



NapaSan

Quarterly Report of Priority Goals
for
FY 2016/17 Quarter 3

January 1, 2017 – March 31, 2017

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Quarterly Priority Goal Tracking Overview and Recommendations

Overview

In May 2015, the Board adopted its current Strategic Plan, identifying NapaSan's goals and objectives for the next four years. Implementation of the Board's priorities are underway and on track.

The following projects are complete:

- 1A – Implement Treatment Plant Master Plan critical projects
- 1C – Determine target for renewal and replacement of sewer assets
- 1F – Amend the Collection System Master Plan
- 2B – Conduct study of plan check/inspection fees and methodology options for calculating and assessing capacity charges, and make recommendations for improvement
- 2C – Conduct a Sewer Service Charge fee study prior to the next Proposition 218 hearing
- 2D – Develop financing plan for Browns Valley Road sewer project and implement as appropriate
- 3B – Negotiate a new 5-year NPDES permit
- 4C – Implement Employee Master Plan recommendations
- 5B – Create a communications plan to address NSD outreach and public information needs
- 6A – Implement capital projects in partnership with local agencies for the distribution of recycled water

The following projects are on the “watch” list:

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

Deadline: June 30, 2017. District staff has worked with NVV to develop a survey of its members. However, staff has been told by NVV that they no longer are willing to send out the survey, and that they would be more comfortable if NapaSan researched and outreached on its own directly with wineries that haul waste. This will be discussed at the next Strategic Planning session in March 2017.

There are currently no projects on the “delayed” list.

Recommendations

Progress is being made on all objectives. For the project on the “watch” list, staff and the Board will evaluate during the Strategic Planning session and determine whether budgetary support for outreach and technical evaluation is recommended. There are no recommended actions for the Board at this time.

2015 Strategic Objectives:

Complete
On Track
Watch
Delayed

Status:

		Complete	On Track	Watch	Delayed	
1A	Implement Treatment Plant Master Plan critical projects, including pond aeration, RW equalization and filters and DAF clarifier, and replacement of the influent pump station	✓				Complete.
1B	Complete cost/benefit analysis of wet weather inflow/infiltration		✓			Project is proceeding. The evaluation period has been extended to collect additional information.
1C	Determine target for renewal and replacement of sewer assets	✓				Complete.
1D	Develop an asset management program		✓			Project is proceeding. Workshops with staff are complete. The plan will be presented to the Board during the fourth quarter.
1E	Design and construct the Browns Valley Road Interceptor and any associated capacity enhancements at the West Napa Pump Station		✓			Project is proceeding.
1F	Amend the Collection System Master Plan	✓				Postponed. Staff will collect additional data as part of Goal 1B. The Master Plan will be revised in FY19/20.
1G	Study whether to implement a Private Lateral Program		✓			The second pilot project for private laterals construction is complete. The third pilot project will be design and bid during the fourth quarter. Additional pilot projects are scheduled in future fiscal years.
2A	Develop non-rate, revenue-generating opportunities that fit within the District's mission, either on its own or through private/public investment		✓			Interconnection with PGE on the solar project is complete. Real Energy on hold. Updates on land lease negotiations provided in closed session.
2B	Conduct study of plan check/inspection fees and methodology options for calculating and assessing capacity charges, and make recommendations for improvement	✓				Complete.
2C	Conduct a Sewer Service Charge fee study prior to the next Proposition 218 hearing	✓				Complete.
2D	Develop financing plan for Browns Valley Road sewer project and implement as appropriate	✓				Complete.
3A	Partner with winery industry to research and develop a mutually beneficial alternative to treating winery waste			✓		Next steps will be developed with Board during 2017 Strategic Planning process.

3B	Negotiate a new 5-year NPDES permit	✓			Complete.

2015 Strategic Objectives:		Complete	On Track	Watch	Delayed	Status:
4A	Promote NapaSan as progressive, professional organization to foster a reputation regionally and state-wide as a great place to work.		✓			Continue to partner with BAYWORK, BACWA, CASA, CWEA and others to showcase NapaSan.
4B	Conduct employee survey in Fall 2017		✓			Will begin in Summer 2017.
4C	Implement Employee Master Plan recommendations	✓				Complete.
4D	Participate in programs to develop qualified and trained operators		✓			Ongoing.
5A	Be proactive in developing partnerships with local businesses and other public agencies to achieve common goals		✓			Ongoing.
5B	Create a communications plan to address NSD outreach and public information needs	✓				Complete
6A	Implement capital projects in partnership with local agencies for the distribution of recycled water	✓				Complete.
6B	Participate with local partners on long-term opportunities for water reuse		✓			NBWRA Phase 2 Feasibility Study includes additional RW projects. NEPA has begun again, with the inclusion of new NBWRA members and projects. Project will not be completed until June 2018.
6C	Study and develop pathway to become energy independent. Begin by setting targets for the percentage of self-generated energy.		✓			Ongoing. CEPT pilot project in Fall and Winter 2016. Ongoing discussions with PGE and partners. Targets to be set after solar project impact is known.

