



NapaSan

Quarterly Report of Priority Goals
for
FY 2018/19 Quarter 1

July 1, 2018 – September 30, 2018

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Quarterly Priority Goal Tracking Overview and Recommendations

Overview

In May 2017, 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 marked "completed."

- **2A – Conduct study of sewer service charge and capacity charge methodologies for residential customers and development, and make recommendation for Board consideration**
 - Policy on Accessory Dwelling Units was adopted by Board in Fall 2017. Sewer Service Charge methodology and capacity charge study was completed in Spring and Summer 2018. Ordinance to revise the capacity charge and change the annual inflation escalator was introduced for Board consideration in September 2018.
- **2B – Evaluate long-term liabilities, including pension liability and OPEB liability, and develop policy options for Board consideration.**
 - Policy was presented to Board and adopted in May 2018. The FY 2018/19 Operating Budget includes additional an additional payment toward the pension unfunded actuarial liability and full funding of the OPEB actuarially determined contribution.
- **4B – Conduct Employee Survey in Fall 2017.**
 - Survey was completed in the Fall of 2017. Results were presented to the Board in Spring 2018.
- **4C – Explore a Total Compensation Study.**
 - NapaSan Board of Directors discussed this item with its labor negotiator. The decision was made not to complete a study until closer to the end of the current labor contracts.

There are currently no projects on the "watch" list. The following projects are on the "delayed" list:

- **1C – Design and construct the Browns Valley Road Interceptor and any associated capacity enhancements at the West Napa Pump Station.**
 - NapaSan has been informed by the SWRCB Financial Assistance staff that review, approval, and funding, of the Browns Valley Trunk and West Napa Pump Station Project should be completed in time for award of the construction projects in early 2019. Construction is expected to begin in calendar year 2019.

Recommendations

Progress is being made on all objectives. There are no recommended actions for the Board at this time.

2017 Strategic Objectives:

Complete
On Track
Watch
Delayed

Status:

1A	Strive to replace and rehabilitate at least 2% of sewers annually, and preferably higher, with a focus on reducing Inflow & Infiltration		✓			The 2017 collection system project rehabilitated 2.2% of the system. The 2018 project is planned to rehabilitate 2.2% (under construction). The 2019 project (in design) is planned to rehabilitate 2.2%. All projects exceed the goal of 1.3%.
1B	Continue to Implement an Asset Management program		✓			Phase 1 of the Asset Management Plan continued in Quarter 1.
1C	Design and construct the Browns Valley Road Interceptor and any associated capacity enhancements at the West Napa Pump Station				✓	Loan approval from the SWRCB is expected to occur in January 2019. Currently anticipate construction in 2019 and 2020.
1D	Update the Collection System Master Plan and Treatment Plant Master Plan		✓			The Collection System Master Plan was scheduled for FY19/20 (preliminary work started early in Quarter 1 18/19) and the Treatment Plant Master Plan is scheduled for FY20/21.
1E	Study whether to implement a Private Lateral Program		✓			The 2017 pilot project was constructed. Flow monitoring was delayed due to lack of rainfall in winter 17/18. Flow monitoring is rescheduled and additional projects are planned.
2A	Conduct study of sewer service charge and capacity charge methodologies for residential customers and development, and make recommendation for Board consideration	✓				Board adopted Ordinance addressing ADUs in Fall 2017. SSC methodology and capacity charge study is complete. Ordinance to change capacity charges introduced in September 2018.
2B	Evaluate long-term liabilities, including pension liability and OPEB liability, and develop policy options for Board consideration.	✓				Complete.
2C	Conduct comprehensive review of strategies for developing non-rate/non-fee based revenues, including land leases, and provide options.		✓			Ongoing. Discussion of land leases held with Lands Committee.

2017 Strategic Objectives:

Complete
On Track
Watch
Delayed

Status:

		Complete	On Track	Watch	Delayed	Status:
3A	Reengage with winery industry to understand and evaluate options for mutually beneficial alternatives for managing winery waste		✓			A report was provided to the Board in July 2018.
3B	Continue to evaluate opportunities for shared services		✓			Ongoing.
3C	Develop Business Continuity Plan as part of disaster mitigation		✓			Plan for SCADA backup part of current SCADA master planning effort. Emergency communications equipment has been installed.
3D	Evaluate and recommend ways to reduce energy and chemistry consumption in treatment process and collection system.		✓			Options presented to Board in February 2018. Analysis ongoing.
4A	Promote NapaSan as progressive, professional workplace through engagement and the development and promotion of internships and “in training” programs		✓			Operators-in-Training, lab interns and engineering interns ongoing. New Equipment Maintenance intern ready for Spring recruitment. Participating in BAYWORK North Bay efforts re: training and candidate development.
4B	Conduct Employee Survey in Fall 2017	✓				Complete.
4C	Explore a Total Compensation Study	✓				Complete.
4D	Prepare for and begin MOU Negotiations		✓			Work to begin in Fall 2019.
4E	Address succession planning through supervisory/management training and an internal mentorship program		✓			Ongoing. New succession plan developed for Collection Worker Technician, with training ongoing.

