensure that costs are competitive with those of "like districts" or utilities, ~~by Q2 2009.~~
4. Increase workplace efficiencies to reduce costs.
5. Ensure Pension Costs are manageable long-term.
6. Increase non-operating revenue and grant opportunities.
7. Replace aging infrastructure at a 5 year rolling average rate of depreciation +10% to avoid spikes.

D. Resources & Environmental Management

1. Manage water demand and supply in ~~order to maintain Lake Arrowhead at or above the 5100-foot level~~ compliance with SWRCB Order WR 2006-0001.
2. Increase groundwater supply to 250 AF/yr by 2021, 400 AF/year by 2026.
3. ~~Achieve ≤9% loss of unaccountable water loss, by 2012.~~ Improve Leak Index to 1.25 by 2021.
3. Achieve 100% beneficial use of District's treated wastewater, by ~~2015~~ 2025.
4. Limit average annual increase in water demand to population growth + 1%.
5. Initiate renewable energy projects to reduce costs.

E. Customer Service

1. Achieve and maintain 90% customer satisfaction, ~~by Q2 2010.~~

Status	Comment
	Generators installed
	1 plant spill last year.
	SSO's lowest ever
	Managing demand side
	Working with Dudek
	New CDO
	LAFCO Fiscal Indicators
	Caselle, Xpress Bill Pay, Drc
	Gov Invest
	Precipitation & evaporation are uncontrollable
	drought volatility
	Need survey to measure

Priorities and Goals

- 2. Reduce the potential for wastewater system blockages and in-home wastewater spills, ~~by Q4 2009.~~
- 3. Improve customer knowledge of District projects and programs.

F. Organization Development

- 1. Maintain a positive work environment that results in maximum employee contribution to District Goals.
- 2. Maintain sufficient talent and expertise to accomplish District work.
- 3. Achieve zero lost days due to workplace accidents, every quarter.

Status Comment



2006 Strategic Plan: Priorities, Goals and Initiatives

A. Public Health & Safety

1. Goal 1: Maintain 100% drinking water compliance. [On-going]
 - Initiative: 100% Drinking Water Compliance Program
2. Goal 2: Maintain one-hour response to disasters and system emergencies. [On-going]
 - Initiative: Emergency and Disaster Response Program
3. Goal 3: Maintain 100% water and wastewater service during power outages. [On-going]
4. Goal 4: Achieve zero wastewater spills and <3 overflows in wastewater collection system per year, by Q2 2008.
5. Goal 5: Ensure 1,000 GPM fire flow for any two-hour duration, by 2012.
 - Initiative: Water & Wastewater Facilities Master Plan Project
 - Initiative: 1,000 GPM Project

B. Regulatory Compliance

1. Goal 1: Achieve 100% compliance with State Water Resources Control Board Order WR 2006-001, by completion date to be determined.
 - Initiative: SWRCB Order Compliance Plan
 - Initiative: Water Resources Management Plan
 - Initiative: Imported water Program
 - Initiative: Surface & Groundwater Monitoring and Management Program
 - Initiative: Groundwater Development Program
 - Initiative: Water Source Operating Plan
2. Goal 2: Achieve 100% compliance with wastewater effluent quality requirements, by Q4 2008.
 - Initiative: Water & Wastewater Facilities Master Plan Project
 - Initiative: Recycled Water Project, Phase 1
3. Goal 3: Achieve 100% compliance with Regional Water Quality Control Board requirements for I&I, by 2020.
 - Initiative: Water & Wastewater Facilities Master Plan Project
 - Initiative: 100% I&I Compliance Project

C. Fiscal Management

1. Goal 1: Maintain rates that are equitable and support necessary operations, debt service, and approved capital projects. [On-going]
 - Initiative: Water & Wastewater Facilities Master Plan Project
 - Initiative: Equitable Rates and Financial Stability Program
 - Initiative: Grant and Low Interest Funding
 - Initiative: Zone and Benefit of Facilities Project
 - Initiative: Reader-friendly Financial Summaries Project
2. Goal 2: Ensure that all capital projects do not exceed 15% of CIP budget and 20% of planned duration, by Q4 2008.
 - Initiative: Water & Wastewater Facilities Master Plan Project
 - Initiative: CIP Project Management Program
3. Goal 3: Ensure that costs are competitive with those of "like districts" or utilities, by Q2 2009.
 - Initiative: Competitive Costs Project
 - Initiative: Risk Management Program
 - Initiative: Records Management Program
4. Goal 4: Increase workplace efficiencies to reduce costs. [On-going]
 - Initiative: Overtime Reduction Program
 - Initiative: Materials Cost Reduction
 - Initiative: Risk Management Program

D. Resources & Environmental Management

1. Goal 1: Manage water demand and supply in order to maintain Lake Arrowhead at or above the 5100-foot level. (On-going)
 - Initiative: Water Resources Management Plan
 - Initiative: Imported Water Program
 - Initiative: Surface and Groundwater Monitoring and Management Program
 - Initiative: Groundwater Development Program
 - Initiative: Water Source Operating Plan
 - Initiative: Watershed Sanitary Survey
2. Goal 2: Achieve $\leq 9\%$ loss of unaccountable water loss, by 2012.
 - Initiative: $< 9\%$ Unaccountable Water Loss Program
 - Initiative: Meter Replacement and Reading Project
3. Goal 3: Achieve 100% beneficial use of District's treated wastewater, by 2015.
 - Initiative: Recycled Water Project, Phase 1
 - Initiative: Recycled Water Project, Phase 2
 - Initiative: Water & Wastewater Facilities Master Plan Project
 - Initiative: Water Resources Management Plan
4. Goal 4: Limit average annual increase in water demand to 1%. [On-going]
 - Initiative: Water & Wastewater Facilities Master Plan Project
 - Initiative: Water Conservation Program
 - Initiative: Water Resources Management Plan

E. Customer Service

1. Goal 1: Achieve and maintain 90% customer satisfaction, by Q2 2010.
 - Initiative: \leq Hour Response Time Program
 - Initiative: Customer Feedback Program
 - Initiative: Customer Service Program
 - Initiative: One Stop Shop: New District HQ
 - Initiative: Customer Communications Program
 - Initiative: Water Quality Satisfaction Program
2. Goal 2: Reduce the potential for wastewater system blockages and in-home wastewater spills, by Q4 2009.
 - Initiative: Water & Wastewater Facilities Master Plan Project
 - Initiative: Anti-Flooding Device Program

F. Organization Development

1. Goal 1: Maintain a positive work environment that results in maximum employee contribution to District Goals. [On-going]
 - Initiative: Employee Communications Program
 - Initiative: Performance Management Program
 - Initiative: Policies and Procedures Management Program
2. Goal 2: Maintain sufficient talent and expertise to accomplish District work. [On-going]
 - Initiative: Employee Orientation Program
 - Initiative: Employee Certification Program
 - Initiative: Organization Structure Review
3. Goal 3: Achieve zero lost days due to workplace accidents, every quarter. [On-going]
 - Initiative: Safe Workplace Program