Communications Plan Update

Progress has been made on many of the tasks outlined in the Communications Plan. The new logo and tagline are in use, and a new letterhead and other templates have been created in-house. The Facebook page and email subscription list continue to grow and have become important outreach tools for NapaSan. Staff has been working to build relationships with local agencies and the Napa Valley Unified School District. Staff has also been working to increase the visibility of the District at community events and has increased the amount of Spanish outreach conducted by C2 Alternative Services. In the next quarter, staff will:

- Grow the email subscription list
- Grow the Facebook page audience
- Continue to increase Spanish language outreach
- Work with County staff on any website updates
- Create and mail the updated Pipeline newsletter

Fiscal Year 2016/17

Third Quarter Financial Report

Overview

Significant revenues received this quarter have been as anticipated. Sewer service charges are on target to meet forecast. Capacity charges were high in the first quarter due to payments for the Meritage Commons expansion, Meadows expansion, and tenant improvements by CIA at Copia, but have significantly decreased in the second and third quarters. Grant revenue tracked to match the spending on grant-funded capital projects. Lease revenue was as expected, with no delinquent payments.

Recycled water revenues are lower than expectations, due to fewer and later connections in the MST and LCWD areas. Hauler fees revenues were slightly lower than expectations for the year-to-date. Investment interest revenue is expected to meet its budget target.

Salaries and benefit expenses were lower than budgeted for the year to date, due primarily to position vacancies, but also to some benefit expenses being lower than budgeted. These savings will be offset somewhat by increased overtime in Collections due to winter storm response.

Services and supplies spending for the year to date were slightly lower than budgeted, but within a normal variance. Debt payments were made as expected.

About 35% of the Capital Improvement Plan for the year has been completed to date. There are significant projects in the year's plan that have not yet begun construction, including the Browns Valley Trunk and West Napa Pump Station Improvements, the MST recycled water pipeline extension, and the recycled water reservoir lining project.

Recommendations

There are no recommendations to adjust the FY 2016/17 budget.

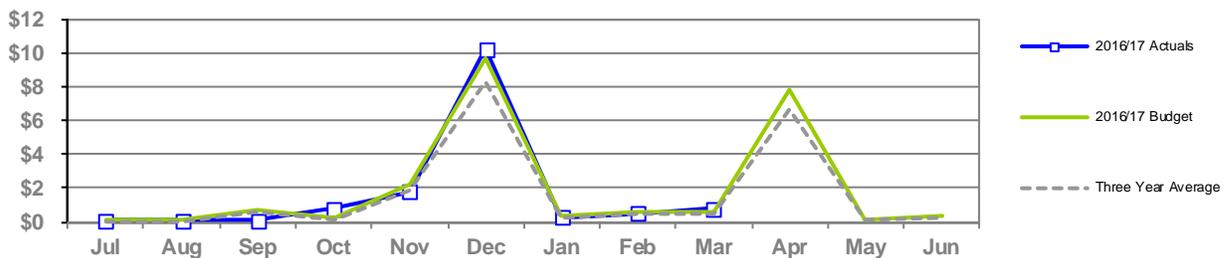
Part 1 - Revenue Summary – All Funds

Item	Adopted Budget	Adjusted Budget	Actual YTD	Year End Projection	Actual YTD % of Budget	YE Projection % of Budget
Sewer Service Charges	22,514,000	22,513,999	14,580,825	22,650,000	64.8%	100.6%
Capacity Charges	5,512,000	5,512,000	3,386,531	3,804,000	61.4%	69.0%
Hauling Fees	172,000	172,000	111,683	159,000	64.9%	92.4%
Permit Review Fees	184,500	184,500	126,622	155,000	68.6%	84.0%
Land Lease	719,000	719,000	538,688	719,000	74.9%	100.0%
Recycled Water Sales	958,000	958,000	495,624	725,000	51.7%	75.7%
Investment Interest	109,000	109,000	71,697	109,000	65.8%	100.0%
Grant Revenue	2,250,000	2,250,000	1,911,059	2,250,000	84.9%	100.0%
Miscellaneous Revenue	69,000	69,000	34,885	50,000	50.6%	72.5%
Sale of Assets	0	0	18,700	18,700	N/A	N/A
Proceeds from Bonds	4,550,000	4,550,000	0	0	0.0%	0.0%
Interfund Transfer In	14,412,000	14,412,000	5,957,176	6,500,000	41.3%	45.1%
Total	\$51,449,500	\$51,449,499	\$27,233,490	\$37,139,700	52.9%	72.2%