2017 Strategic Objectives:

Complete
On Track
Watch
Delayed

Status:

5A	Be proactive in communicating with the public, stakeholders and the press for all aspects of NapaSan's activities		✓			<p>Fall 2018 Pipeline Newsletter completed. Staff planned for NapaSan's first Citizens Academy, for October 2018. The annual Open House, held on September 22nd, had approximately 150 people attended with 7 partner organizations booths. Outreach staff worked with multiple commercial and industrial users this quarter to review Best Management Practices and to address issues regarding discharge to the sewer system.</p> <p>New NapaSan website was launched on September 20th. Staff also began a monthly NapaSan column in the Home and Garden section of the Napa Register to highlight pollution prevention tips and programs/events.</p> <p>Lastly, NapaSan staff conducted two community outreach meetings for the Browns Valley Trunk Project.</p>
5B	Complete the deliverables identified in the 2016 Communications Plan to address NapaSan outreach and public information goals		✓			<p>Staff continues to work with Soluna Outreach Solutions to broaden the scope of NapaSan's Spanish language outreach. NapaSan staff participated in another hour-long radio interview on the Nuestra Tierra Radio Show to promote pollution prevention messages. The NapaSan Open House was held on Saturday, September 22nd with approximately 150 people in attendance. The Facebook audience and email subscription list continue to grow each quarter. Staff has been working with City and County of Napa staff to collaborate on social media posts and garbage/recycling bill insert messages for the</p>

2017 Strategic Objectives:

Complete
On Track
Watch
Delayed

Status:

		Complete	On Track	Watch	Delayed	Status:
						community. Staff continues to seek out and participate in community events to raise the visibility of NapaSan. The new website launched on September 20, 2018. Staff continues to promote tours to the public and school groups and led 10 public and school tours this quarter.
6A	Implement capital projects in partnership with local agencies for the distribution of recycled water		✓			Coordination and design work continues on the MST Truck Fill Station project. Construction is planned for Summer 2019.
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		✓			NBWRA Phase 2 EIR/EIS CEQA approved by NapaSan Board in September 2018.
6C	Evaluate current recycled water allocation policy		✓			Discussion with the Board occurred in March 2018. The decision was made to reevaluate in Spring 2019.
6D	Evaluate energy self-generation with the primary goal of decreasing overall energy costs, and recommend policy options for consideration		✓			Ongoing. Preliminary evaluation incorporated into Objective 3D, and presented to Board in February 2018.
6E	Improve recycled water quality to increase appeal and acceptability of recycled water to current and future users		✓			Ongoing.
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		✓			Agreement amended in May 2018 to include Coombsville area. Renewal of agreement expected in 2019.

Communications Plan Update

Progress has continued on the tasks outlined in the Communications Plan. The Facebook page and email subscription list continue to grow each quarter and have become important tools in spreading NapaSan's messages. Staff continues to work with City and County of Napa to partner on communications to maximize the reach of messages- including Facebook posts and recycling/garbage bill inserts. Soluna Outreach Solutions continues to perform Spanish language outreach for NapaSan in order to broaden the reach of our Spanish outreach efforts. Another radio interview was conducted in August 2018 to convey pollution prevention messages and information about NapaSan's programs to the Nuestra Tierra radio show's audience.

Staff planned and facilitated the annual Open House in late September. The event was attended by roughly 150 people and seven community partners had booths at the event. Planning and advertising for NapaSan's first Citizens Academy continued. Attendees were chosen and notified, and presentation planning began for the October event.

Staff continued working with local commercial and industrial customers to review best management practices and pollution prevention measures.

Staff met with the STEM program and Career Readiness staff from the Napa Valley Unified School District and the Napa County Office of Education to discuss internship and presentation opportunities as well as teacher externships.

The website re-design work was completed, and the website launched on September 20, 2018.

