



NapaSan

NAPA SANITATION DISTRICT
Strategic Plan
Proposed template 2017-2019

May 3, 2017

**Napa Sanitation District Strategic Plan
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strategic plan

I. Introduction and Overview

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

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

NapaSan strategic planning began in 2008 with work sessions involving the Board of Directors and Department heads. Subsequent Board of Directors work sessions in 2011, March 2013, March 2015, and most recently in 2017 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. In this 2017 plan we engaged the internal recommendations of our staff and other key stakeholders.

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

II. NapaSan Accomplishments from 2015 Strategic Plan

Since the last update of NapaSan’s Strategic Plan in 2015, NapaSan has made strong progress towards achieving Board priorities. Construction projects are on schedule and under budget, policy direction has been provided, and NapaSan remains on solid financial footing. Directors specifically noted a greater atmosphere of customer service and teamwork, and the accomplishments in recycled water expansion.

Specific achievements during the last two years include:

- **Completion of a number of key projects** identified in the previous NapaSan Strategic Plan including:
 - . The influent pump station replacement
 - . Pond 1 aeration installation
 - . Recycled water equalization and filters
 - . MST recycled water distribution
 - . LCWD recycled water distribution
 - . Basin L and other sewer rehabilitations to reduce I&I
 - . In-house repair and rehabilitation

- **Completion of a series of programs and activities** also identified in the previous NapaSan Strategic Plan including:
 - . Negotiation of a new 5-year NPDES permit
 - . Financing strategy for Browns Valley Road sewer project
 - . Completed implementation of the Staffing Master Plan recommendations
 - . Creation of a Communications Plan
 - . Completion of solar power array (through power purchase agreement) and interconnection agreement with PG&E
 - . Compliance with NPDES Permit

- The start-up of the **asset management system**
- The sewer service charge fee study and **Proposition 218 process**

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

- **Negotiated Savings in Employee Contracts** - Employee contract negotiations in 2009 and 2014 resulted in systemic reductions in the growth of retirement benefits. NapaSan continued to see benefits the past two years from decisions made in these employee contracts.

- **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 NapaSan 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 and lease of land to Eagle Vines Golf Course has and will continue to generate significant revenues for NapaSan. This is the source of funding for NapaSan's Low Income Assistance Program for sewer service charges.

Overall Board and staff members believe that much was accomplished during the last two years in accordance with the priorities set forward in the 2015 NapaSan Strategic Plan.

III. Environmental Scan

CURRENT TRENDS, CHALLENGES AND OPPORTUNITIES

Board members identified a myriad of issues, challenges and opportunities facing NapaSan 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

- 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 NapaSan 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 disrupters, on the treatment process and potential regulatory requirements
- Implementing long-term system master plans

NapaSan Recycled Water Services

- Increasing demand for recycled water
- Expanding use of recycled water
- Change in regulatory restrictions
- Evaluating the allocation of water in the recycled water program
- Expanding recycled water delivery in the Milliken-Sarco-Tulocay (MST) area

Customer Service

- Providing excellent, responsive customer service
- Providing excellent and timely plan checking services
- Developing and promoting “business friendly” policies and practices
- Understanding our new role as water “purveyor”

Resource Stewardship and Efficiencies

- An increasing focus by regulators and customers on water quality and nutrient removal
- Continuing to evaluate opportunities for waste as a resource
- Continuing development of cost-effective energy production
- Maximizing energy efficiency and conservation
- Exploring opportunities to utilize renewable energy sources

Facilities and Operations

- Continuing impact of technology on NapaSan operations and evaluate potential threats cyber-attacks to our systems
- Developing a Business Continuity Plan
- Meeting all regulatory standards now and in the future
- Considering the potential impact of rising sea levels on NapaSan operations, such as the impact on pond levees, sewer assets adjacent to the river and creeks, salt water I&I intrusion, and the impacts of larger storm events on the Collection System.

Human Resources and Employee Development

- Evaluating the total compensation systems to ensure NapaSan continues to attract and retain quality employees
- Expanding the existing 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 workplace safety
- Maintaining good labor and management relations

Organization, Budget and Finance

- Maintaining a solid financial footing (currently have a AA rating)
- Managing the conflict between political process and financial stability
- Balancing current rates against future needs (affordability issues)
- Keeping costs under control
- Evaluate methodology for residential sewer service rates and capacity charges to determine for appropriate usage categories (SFR, apartment, condo, ADU), potentially incorporating a water usage component, and changes in billing methods
- Assess possibilities for affordable housing assistance
- Analyze long term liabilities for retirement and medical expenses and develop strategies for managing
- Evaluate existing partnerships with other agencies providing shared services for potential expansion
- Setting clear priorities
- 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