Revenue Analysis

Sewer Service Charges by Month

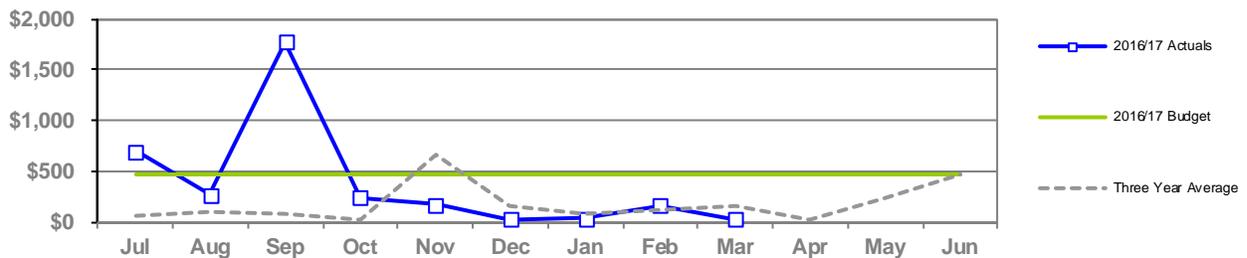
shown in millions



Sewer service charges, the largest revenue source for NapaSan, are collected from property taxes predominantly in December and April, with direct billing of some customers throughout the year. The amount collected year to date was as expected. The annual sewer service charges direct billings are typically recorded in September; however, this year they were done in October to more closely align with the timing of the property tax bills.

Capacity Charges by Month

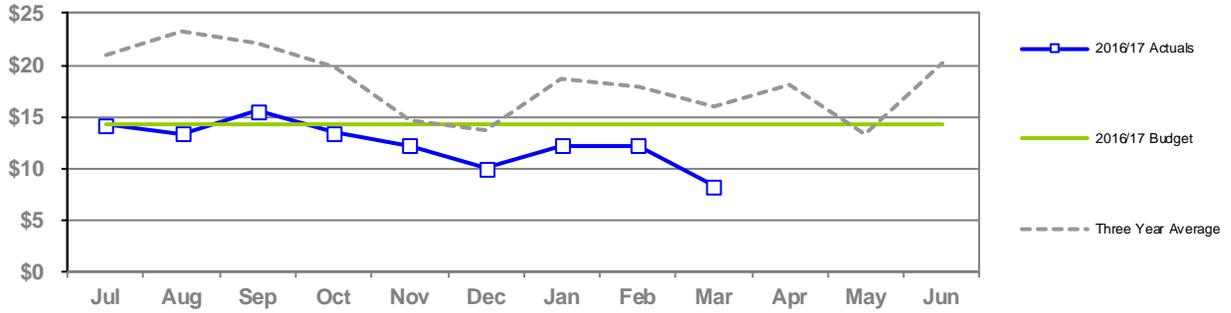
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Capacity charge revenues collected was significantly higher in the first quarter due to significant payments for expansion at The Meadows (\$677,605), tenant improvements at Copia by CIA (\$237,444) and the expansion of Meritage Commons (\$1,060,575). Payments in the second and third quarters were lower than expected. Based on forecast, NapaSan is unlikely to meet its current year revenue projections.

Hauling Fees by Month

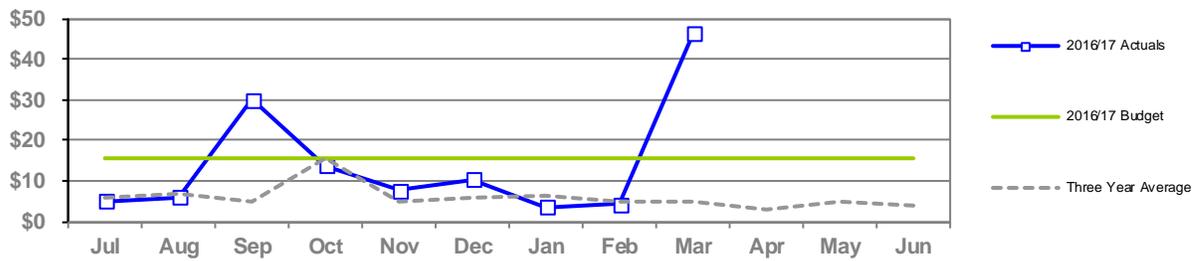
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Septage and FOG hauler revenues came in close to expected budget in the first quarter, but lower than expected in the second and third. There may be some impact due to weather on septage hauling.