In late September 2018, two community meetings were held regarding the Browns Valley Trunk Project.

In the next quarter, staff will:

- Continue to grow the email subscription list and Facebook page audience, and partner with other agencies to get pollution prevention and other messages out to the public
- Work on truck "wraps" with pollution prevention messages to inform the public of our services and how to properly care for the sewer system
- Continue to participate in community events to raise the visibility of the agency
- Continue and add new Spanish language outreach, including translation of additional outreach materials
- Continue working to improve the new website.
- Facilitate the Citizens Academy tour and evening sessions.

Fiscal Year 2018/19

First Quarter Financial Report

Overview

Significant revenues received this quarter and for the year have come in close to expectations. Sewer service charge receipts were in line with forecasts. Capacity charges were slightly lower than budgeted expectations, but with expectations for development. The higher than budgeted hauler fees overall were due to higher septage hauling in the first quarter. Grant revenue was lower than budget, but tracked to match the spending on grant-funded capital projects.

The Somky lease payments for the prior fiscal year have been paid. This revenue stream will be watched closely to ensure continued payment by leasee.

Recycled water revenues are slightly lower than budgeted for the year, but are tracking according to trend and are exceeding the three-year average. Connections continue to be made in the MST and LCWD areas. Investment interest revenue beat expectations for the first quarter, with returns expected to beat budgeted projections for the year.

Salaries and benefit expenses were slightly lower than budgeted for the quarter, due primarily to a position vacancy in Plant Operations. Services and supplies spending was lower than budget for the quarter.

About 3% of the Capital Improvement Plan was completed in the first quarter. Two significant projects in the year's plan that have not yet begun construction: the Browns Valley Trunk and West Napa Pump Station projects, due to delays in acquiring SRF financing. These two projects represent about 32% of the total CIP.

Recommendations

In September 2018, the Board approved a budget amendment for the FY 18/19 fiscal year to carry forward in-progress projects from the prior fiscal year. There are no other recommendations to adjust the FY 2018/19 operating or capital budget at this time.

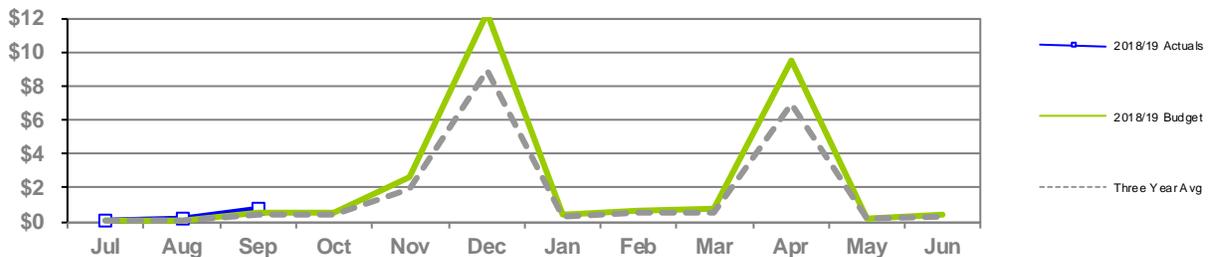
Part 1 - Revenue Summary – All Funds

Item	Adopted Budget	Adjusted Budget	Actual YTD	Year End Projection	Actual YTD % of Budget	YE Projection % of Budget
Sewer Service Charges	28,166,000	28,166,000	940,009	28,166,000	3.3%	100.0%
Capacity Charges	4,614,600	4,614,600	959,691	6,480,000	20.8%	140.4%
Hauling Fees	180,000	180,000	52,243	185,000	29.0%	102.8%
Permit Review Fees	193,800	193,800	27,345	140,000	14.1%	72.2%
Land Lease	725,000	725,000	363,275	727,000	50.1%	100.3%
Recycled Water Sales	1,042,000	1,042,000	525,601	1,005,000	50.4%	96.4%
Investment Interest	311,000	311,000	94,240	350,000	30.3%	112.5%
Grant Revenue	375,000	375,000	4,528	375,000	1.2%	100.0%
Miscellaneous Revenue	58,000	58,000	16,953	58,000	29.2%	100.0%
Sale of Assets	25,000	25,000	78,200	85,000	312.8%	340.0%
Proceeds from Bonds/Loans	9,075,000	9,075,000	0	9,075,000	0.0%	100.0%
Interfund Transfer In	16,150,000	16,150,000	6,223,618	16,150,000	38.5%	100.0%
Total	\$60,915,400	\$60,915,400	\$9,285,702	\$62,796,000	15.2%	103.1%

