



NAPA SANITATION DISTRICT Strategic Plan

May 2015

Napa Sanitation District Strategic Plan

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I. Introduction and Overview

The purpose of the Strategic Plan is to describe the goals, objectives and priorities of the Napa Sanitation District (NSD).

The Strategic Plan reflects the direction, insights and expertise of NSD Board of Directors and NSD staff.

NSD strategic planning began in 2008 with two work sessions involving the Board of Directors and Department heads. Subsequent Board of Directors work sessions in 2011 and March 2013, and most recently in March 2015, provided the forum to review and critically evaluate key components of the “Planning Guide” adopted by the Board in 2009, including the environmental scan, the mission and vision statements, strategic goals and objectives, and priority projects and programs.

This document represents the culmination of these planning activities and discussions and provides the overall strategic direction for the Napa Sanitation District.

II. NSD Recent Accomplishments

Since the last update of the District’s Strategic Plan in 2013, NSD has made strong progress towards achieving Board priorities. Construction projects are on schedule and under budget, bonds have been refinanced at a lower rate, and the District remains on solid financial footing. Directors specifically noted a greater atmosphere of teamwork and discipline, and open communications and feedback within and among staff and the Board of Directors.

Specific achievements during the last two years include:

- Completion of the **new NSD headquarters** which has had a positive effect on staff productivity and morale due to the improved working environment.
- **Completion or significant progress toward completion of a number of key projects** identified in the previous NSD Strategic Plan including:
 - . The influent pump station
 - . Pond aeration
 - . Phase one recycled water
 - . MST recycled water
 - . LCWD recycled water
 - . Basin L sewer rehabilitation
 - . Earthquake recovery
 - . In-house repair and rehabilitation

- **Completion of a series of programs and activities** also identified in the previous NSD Strategic Plan including:
 - . SCADA Master Plan Implementation
 - . Employee Survey
 - . Staffing Master Plan
 - . Succession plans for mission-critical positions
 - . MOU Negotiations (6-year contract)
 - . Compliance with NPDES Permit
- **The TESLA battery partnership**
- **The start-up of the asset management system**
- **The capacity charge methodology and development fee study**
- **Initial steps toward a study of the winery waste management program options**

NSD staff also noted the improved efficiencies in overall NSD operations which were achieved or those which are in-process including:

- **FOG Receiving Station** - Reduced demand for purchased electricity by allowing District to generate additional electricity from biogas in its cogeneration engine.
- **Dissolved Air Floatation (DAF) Clarifier** - Reduced the need for polymers, resulting in savings in the chemicals budget for the plant.
- **Reduced Number of Vehicles** - Through the consolidation of staff at the plant and other identified efficiencies, there are 5 fewer vehicles in the fleet requiring regular maintenance and replacement than there were 5 years ago.
- **Negotiated Savings in Employee Contracts** - Employee contract negotiations in 2009 and 2014 resulted in systemic reductions in the growth of retirement benefits.
- **Federal and State Grants** - The District has received multiple state and federal grants to help pay for various recycled water projects, including MST, LCWD, the NSD Recycled Water Phase 1 Expansion, and the North/South RW Line Split projects. These projects also help on the operating budget side by reimbursing engineering and project management expenses.
- **Revenues from Land Leases** - The lease of the Somky Ranch has and will continue to generate significant revenues for the District.
- **Salary Savings from Holding Positions Vacant** - As positions are not filled, the salary and benefits savings from those positions roll over and become resources available for asset renewal and replacement.

- **Solar** - Will result in reduced energy costs to the District of approximately \$70,000 the first year.
- **Stationary Storage** - Will reduce PG&E demand charges, saving the District an estimated \$55,000 the first year.

Overall Board and staff members believe that much was accomplished during the last two years in accordance with the priorities set forward in the 2013 NSD Strategic Plan.

A copy of the slide show depicting several of the items listed above is provided in Appendix A along with a status report on each of the 2013 objectives and priorities in Appendix B.

III. Environmental Scan

CURRENT TRENDS, CHALLENGES AND OPPORTUNITIES

Board members identified a myriad of issues, challenges and opportunities facing NSD as it looks to the future. This section includes items identified in the course of the Board Strategic Planning sessions since 2011.