Plan Review Fees by Month

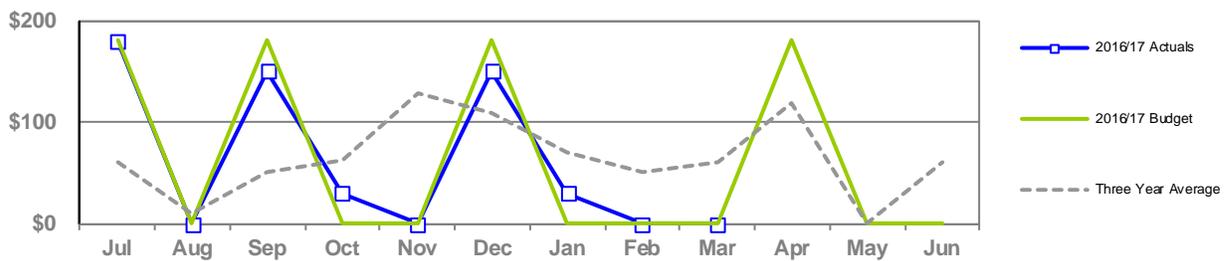
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Plan review fees were lower than expectations for the first two months, then higher in September, followed by five months of lower than expectations. The spike in March is due to the “special consideration” fees paid by SunPower for expedited Board approval. The total revenues in this category are relatively small given the entire revenue picture for the District, but it is useful to watch this number and an indicator of future development in the community.

Land Lease Revenue by Month

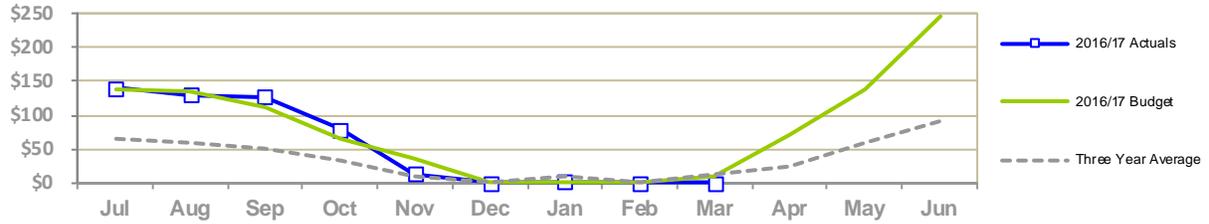
shown in thousands



Lease payments are now being accrued according to contract terms, which make payments due quarterly, represented by the four large spikes on the graph for expected budget. Lease revenue is recorded when earned. All lease payments are up to date, with no delinquencies.

Recycled Water Revenue by Month

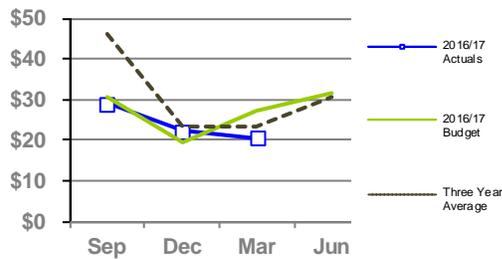
shown in thousands



Recycled water revenue came in as expected for the summer months, but lower than expected for the November and March “shoulder season” months. The wet winter is likely to negatively impact recycled water sales in April, but May and June should see stronger sales. The large budgeted increase in the next quarter is in anticipation of additional sales in the MST and LCWD areas for properties that were not connected a year ago.

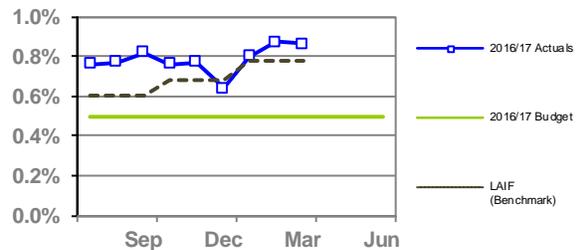
Investment Interest Earnings by Quarter

shown in thousands



Investment Interest Rate by Month

earnings rate



Interest earnings for year to date are as expected. The budgeted interest earnings for FY 2016/17 reflects lower cash on hand compared to the 3-year average due to spending down reserves on major projects in the last two years. The interest earnings rate dropped in December, but rebounded in the third quarter to perform better than the benchmark. Long term, the rates are anticipated to increase as investments mature and are reinvested in higher rate securities.