Revenue Analysis

Sewer Service Charges by Month

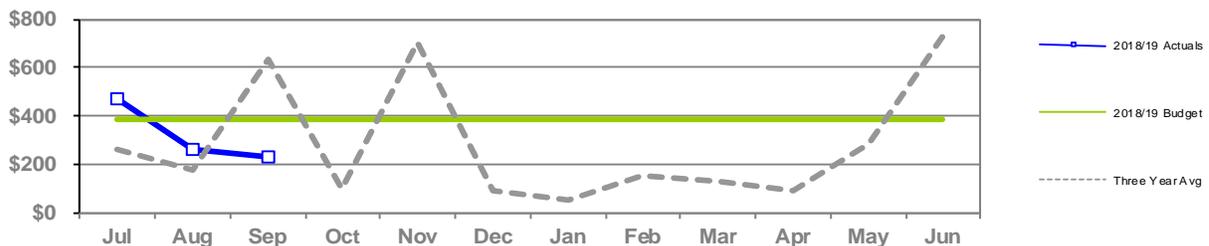
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Sewer service charges, the largest revenue source for NapaSan, are collected from property taxes predominantly in December and April, with direct billing of some customers throughout the year. The amount collected for the year to date was slightly higher than expected, but within the normal fluctuations due to changes in annual usage by commercial and industrial customers.

Capacity Charges by Month

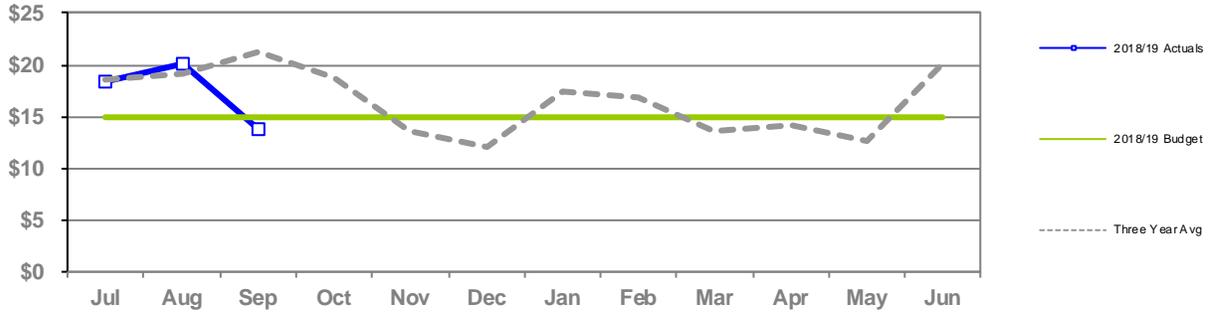
shown in thousands



Capacity charge collections in the first quarter were lower than the straight line monthly budget assumption. However, there are significant projects expected to be approved for construction coming up in future months. It is also expected that there will be a significant purchase of capacity by a winery in the next quarter.

Hauling Fees by Month

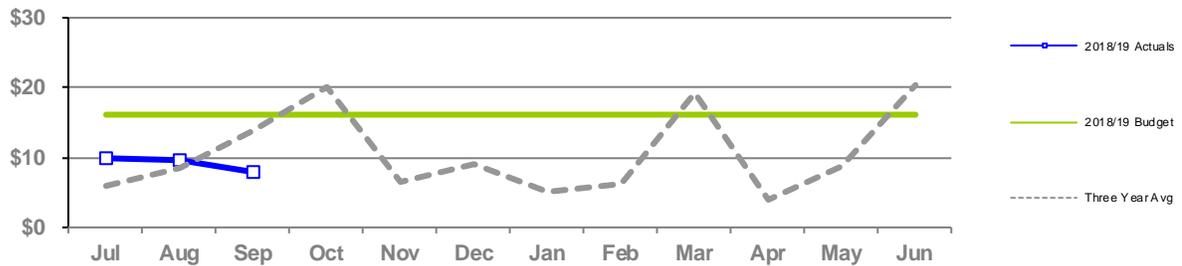
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Hauling fees were higher than budgeted expectations in the first quarter of the year, as septic hauling revenues exceeded expectations.

