

FUTURE OUTLOOK

BOARD + MGT TEAM RATINGS OF POSSIBLE FUTURE EVENTS (May 20, 2005)

KEY TO RATING OF EVENTS

RATING OF EVENT	PROBABILITY OF OCCURRING	IMPACT ON LACSD
HI-HI	High	High
HI-MED	High	Medium
MED-HI	Medium	High
HI-LOW	High	Low
MED-MED	Medium	Medium
LO-HI	Low	High
MED-LO	Medium	Low
LO-MED	Low	Medium
LO-LO	Low	Low

TYPES OF EVENTS

EN	External negative event
EP	External positive event
IN	Internal negative event
IP	Internal positive event



			RATINGS	
CATEGORIES	TYPE	POSSIBLE FUTURE EVENTS	BD	MGT
1	Act of God	EN Drought	HI-HI	HI-HI
2	Politics	EN Present political climate prevails		
3	Water rights	- SWRCB outcome		
4	Water rights	EP Political solution to the lake		
5	Water supply	EP Lake level		
6	Act of God	EN Extended 5-year drought	HI-HI	/
7	Act of God	EP One wet winter		
8	Infrastructure	IN Ageing infrastructure		
9	Costs	EN High cost of imported CLAWA water	HI-MED	HI-HI
10	Costs	EN Increasing costs for energy		
11	Costs	IN Increased operational costs.		
12	Costs	IN Increased costs of employees		
13	Costs	IN Increase in operating expenses		
14	Customers	EN Fight for Arrowhead Woods water supply divides community (ie recreation vs water supply)		
15	Infrastructure	IN Unaccounted for water leaks		
16	Regulations	EN New laws/regulations		
17	Revenues	EN Cost of living and interest rates increase		
18	Revenues	EN There is a loss of revenues		
19	Revenues	EN There is a loss of state funds		
20	Revenues	EN Loss of property tax revenue		
21	Costs	EN Lose the cooperation of CLAWA.	MED-HI	HI-HI
22	Leadership	IN Dramatic shift in Board policy		
23	Leadership	IN Conflicting Board		
24	Leadership	IN The Board has a dual agenda		
25	Leadership	IN There are conflicts of interest and personal agendas on the Board		
26	Water rights	EN The water rights complaint ruling is not in our favor		
27	Water supply	EN There is regional water scarcity		
28	Water rights	EN Mojave water right fight	MED-LO	HI-HI



			RATINGS	
CATEGORIES	TYPE	POSSIBLE FUTURE EVENTS	BD	MGT
29	Act of God	EN Hard winter work conditions	HI-MED	HI-MED
30	Infrastructure	IN A sewer spills into the lake		
31	Infrastructure	IN A sewer system deteriorates and leads to overflows at plants		
32	Employees	IN Ageing work force		
33	Operations	IN Lack of wastewater inflow and infiltration (I/I) controls		
34	Operations	IN Lack of standard operating procedures (SOPs)		
35	Operations	IN Lack of storage areas		
36	Regulations	EN District hemmed in by government land		
37	Regulations	EP Adherence to building codes		
38	Regulations	EP Smart growth, ie growth within capacity of existing infrastructure		
39	Revenues	IP Favorable bond rating		
40	Teamwork	IN Internal dividing walls remain in LACSD		
41	Water rights	EN Political solution to the lake		
42	Regulations	EN Regulators force us to change how we dispose of bio-solids		
43	Costs	IN Higher operating costs	HI-MED	
44	Customers	EN Community is apathetic about District affairs	MED-HI	
45	Customers	EP The community trusts the District	MED-HI	HI-MED
46	Water supply	EN The lake level drops 20 feet		
47	Act of God	EN A terrorist act contaminates the lake or the reservoirs	MED-HI	MED-HI
48	Act of God	EN Fire. We lose everything		
49	Act of God	IN Lack of emergency planning for fire, catastrophic earthquake, or terrorist act		
50	Customers	EN The Board and public have negative perceptions of the District.		
51	Customers	EN Divided community on lake water issues		
52	Infrastructure	EN A catastrophic earthquake damages roads and infrastructure. Sewer and water lines break with no way to turn it off		
53	Employees	IN Increased turnover		
54	Employees	IN Lack of internal staff for grant funding, environmental		
55	Operations	EN Contamination from zebra mussels		
56	Regulations	EN Cost of regulatory compliance		
57	Revenues	EN Loss of reserves		
58	Teamwork	IN Communication among employees is low		
59	Water rights	EN Pending / future lawsuits		



