



Agenda Date: 3/1/2017
Agenda Placement: 8B

Napa Sanitation District Board Agenda Letter

TO: Honorable Board of Directors
FROM: Jeff Tucker - Director of Administrative Services/CFO
NS-Administration
REPORT BY: Jeff Tucker, Director of Administrative Services/CFO - 707-258-6000
SUBJECT: Accept the Annual Performance Measurement Report

RECOMMENDATION

Accept the annual Performance Measurement Report for 2016.

EXECUTIVE SUMMARY

NapaSan staff has prepared the seventh annual report on the its Key Performance Indicators. The report is structured around the Effective Utility Management (EUM) framework for evaluating water and wastewater utilities. EUM was developed cooperatively with the US EPA, Water Environment Federation, American Water Works Association, American Public Works Association, National Association of Clean Water Agencies, other professional associations, and professional utility managers from the water and wastewater sectors. NapaSan staff has evaluated EUM and believes that it is applicable and highly relevant to the Napa Sanitation District.

EUM has identified ten attributes of effectively managed water sector utilities. It is intended that focusing on these ten attributes will help utilities maintain a balanced focus on all important areas of water and wastewater utility management. The performance measurement report has been divided into those ten attributes:

1. Product Quality
2. Customer Service
3. Employee and Leadership Development
4. Operational Optimization
5. Financial Viability
6. Infrastructure Stability
7. Operational Resiliency
8. Community Sustainability
9. Water Resource Adequacy

10. Stakeholder Understanding & Support

For each of the ten attributes, there are a number of quantitative and some qualitative measures that show how the NapaSan is performing.

Changes from the prior year's report include:

- | **Recycled Water Quality** - This is a new metric in the Product Quality attribute section, and evaluates how well NapaSan is doing in meeting water quality requirements for recycled water. (page 22)
- | **Operating Ratio** - The measure was changed from "Revenue-to-Expense Ratio" to "Operating Ratio" to match the evaluation metrics used by Standard & Poor's for evaluating NapaSan. The calculation is slightly different, but the resulting trend is the same. (page 47)
- | **Current Ratio and Days Cash** - This is a new metric in the Financial Viability attribute section. This is a metric used by Standard and Poor's and others to evaluate the adequacy of reserves and the ability to absorb fluctuations in receivables. (page 48)
- | **Vehicle Accident Rate** - This is a new metric in the Operational Resiliency attribute section. There is limited data available for this metric, and staff was only able to reconstruct history for three years. The measure looks at the number of vehicle accidents involving NapaSan vehicles, and separates them into accidents that were either the fault of NapaSan drivers or the fault of other drivers. (page 70)
- | **Uptime for Pumps at Pump Stations** - This metric replaces one that focused only on the pumps at the Influent Pump Station. This metric now looks at all major pumps in the collection system, treatment plant and recycled water distribution system and evaluates them based on "uptime." Data was only available for 2016 for this metric. It is the intention to evaluate this measure over time as more data becomes available. (page 76)
- | **Recycled Water Supply Adequacy** - This measure was changed to incorporate the new capacity at the treatment plant and the distribution capacity to MST and LCWD. It includes both current and projected supply and demand for recycled water. (page 95)
- | **Recycled Water Comparative Rate Rank** - This is a new measurement to compare the recycled water rate at NapaSan with other recycled water rates in the region. (page 102)

Overall, most of the indicators are positive and show the District is performing optimally. However, the most significant area for improvement is the Infrastructure Stability attribute related to sewer assessment, cleaning and lower lateral replacement. Most deficiencies in this area are attributed to staffing vacancies in the Collection Department (3 vacancies) in 2016, which have since been address.

At the beginning of the report, there is an executive summary and a summary of measures and ratings. This is followed by more detailed descriptions, analysis and charts for each of the specific measures.

FISCAL IMPACT

Is there a Fiscal Impact? No

ENVIRONMENTAL IMPACT

None.

BACKGROUND AND DISCUSSION

None.

SUPPORTING DOCUMENTS

- A . 2016 Performance Measurement Report
- B . Presentation

Napa Sanitation District: Approve

Reviewed By: Jeff Tucker