Wastewater Treatment System

- Increasing development activity, a trend towards more “vertical” development, and resulting pressure on NSD’s system
- Recognizing and understanding treatment plant vulnerabilities, determining the level of acceptable risk and developing contingency plans and appropriate messages and responses
- Integrating winery waste into the NSD waste systems infrastructure
- Addressing aging infrastructure: maintenance and replacement of lines and equipment
- Increasing the capture of resources for beneficial reuse
- Maintaining compliance with all environmental regulations
- Understanding the potential impact of Constituents of Emerging Concern (CECs), such as endocrine disruptors, on the treatment process and potential regulatory requirements
- Updating the long-term system master plans

NSD Recycled Water Services

- Increasing demand for recycled water
- Expanding use of recycled water
- Change in regulatory restrictions
- Continuing high cost of producing recycled water
- Continuing development of the NSD wastewater recycling program
- Making recycled water available to the Milliken-Sarco-Tulocay (MST) area
- Making recycled water available to the Carneros area

Customer Service

- Providing excellent customer service
- Providing excellent plan checking services
- Understanding our new role as water “purveyor”

Resource Stewardship and Efficiencies

- An increasing focus on water quality and nutrient removal
- Redefining waste as a resource that society has not yet figured out how to use
- Assisting efforts to address the aquifer depletion problem in MST by making recycled water available

- Utilizing cost-effective “green” energy
- Maximizing energy efficiency and conservation
- Understanding how peak oil may affect NSD operations
- Exploring opportunities to utilize renewable energy sources

Facilities and Operations

- Managing extensive new construction
- Building in resiliency to allow for future unknowns
- Continuing impact of technology on NSD operations
- Meeting all regulatory standards now and in the future
- Considering the potential impact of rising sea levels on District operations

Human Resources and Employee Development

- Creating guidelines for the organizational pay structure
- Creating a long-term, sustainable plan for medical and retirement benefits
- Developing a succession plan and having the back-up staff in place who are cross-trained and ready to take on new assignments if necessary
- Getting the right skilled people
- Maintaining an emphasis on safety
- Maintaining good labor and management relations

Organization, Budget and Finance

- Determining future staffing structure and needs
- Maintaining a solid financial footing
- Creating a performance-based budget
- Managing the conflict between political process and financial stability
- Balancing low rates against future needs
- Keeping costs under control
- Staying on top of budget and financial matters and living within our means
- Being able to “control our own destiny” by being economically self-sufficient and prepared for any contingency
- Forming partnerships with other agencies to share resources, etc.
- Setting clear priorities
- Realizing that existing NSD management capacity limits the organization’s ability to take on too many new projects
- Acquiring the data and information needed to make sound decisions with regard to future capital projects
- Advocating for sound policies at the regional, state and federal levels

Public Engagement, Attitudes and Perception

- Creating a strategic approach to community outreach
- Developing key messages for NSD
- Dedicating additional financial resources to community outreach
- Clearly communicating complex topics including the establishment of service and recycled water rates
- Addressing the increasing public skepticism about government in general
- Continuing need to make all aspects of the District transparent to the public

NSD CONSTITUENCIES AND CUSTOMERS

The Board identified NSD's core stakeholders and broadly discussed their importance and the role they play in NSD decision-making and operations.

Stakeholders	Stakeholder Needs and Expectations	Stakeholder Contributions
A. Regulators	Regulatory compliance	Regulatory requirements and guidelines
B. Ratepayers	Fair, equitable rates and transparency	Fees
C. Agencies	Collaboration and partnership	Technical information and support
D. Policy-Makers	Top performance and transparency	Policy direction

IV. NSD Mission and Vision Statements

Board members established the following NSD Mission, Vision and Value statements:

Mission Statement

The mission of NSD is to collect, treat, beneficially reuse and dispose of wastewater in an effective and fiscally responsible manner that respects the environment, maintains the public's health and meets or exceeds all local, state and federal regulations.

Mission Statement (Condensed)

NSD's primary function is the collection, treatment, disposal and/or reuse of wastewater.