- Implementing a proactive approach to community outreach
- Developing key messages for NapaSan and our value proposition in what we do
- Dedicating additional financial resources to community outreach
- Clearly communicating complex topics including the establishment of service and rate setting
- Continuing need to make all aspects of NapaSan transparent to the public

NAPASAN CONSTITUENCIES AND CUSTOMERS

The Board identified NapaSan's core stakeholders and broadly discussed their importance and the role they play in NapaSan 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, administrative services
D. Policy-Makers	Top performance and transparency	Policy direction
E. NapaSan Employees	Tools and resources	Customer service, executing on strategic plan

IV. NapaSan Vision and Mission Statements

Vision Statement

NapaSan will provide reliable service to its customers in its management of Napa's critical water resources, manage risks intelligently and will remain in full compliance with all applicable regulations while anticipating and preparing for the future.

Mission Statement

The **mission of NapaSan** 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.

Values

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

- Safety
- Fiscal Responsibility
- Manage Risks Intelligently
- Environmental Stewardship
- Quality Customer Service
- Collaboration
- Transparency
- Pragmatism
- Professional Excellence
- Fairness

V. NapaSan Goals and Objectives

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

Goal One: Infrastructure Reliability

Goal Two: Financial Stability

Goal Three: Operational Optimization

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 and operational staff identified their top priority strategies and resulting 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 NapaSan service area.

Systematic replacement of NapaSan'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. **NapaSan must ensure that treatment capacity will be in place to address current and projected future business and residential capacity needs.**

The District Board established the following key objectives:

1A. Strive to replace and rehabilitate at least 2% of sewers annually, and preferably higher, with a focus on reducing Inflow & Infiltration

Through the end of Fiscal Year 2018/19, average at least 1.3% replacement or rehabilitation of sewers, focusing on those basins with significant inflow and infiltration of stormwater and groundwater, with the desired goal of a higher replacement rate if possible. Consider condition of pipe, City of Napa road paving schedules, and salinity of infiltration (for chlorides issue) as additional factors in prioritization. Starting in Fiscal Year 2019/20, increase the goal to an average minimum annual replacement rate to 2.0%.

Timeframe:

This is an annual goal expected to continue beyond the timeframe of this strategic plan.

1B. Continue to Implement an Asset Management program

Asset Management will help NapaSan 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.

Timeframe:

Board acceptance of Asset Management Plan by June 30, 2017. Implement Phase 1 of plan by December 31, 2018. Plan will include timeframe and anticipated costs for future program milestones.

1C. 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.

Timeframe:

Complete construction by December 31, 2019.

1D. Update the Collection System Master Plan and Treatment Plant Master Plan

The current Collection System Master Plan (CSMP) was completed in 2007. With the completion of several I&I sewer rehabilitation projects and post-construction flow monitoring data, the Master Plan should be updated to incorporate the results. Once the CSMP is complete and projected flow and loading data is understood, the Treatment Plant Master Plan (TPMP) should be updated to align with the CSMP and address both capacity issues and anticipated changes in the regulatory environment.

Timeframe:

Complete CSMP by June 30, 2020. Begin TPMP upon completion of the CSMP.

1E. Study whether to implement a Private Lateral Program

Study the benefits to NapaSan of developing a private lateral program for the reduction of I & I. Complete pilot projects that are anticipated to be complete in Summer 2018, with flow monitoring in Winter 2018/2019. Then develop policy options for Board consideration.

Timeframe:

Complete pilot projects by October 31, 2018.

Complete flow monitoring by September 30, 2019.

Develop policy options for Board consideration by December 31, 2020.

GOAL TWO: FINANCIAL STABILITY

Ensure adequate fiscal resources to fulfill NapaSan's mission.

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

The District Board established the following key objectives:

2A. Conduct study of sewer service charge and capacity charge methodologies for residential customers and development, and make recommendation for Board consideration

There are several components to be evaluated in the study.

For sewer service charges, the study should evaluate the basis for differentiation of residential customers (SFR, condos, apartments, ADUs, etc.), whether the rates should have a volumetric component (i.e., be partially based on water consumption), the methodology for revenue collection (property tax bill vs. direct invoicing), the Low Income Assistance Program, and look at affordability issues for low-income housing and seniors.

For capacity charges, the study should evaluate the methodology for assessing charges to residential development, policies regarding affordable housing projects, and Accessory Dwelling Units (ADUs).

The study should have significant and meaningful public outreach and stakeholder input built into the information gathering and policy option development process.