The Local Agency Investment Fund (LAIF) rate is provided in the Investment Interest Rate by Month chart as a benchmark to evaluate District earnings from investments with the County’s investment pool.

Part 2 - Operating Expenditures Summary

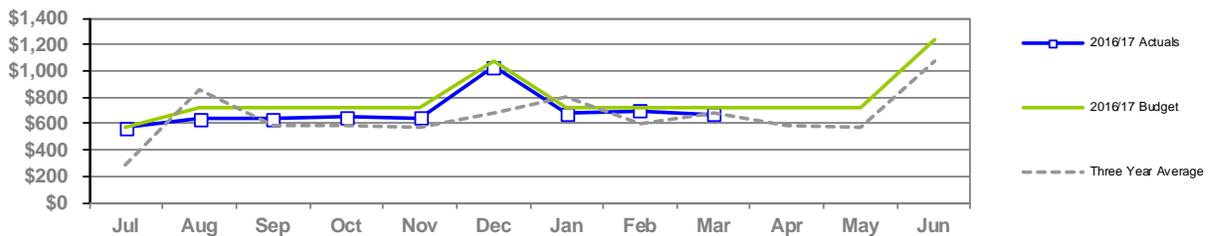
All Departments, All Funds

Item	Adopted Budget	Adjusted Budget	Actual YTD	Year End Projection	Actual % of Budget	Year End % of Budget
Salaries and Benefits	9,382,370	9,382,370	6,203,036	8,675,000	66.1%	92.5%
Services and Supplies	5,568,310	6,046,110	3,759,284	5,715,000	62.2%	94.5%
Other Charges	28,250	28,250	14,115	28,250	50.0%	100.0%
Debt Payments	4,773,050	4,773,050	4,769,921	4,773,050	99.9%	100.0%
Interfund Transfers Out	8,900,000	8,900,000	2,225,000	2,225,000	25.0%	25.0%
Operating Expenditures	\$28,651,980	\$29,129,780	\$16,971,356	\$21,416,300	58.3%	73.5%

Operating Fund Expenditure Analysis

Salaries & Benefits

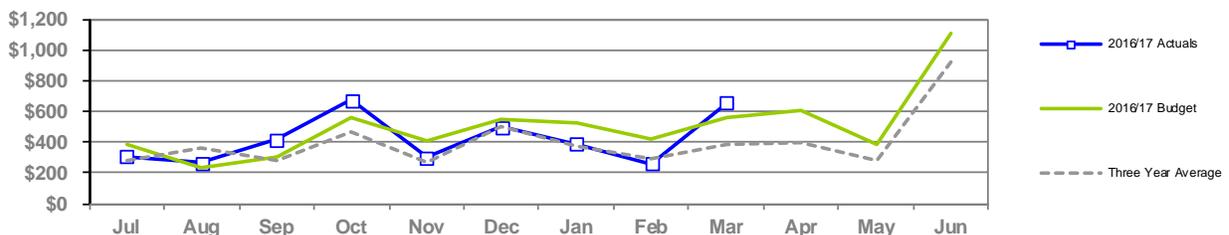
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Salaries and benefits for the year-to-date were lower than budgeted, with savings coming from position vacancies and slightly lower than budgeted benefit costs.

Services & Supplies

shown in thousands



The pattern of services and supplies spending tracked expectations for the year-to-date, with expenses forecasted to be slightly lower than budgeted.

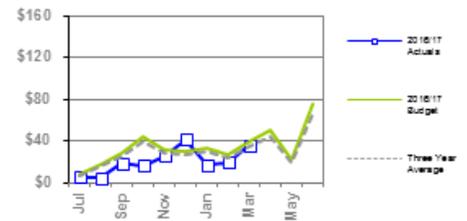
Services and supplies expense details for various departments are provided on the following pages.

Services & Supplies (continued)

shown in thousands

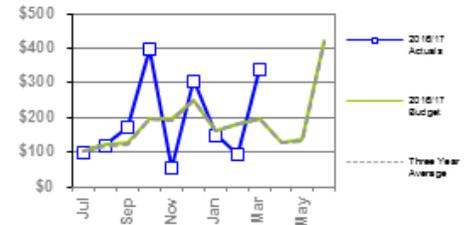
Collection System Maintenance

Collection System maintenance expenses in total were lower than expected for the year to date. Lower than expected expenses were due to weather, as rains limited the amount of repair projects that could be done.