Another way to describe the NSD mission in a more colloquial, less formal sense is as follows:

"NSD's core business is wastewater - we collect it, treat it, dispose of and/or reuse it!"

NSD extracts and recovers resources where feasible. The underlying goal is to view "waste" as something that has not yet been put to beneficial reuse.

Vision Statement

NSD will provide consistently reliable service to its customers in its management of Napa's critical water resources, and will remain in full compliance with all applicable regulations while anticipating and preparing for future challenges.

Board members coined the phrase "managing risks intelligently," referring to the process whereby NSD provides articulated levels of service at an acceptable level of risk at the lowest life cycle cost. The above vision statement encompasses this key idea.

Values

NSD staff and Board members adhere to a set of core values in all aspects of District operations:

- Safety
- Fiscal Responsibility
- Environmental Stewardship
- Quality Customer Service
- Transparency
- Vigorous Dialog and Critical Analysis
- Pragmatism
- Professional Excellence
- Fairness

V. NSD Goals and Objectives

The NSD Strategic Plan is organized according to six major goal areas:

Goal One: Infrastructure Reliability

Goal Two: Financial Stability

Goal Three: Operational Capability

Goal Four: Employee Development

Goal Five: Community Outreach and Communications

Goal Six: Resource Recovery

The goal areas represent Board members' overall top priorities. Within each goal area, Board members identified their top priority projects and programs which are summarized on the following pages.

GOAL ONE: INFRASTRUCTURE RELIABILITY

Build, maintain and operate a cost-effective and reliable wastewater treatment system for the NSD service area.

Systematic replacement of the District's aging infrastructure is priority number one. A long term capital facilities plan is needed, drawing on accurate information about current facility conditions and projections of future service area needs in five, ten or more years from now. The District **must ensure that treatment capacity will be in place to address current and projected future needs.**

The District Board established the following key objectives:

1A. Implement Wastewater Treatment Plant Master Plan critical projects:

- Pond Aeration
- RW Filters, Secondary Equalization and DAF Clarifier
- Influent Pump Station

Complete by December 31, 2015

1B. Wet Weather Inflow/Infiltration Cost/Benefit analysis

Complete by December 31, 2015

1C. Determine target for renewal and replacement of sewer assets

NSD is averaging the replacement of 0.8% of its sewer assets annually, which equates to a 125 year replacement cycle. A target should be agreed upon for renewal and replacement, to set a standard/goal for the District and to build that target into rate setting.

Complete by June 30, 2016

1D. Develop an Asset Management program

Asset Management will help the District to be proactive in addressing the management of its collection system, plant and recycled water infrastructure. It will result in better prioritization of projects and reduced costs by predicting the most cost effective timing for asset maintenance, renewal and replacement.

Complete by June 30, 2020

1E. Design and construct the Browns Valley Road Interceptor and any associated capacity enhancements at the West Napa Pump Station

This is a significant project in the 10-year Capital Improvement Plan.

Complete by December 31, 2019

1F. Amend the Collection System Master Plan

The current Collection System Master Plan was completed in 2007. Once the Wet Weather I&I Study has been completed, the Master Plan should be updated to incorporate the findings of the study.

Complete by June 30, 2017

1G. Study whether to implement a Private Lateral Program

Study the benefits to the District of developing a private lateral program for the reduction of I & I. Begin with the development and implementation of pilot projects.

Complete by December 31, 2017

GOAL TWO: FINANCIAL STABILITY

Ensure adequate fiscal resources to fulfill NSD's mission.

The District Board has a fiduciary responsibility to ensure that adequate financial resources are in place to operate the District and carry out its mission.

The District Board established the following key objectives:

2A. Develop non-rate, revenue-generating or expense minimizing opportunities that fit within the District's mission, either on its own or through private/public partnership

Ongoing

2B. Conduct study of plan check/inspection fees and methodology options for calculating and assessing capacity charges, and make recommendation for improvement

Complete by September 30, 2015

2C. Conduct a Sewer Service Charge fee study prior to the next Proposition 218 hearing

Complete by March 31, 2016

2D. Develop financing plan for Browns Valley Road sewer project and implement as appropriate

Hire financial advisor and bond counsel, develop bond structure and Preliminary Official Statement (POS), seek rating from Standard & Poor's, and sell bonds estimated at around \$17 million.