Timeframe:

First deliverable will be a recommendation on changes to NapaSan's capacity charges for Accessory Dwelling Units. Select consultant and have under contract by September 30, 2017. Present scope of work and outreach plan to Board for approval by December 31, 2017. Approved scope of work will contain schedule and milestones for study. Work will begin in early 2018, with an anticipated completion by December 31, 2018.

2B. Evaluate long-term liabilities, including pension liability and OPEB liability, and develop policy options for Board consideration.

NapaSan has long-term liabilities associated with pensions and other postemployment benefits (OPEB). In 2010, NapaSan established an irrevocable trust to address OPEBs, which is now approximately 40% funded, and is on track to fund this liability within the next 13 years. For pension liabilities, NapaSan has not developed a long-term strategy other than to "pay-as-you-go" With CalPERS Staff will develop several strategies for Board consideration to address long-term liabilities.

Timeframe:

Present status of existing liabilities and strategy options to the Board for consideration by March 31, 2018, in anticipation of FY 2018/19 budget incorporation.

2C. Conduct comprehensive review of strategies for developing non-rate/non-fee based revenues, including land leases, and provide options.

NapaSan owns properties that are currently being leased and/or are available for non-district usage for revenue generation. Staff will review current and potential strategies for revenue generation from these properties, and develop a comprehensive strategy with the Board for these properties.

Timeframe:

Ongoing. Discussions with Lands Committee to explore options and evaluate proposals, as appropriate.

GOAL THREE: OPERATIONAL OPTIMIZATION

Implement and maintain effective and efficient operational practices.

The District Board wants to operate NapaSan at or above best practices, utilizing proven technology. Customers, ratepayers and internal staff all deserve high quality service through efficient use of our resources.

The District Board established the following key objectives:

3A. Reengage with winery industry to understand and evaluate options for mutually beneficial alternatives for managing winery waste

NapaSan staff will engage representatives of the winery industry to explore issues and opportunities regarding the technology, marketing and economics of alternatives for managing winery waste.

Timeframe:

Form a study/advisory group with wine industry representatives by December 31, 2017. Complete study of alternatives, market issues and finance/economic questions based on direction from study/advisory group and NapaSan Board, and present alternatives and recommendations to Board by December 31, 2018.

3B. Continue to evaluate opportunities for shared services

NapaSan currently outsources administrative services to Napa County, including Accounting (payroll, accounts payable, accounts receivable, general ledger, software maintenance), Human Resources (benefits administration, HRIS), Information Technology (desktop, network, database management, printer servers, website), and Treasury (property assessment collection, cash investment, banking). NapaSan also successfully partners with the County and with the City of Napa on many different programs. Direction is to evaluate opportunities for NapaSan to partner in ways that reduce costs, increase efficiencies, or enhance services to the public.

Timeframe:

This is a continuous process improvement goal expected to continue beyond the timeframe of this strategic plan.

3C. Develop Business Continuity Plan as part of disaster mitigation

NapaSan should evaluate ways to increase the operational resiliency of the system, particularly in the treatment plant. Focus on continuity for specific potential events, such as building fire, flood and other events.

Timeframe:

Develop and plans for the development of a backup SCADA system for plant operations, integrate NapaSan's operations into the City of Napa and Napa County's emergency operations systems, and implement radio-based communications capabilities that integrate into city/county systems. Begin work in May 2017 and complete by December 31, 2018.

3D. Evaluate and recommend ways to reduce energy and chemistry consumption in treatment process and collection system.

Chemistry and energy are the largest "consumables" in the operating budget, making up about 34% of the total Services and Supplies budget and 12% of the overall operating budget.

Timeframe:

This evaluation will be completed by NapaSan staff. Presentation of recommendations to the Board expected by March 31, 2018, in coordination with work identified in Objective 6D.

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 NapaSan.

The District Board established the following key objectives:

4A. Promote NapaSan as progressive, professional workplace through engagement and the development and promotion of internships and “in training” programs

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. Maintain an active role in BAYWORK, offer internship opportunities and scholarships, and promote careers in the water sector at career fairs, direct engagement with local students, during plant tours and at public events.

Timeframe:

This is a continuous goal expected to continue beyond the timeframe of this strategic plan.

4B. Conduct Employee Survey in Fall 2017

The last employee survey was in Fall 2014. Continue the pattern of surveying employees every three years to ensure we are providing successful work environment so employees can come to work each day and give their personal best. Successful customer services starts with a productive and satisfied workforce.

Timeframe:

Survey completed by October 31, 2017, with report on results presented to the Board by March 31, 2018.