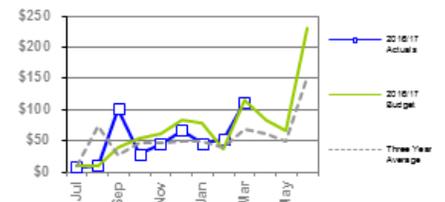
Treatment Plant Operations

Expense patterns for the treatment plant show timing differences due to the payment of electricity and chemical invoices, the largest operating expense. In total, the expenses are in line with expectations and budget.



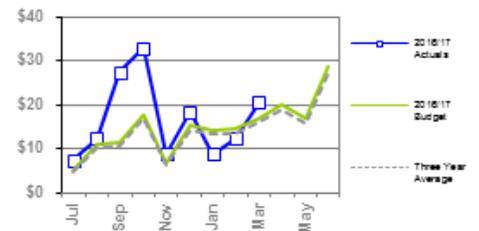
Treatment Plant Maintenance

Services and supply expenses tracked according to expectations for the year-to-date, with the spike in September due to the cost of installing actuators on aeration basin influent flow gates and replacing the lighting ballast of various buildings in the Plant.



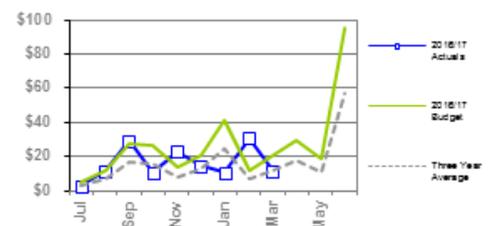
Treatment Plant Laboratory

Expenses in this department tend to be a bit volatile, as expenses occur sporadically. There has been higher than anticipated spending on consumables related to extra testing related to chlorides. The spikes in September and October were due to the purchase of samplers and from temporary help.



Water & Biosolids Reclamation

Expenses for the year to date were consistent with prior years, and in line with budgeted expectations.

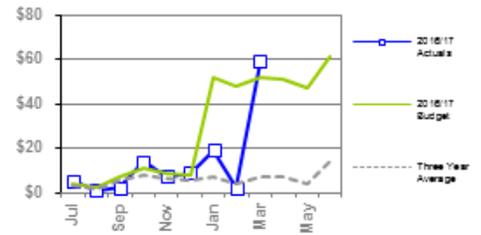


Services & Supplies (continued)

shown in thousands

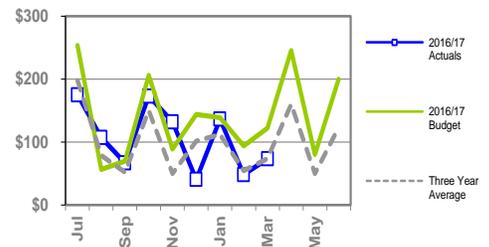
Engineering

Much of this department's discretionary budget is in engineering consulting services. The Department's expenses for the year through March were as expected. The start of implementation of Asset Management is responsible for the increase in March, but is in line with budgeted expectations.



Board of Directors, GM Office, Administration, Safety and Training, Fleet, and Pollution Prevention

Expense patterns for administrative departments were consistent with budgeted expectations and the three year trend.



Property Taxes

The first payment of property taxes/assessments for Somky and Jamison Canyon properties were paid in December, and the second payments will be made in April.

Debt Payments

Principal and interest payments for the 2009B Fixed Rate COP and 2012A COPs are due in August and February. Debt service payments were made according to schedule.

State Revolving Fund loan principal and interest were paid in December, also according to schedule.