			RATINGS	
CATEGORIES	TYPE	POSSIBLE FUTURE EVENTS	BD	MGT
60	Act of God	- Tree disease epidemic	MED-HI	
61	Act of God	EN Fire in Arrowhead Woods		
62	Demand	EN More down-the-hill landscaping		
63	Leadership	EN Community elects uninformed, extremist members		
64	Leadership	- Turnover occurs in District management		
65	Regulations	EN State Water Board decides lake level at 5085 feet		
66	Regulations	EN Cedar Glen sewer service		
67	Regulations	EN Cedar Glen Redevelopment Agency is established		
68	Regulations	EN State law changes effluent specs		
69	Water supply	EN Lack of state capacity of water		
70	Customers	IN The new headquarters upsets the community	MED-MED	HI-MED
71	Demand	EN Growth of part-time to full-time conversions		
72	Infrastructure	IN Sewer backups increase		
73	Act of God	EN Earthquake	LO-HI	
74	Costs	EN District loses lawsuits (eg Ordinance 61)		
75	Customers	EP Community accepts / wants indirect potable reuse		
76	Infrastructure	IN Lake tower disintegrates		
77	Infrastructure	IN Break in Hesperia line		
78	Politics	- Lake Arrowhead cityhood		
79	Regulations	EN State consolidates all mountain water districts		
80	Regulations	EN County downsizes lots and opens up development		
81	Water supply	EN Contamination of lake water supply		
82	Water supply	EP CLAWA gets more water		
83	Revenues	EP Federal funding to import water	LO-MED	HI-MED
84	Revenues	IN There is a lack of funds for new equipment		



THE DISTRICT'S FUTURE CHALLENGES

With the help of community members and employees, the District compiled a number of events that could severely impact the District over the next 15 years. Some were predictable and others were likely to occur with little to no warning. Many of them can have a negative effect on the community.

Working in an industry that is directly dependent on Mother Nature can be tricky. The District will face significant demands caused by events that are out of the District's control such as droughts, floods, fire, and earthquakes. The District will also confront demands driven by consumers, regulators, and the economy. These demands can include increased quality standards, limited water supplies, and higher operating costs. While some challenges may be more predictable than Mother Nature, all have the potential to affect both the District's services and the well-being of the entire community.

Over the next 15 years, the District must manage demand and secure permanent sources of alternative water supply at the most reasonable cost possible. The District's key challenge is to move forward with water resources planning in a very uncertain environment.

The District has considered its future challenges within this Strategic Plan. More importantly, the District has developed many fiscally responsible approaches to help manage these challenges. The specific priorities, goals, and initiatives that are outlined in this Strategic Plan will help the District anticipate and respond to the ever-changing circumstances of the future. □



THE DISTRICT'S MISSION

Our mission describes the highest aspirations of the District over the term of the strategic plan.

- **OUR MISSION STATEMENT:** To provide exceptional water and wastewater services, as we protect our water resources and preserve our environment.
- **OUR MOTTO:** Provide, protect, and preserve.



THE DISTRICT'S VISIONS

We expect the next 15 years will be a time of great strides in our value to the community, our customers, and our employees. These visions describe the ideals and achievements that we intend to pursue.

During the next 15 years, we envision that--

- We shall 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, everyday. 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 waste water services will have long-term operational viability and cost-effectiveness. We shall be continually maintaining and upgrading our facilities.



THE DISTRICT'S VALUES

These five values are the enduring principles and beliefs that will guide all District actions:

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



THE DISTRICT'S PRIORITIES

These six performance areas indicate where the District must be successful over the next 15 years to achieve its mission and visions.

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