4C. Explore a Total Compensation Study

The last total compensation study for NapaSan employees was conducted in 2004. In the past few years, three management-level employees have left NapaSan specifically for better pay with similar or better benefits. The study would benchmark NapaSan against other agencies that compete for employee talent, providing information for the Board to better determine salary policy.

Timeframe:

Prepare options for a scope of work and schedule for a total compensation study to be considered by the Board, by September 30, 2017.

4D. Prepare for and begin MOU Negotiations

The two labor MOUs and one management association agreement for NapaSan will expire on June 30, 2020. Specific direction will be provided by the Board in closed session.

Timeframe:

The Board already maintains a contract with a labor relations firm to assist in MOU negotiations and other labor relations activities. It is expected that preparation for negotiations will begin in Fall 2019, with new MOUs approved by June 30, 2020.

4E. Address succession planning through supervisory/management training and an internal mentorship program

Develop an appropriate internal management training program to ensure managers/supervisors have the right skills and abilities to lead their team consistent with the core values. Similar to other Wastewater operations launch an internal mentoring program with resources provided to us by the consultant.

Timeframe:

This is a continuous goal expected to continue beyond the timeframe of this strategic plan.

GOAL FIVE: COMMUNITY OUTREACH AND COMMUNICATION

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

The District Board wants to ensure that NapaSan operates in a transparent manner, communicates the value of NapaSan's services, and serves as a resource to all ratepayers.

The District Board established the following key objectives:

5A. Be proactive in communicating with the public, stakeholders and the press for all aspects of NapaSan's activities.

Continue to communicate NapaSan's education and organizational messages as identified in the 2016 Communications Plan. Anticipate issues the public may have a particular interest in knowing about or wanting to engage NapaSan about, and develop materials, messages and delivery mechanisms for connecting with the public and stakeholders. Coordinate communications as appropriate with City, County and other stakeholders.

Timeframe:

This is a continuous goal expected to continue beyond the timeframe of this strategic plan.

5B. Complete the deliverables identified in the 2016 Communications Plan to address NapaSan outreach and public information goals

This plan will also address methods to improve internal communications.

Timeframe:

The Communications Plan includes specific tasks and deadlines for completion for the current and next two fiscal years.

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. NapaSan 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

Continue partnership with Napa County and NBWRA to complete construction of the MST Pipeline Expansion along Coombsville Road to Tulocay Cemetery.

Timeframe:

Complete construction of Coombsville expansion by December 31, 2017. Complete additional work, if financed by outside partners, by December 31, 2018.

6B. Participate with local partners on long-term opportunities for water reuse, with a long-term goal to achieve 50% reuse of average dry weather flow

Complete Phase II EIR/EIS study for recycled water projects as part of NBWRA.

Timeframe:

EIR/EIS Study to be completed by June 30, 2018.

6C. Evaluate current recycled water allocation policy.

Determine whether there is a need to change the prioritization, and if there is additional or unused capacity that should be reallocated. Staff will prepare information for the Board to have meaningful conversations and provide direction to staff regarding the end-use of recycled water that may be available now and in the future.

Timeframe:

Information presented to the Board by June 30, 2018.

6D. Evaluate energy self-generation with the primary goal of decreasing overall energy costs, and recommend policy options for consideration.

Explore the expansion of the Cogen system, expand solar, or other ideas, as long as there is both immediate and long-term cost savings.

Timeframe:

Initial framework of alternatives will be provided to the Board for consideration by March 31, 2018.

6E. Improve recycled water quality to increase appeal and acceptability of recycled water to current and future users.

All of NapaSan's recycled water is treated to meet the highest recycled water tertiary treatment water quality standards in Title 22. However, those standards allow for chloride levels that can be detrimental to sensitive grape species. NapaSan has been working to reduce the amount of chlorides in recycled water through the reduction of salt water I & I into sewer pipes and through altered management of the oxidation ponds. Staff will continue to emphasize salt water I & I projects, management practices, and pollution prevention efforts to reduce chlorides to acceptable levels.

Timeframe:

This is a continuous goal expected to continue beyond the timeframe of this strategic plan. Staff will report regularly on chloride testing results through weekly website updates during the irrigation season and periodic reports to the Board.

6F. Renew or Extend the recycled water agreement with City of Napa that permits NapaSan to sell recycled water within the City's water service area.

The existing 20-year agreement expires in August 2018. To continue to convert new customers to recycled water or to extend the recycled water service area within the City's water service boundaries, NapaSan and the City of Napa will need to renew or extend the agreement.

Timeframe:

Completed by December 31, 2017.

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 NapaSan 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.