Part 3 - Capital Program Expenditure Summary

Project No.	Project Title	Prior Year Actuals	FY 16/17 Adj. Budget	FY 16/17 Actuals	Variance	% of Budget
<u>Collection System</u>						
13701	Main Line Sewer Repairs	444,201	28,700	5,226	23,474	18.2%
13702	Manhole Raising	810,056	258,900	236,205	22,695	91.2%
13703	Lateral Replacements	620,287	72,000	47,492	24,508	66.0%
13704	Cleanouts Installation	461,391	87,000	45,209	41,791	52.0%
13705	I&I Reduction Program	451,374	200,000	65,629	134,371	32.8%
14703	Browns Valley Rd & First Street	1,525,131	3,613,800	353,222	3,260,578	9.8%
15703	Sarco Creek Pipeline Replacement-CalTRAN	136,610	1,113,750	993,650	120,100	89.2%
15721	ACP CIPP Lining Project #1	299,492	330,000	311,543	18,457	94.4%
16701	Basin L - I&I Reduction Project 5	1,290,370	744,100	693,820	50,280	93.2%
16718	NN Siphon Vault Cover Replacement	46,018	5,000	1	4,999	0.0%
16723	Milliken Creek Sewer Repair	0	300,000	268,955	31,045	89.7%
17702	Upper Lateral Rehab - Basin L (Pilot #2)	0	5,000	0	5,000	0.0%
17703	Manhole Rehab - Nipak	0	93,000	87,708	5,292	94.3%
17704	Infltrtn Rehab - SSMH/PL (CI-)	0	100,000	26,071	73,929	26.1%
17705	Soscol Ave (8th to Oil Co Rd)	0	500,000	40,223	459,777	8.0%
17707	66-inch Trunk CCTV Inspection	0	150,000	420	149,580	0.3%
17708	Basin G - I&I Reduction #1	0	2,380,000	37,286	2,342,714	1.6%
17734	Homewood/Westwood I/I Reduction	0	200,000	19,004	180,996	9.5%
<u>Collection System-Equipment</u>						
17709	Eel Replacment 1	0	5,500	5,454	0	99.2%
17710	Vehicle 510 - Water Truck	0	189,800	186,160	0	98.1%
<u>Lift Stations</u>						
17711	West Napa PS - Rehab	0	1,750,000	105	1,749,895	0.0%
<u>Treatment</u>						
16708	Algae to Digester with Thermal Study	9,510	50,450	3,542	46,908	7.0%
17712	Headworks/Primary - Odor Ctrl	0	25,000	17,015	7,985	68.1%
<u>Treatment - Equipment</u>						
13741	Secondary PS Pump Rebuild (3)	27,794	52,200	52,081	119	99.8%
13743	Residual Analyzers (Deox) Replacement	21,976	20,000	8,079	11,921	40.4%
14720	Belt Press Polymer Skid Replacement	14,299	55,700	47,724	7,976	85.7%
15711	Rotork Actuator Replacement	86,861	141,450	115,607	25,843	81.7%
15713	Aeration Basin Instrumentation & Control	175,870	1,574,000	1,331,308	242,692	84.6%
16713	Buried Metallic Piping (eval/rehab)	0	41,800	0	41,800	0.0%
16714	High Voltage System Repairs	0	80,000	4,810	75,190	6.0%
16715	Cogen Bottom End Overhaul	0	225,000	0	225,000	0.0%
17713	Secondary PS VFD Rplcmnt (3)	0	53,600	1,835	51,765	3.4%
17714	WWTP MP - 3W Sys Imprvmnts	0	60,000	1,068	58,932	1.8%
17715	Turbidimeters (7) Tertiary Rplcmnts	0	23,000	7,575	15,425	32.9%
17716	FOG - Strain Press	0	200,000	167,472	32,528	83.7%

Project No.	Project Title	Prior Year Actuals	FY 16/17 Adj. Budget	FY 16/17 Actuals	Variance	% of Budget
17717	Odor Control VFD	0	51,700	9,741	41,959	18.8%
17718	LED Pole/Arm Mounted Fixtures	0	128,100	4,514	123,586	3.5%
17719	Smpler 4700 - Pretreatment	0	6,700	0	6,700	0.0%
17720	Smpler 4700 - Pretreatment	0	7,500	0	7,500	0.0%
17721	Chlorophyll A Analyzer - Pond Water	0	6,200	6,105	95	98.5%
17722	Stationary Gas Detector Replacment Ph 2	0	175,000	151,265	23,735	86.4%
17725	Sump #3 Modification	0	10,000	0	10,000	0.0%
<u>Treatment - Structures</u>						
13724	IPS Expansion	19,357,555	38,700	8,789	29,911	22.7%
17726	Headworks Equipment Rehab/Replacment	0	110,000	57,547	52,453	52.3%
17727	Roof Replacement - Digester 2nd Floor	0	115,000	110,713	4,287	96.3%
17728	Roof Replacement - AB/Blower Building	0	45,000	43,162	1,838	95.9%
17729	DAF Access Opening	0	20,000	0	20,000	0.0%
<u>SCADA</u>						
<u>Recycling - District</u>						
15717	Isolation Valve on Kirkland Line (Devlin Rd)	580	73,600	66,508	7,092	90.4%
16716	Line Recycled Water Reservoir	63,364	301,600	119,769	181,831	39.7%
17731	Jameson Office Trailer Replacment	0	25,000	19,405	5,595	77.6%
17732	Vehicle 710 - 8830 Tractor	0	170,000	165,932	4,068	97.6%
17733	Vehicle 172 - Ford F150	0	33,000	30,900	2,100	93.6%
<u>Recycling - Expansion</u>						
13727	North Bay Water Reuse Project	1,997,272	845,000	283,881	561,119	33.6%
14726	MST Pipeline Construction	13,075,073	500,000	18,682	481,318	3.7%
14727	Split N/S Lines, surge protection	2,749,479	50,000	19,506	30,494	39.0%
15718	LCWD Recycled Water Pipeline Constructio	10,063,331	402,000	52,567	349,433	13.1%
16722	MST RW Pipeline Extension	673	1,199,300	285,734	913,566	23.8%
<u>Other</u>						
13729	Development Technical Support	1,326,594	231,800	189,142	42,658	81.6%
16717	Admin/Eng Bldg Acoustic Improvements	0	10,000	0	10,000	0.0%
			19,283,950	6,825,361	12,458,589	35.4%