Complete by December 31, 2016

GOAL THREE: OPERATIONAL CAPABILITY

Implement and maintain effective operational practices.

The District Board wants to operate the District at or above best practices, utilizing proven technology. Customers, ratepayers and internal staff all deserve high quality service.

The District Board established the following key objectives:

3A. Partner with winery industry to research and develop a mutually beneficial alternative to treating winery waste

Complete by June 30, 2017

3B. Negotiate a new 5-year NPDES permit

Every 5 years the District must negotiate a new NPDES Permit with the Regional Board.

Complete by December 31, 2016

GOAL FOUR: EMPLOYEE DEVELOPMENT

Maintain a dynamic and skilled workforce through employee engagement, professional development and opportunities for advancement

The District Board wants to create a positive and respectful working environment that encourages all employees to do the best job possible for the ratepayers of the District.

The District Board established the following key objectives:

4A. Promote NSD as progressive, professional organization to foster a reputation regionally and state-wide as a great place to work

Encourage staff to give presentations at professional organization trainings and conferences, assume leadership positions in professional organizations; form associations to research and develop Best Practices, engage in interagency exchanges of staff or trainings that showcase innovative approaches, etc.

Ongoing

4B. Conduct Employee Survey in Fall 2016

Develop a pattern of surveying employees every three years.

Complete by February 28, 2018

4C. Implement Employee Master Plan recommendations

Develop implementation plan, timeline, and develop budget per Board direction.

Complete by December 31, 2016

4D. Participate in Programs to Develop Qualified and Trained Operators

Maintain an active role in BAYWORK, offer internship opportunities and scholarships, and include information about the Operator Profession in plant tours and public events.

Ongoing

GOAL FIVE: COMMUNITY OUTREACH AND COMMUNICATION

Provide ratepayers with the information they need to understand NSD mission, operations, finances and rate structures.

The District Board wants to ensure that NSD operates in a transparent manner and serves as a resource to all ratepayers of the service area.

The District Board established the following key objectives:

- 5A. Be proactive in developing partnerships with local businesses and other public agencies to achieve efficiencies and common goals. Focus on accomplishments**

Ongoing

- 5B. Create a communications plan to address NSD outreach and public information needs**

It is important to communicate with ratepayers on an on-going basis regarding the District's aging infrastructure and what it takes to maintain system reliability.

The Communications Plan would identify the specific messages and audiences for those messages, and develop specific methods and strategies for delivery of those messages. Include NSD employee suggestions and Board ideas where feasible.

Complete by June 30, 2016

GOAL SIX: RESOURCE RECOVERY

Implement policies and technologies to recover resources from wastewater for beneficial reuse.

The District Board wants to recover resources for reuse when economically viable and a market exists for their beneficial reuse. NSD must also use the resources available to ensure a reliable energy supply during emergency conditions as well as during normal times.

The District Board established the following key objectives:

6A. Implement capital projects in partnership with local agencies for the distribution of recycled water

Complete by June 30, 2016

6B. Participate with local partners on long-term opportunities for water reuse

Determine whether to proceed with NBWRA to develop storage projects for recycled water using District ponds or other locations. Work with local partners to find or develop storage options. Calculate the anticipated impacts to rate payers for various storage and recovery options.

Complete by December 31, 2017

6C. Study and develop pathway to become energy independent. Begin by setting targets for the percentage of self-generated energy

For example, explore the recovery of algae for potential energy source, , explore replacement or expansion of the Cogen system, look into capturing waste heat for use in electricity generation, expand solar, etc.

Ongoing

VI. On-Going Plan Review and Monitoring

Board members and staff agree that the Quarterly Report of Priority Goals will be updated with the new goals and objectives in this Strategic Plan, with quarterly reporting continuing in a similar fashion.

Board members will receive presentations by District staff members on key topics (such as infrastructure and capital needs) to explore top priorities in more depth, as needed or requested by the Board.