Capital Project Highlights for the Third Quarter

- 14703 Browns Valley Trunk** – Design continued during the third quarter. Construction is expected to start during FY 17/18.
- 15703 Sarco Creek Pipeline Replacement** – Construction was completed during the third quarter.
- 15713 AB Diffuser Replacement Project** – Construction continued during the third quarter. Installation is expected to be completed during the fourth quarter.
- 16716 Line Recycled Water Reservoirs** – Design continued during the third quarter. Installation is expected to occur in FY 17/18.
- 16722 MST Recycled Water Expansion Project** – Design continued during the third quarter. Construction is expected to occur during summer 2017.
- 17705 Soscol-Sousa Trunk Sewer Rehab** – Design continued during the third quarter. Construction is expected to occur during summer 2017.

- 17708 2017 Sewer System Rehabilitation** – Design was completed during the third quarter and the construction contract was awarded. Construction is expected to occur during summer 2017.
- 17714 3W System Improvements** –Design started during the third quarter.
- 17716 FOG Strain Press** –Installation is occurred during the third quarter. This project is complete.
- 17726 Headworks Equipment Rehab/Replacement** – Design continued during the third quarter. Installation is expected to occur during winter 18/19.

APPENDIX

A. Explanation of Color Codes (1 page)

B. Excerpt from NSD Strategic Plan: Priority Goals (6 pages)

Goal 1: Infrastructure Reliability

Goal 2: Financial Stability

Goal 3: Operational Capability

Goal 4: Employee Development

Goal 5: Community Outreach and Communication

Goal 6: Resource Recovery

EXPLANATION OF COLORS FOR TRACKING STATUS

	Green	Yellow	Red
General	<ul style="list-style-type: none"> • Anticipates meeting Goal 	<ul style="list-style-type: none"> • Watch. Potential problem areas ahead. • Without some intervention, would likely turn to RED. (can't be YELLOW without potential for going to RED.) • As of assessment date, Goal still likely to be met. 	<ul style="list-style-type: none"> • High probability of not meeting Goal without increase in scope, schedule or budget • Action Plan should be prepared to meet Goal, or if not possible, Goal should be modified or dropped.
Scope	<ul style="list-style-type: none"> • Scope will be completed essentially as promised and approved by the Board. • No key scope component will be missed 	<ul style="list-style-type: none"> • Scope may be modified as further work continues, and may include revisions to key scope components. • Scope revisions may trigger significant changes in schedule or budget 	<ul style="list-style-type: none"> • High probability of not meeting key scope component. • Additional scope, accompanied by schedule and/or budget modifications, necessary to meet overall Goal. • Additional scope that significantly affects the community, regardless of its schedule or budget impact, is necessary to meet overall Goal.
Schedule	<ul style="list-style-type: none"> • Schedule essentially on track • Intermediate milestones that do not affect either overall schedule or intermediate commitment dates may be adjusted. 	<ul style="list-style-type: none"> • Potential for schedule delay, but not necessarily impact on scope or budget 	<ul style="list-style-type: none"> • Goal will not meet schedule.
Budget	<ul style="list-style-type: none"> • Budget on or under projections 	<ul style="list-style-type: none"> • Potential for budget impact , but not necessarily impact on scope or schedule 	<ul style="list-style-type: none"> • Goal will not meet budget.

FROM NSD 2015 STRATEGIC PLAN

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 NSD'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: five, ten or more years from now. **NSD must ensure that treatment capacity will be in place to address current and projected future needs.**

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

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

The NSD 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 NSD 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 NSD 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 2017

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

The NSD 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 NSD 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 NSD 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