Plan Review Fees by Month

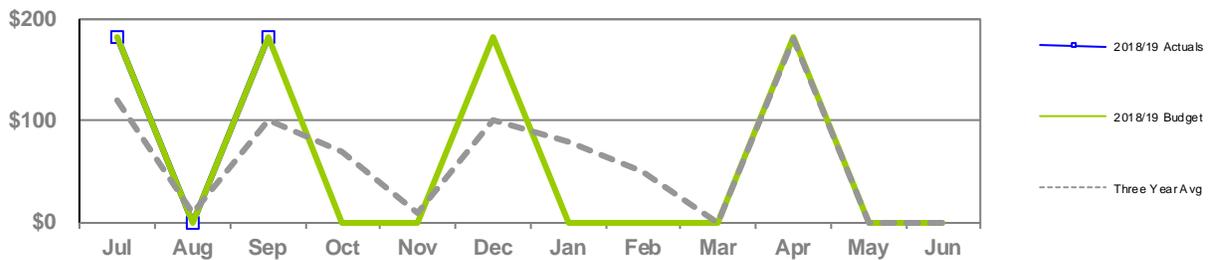
shown in thousands



Plan review fees have tracked lower than expected in each month of the first quarter. This is an indication of slightly slower than expected development review activity for the first quarter.

Land Lease Revenue by Month

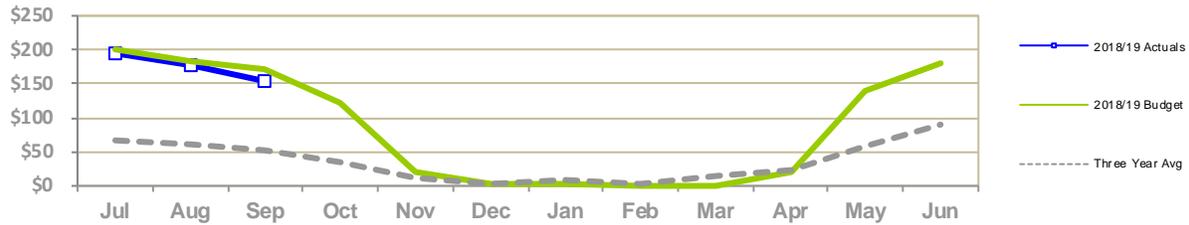
shown in thousands



Lease payments are accrued according to contract terms, which make payments due quarterly, represented by the four large spikes on the graph (July, Sept., Dec. and April). Lease revenue is recorded when earned. Lease payments were invoiced as anticipated, with first quarter payments received as invoiced.

Recycled Water Revenue by Month

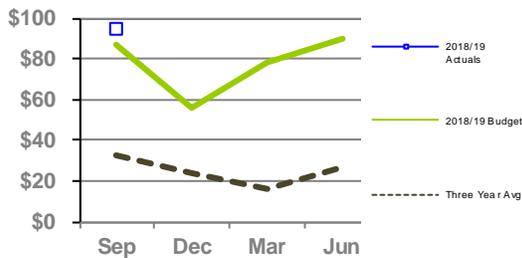
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Recycled water revenue has come in just under expectations for the first quarter, but significantly higher than the three-year average. Sales are expected to remain strong through the second quarter, as weather has been warm and dry.

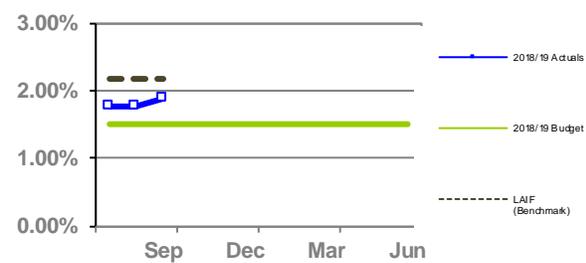
Investment Interest Earnings by Quarter

shown in thousands



Investment Interest Rate by Month

earnings rate



Interest earnings for the first quarter were slightly higher than expectations because of higher than budgeted interest rates and higher than normal cash on hand. The interest earnings rate has slowly been moving upward over the past 18 months, a result of rate increases by the Federal Reserve Bank. Long term, the rates are anticipated to continue 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. For this first quarter, the County’s investment pool earnings have lagged behind LAIF rate.

Part 2 - Operating Expenditures Summary All Departments

Item	Adopted Budget	Adjusted Budget	Actual YTD	Year End Projection	Actual % of Budget	Year End % of Budget
Salaries and Benefits	9,961,350	9,961,350	1,998,271	9,750,000	20.1%	97.9%
Services and Supplies	6,003,100	6,160,950	892,703	5,650,000	14.5%	91.7%
Other Charges	29,150	29,150	0	29,150	0.0%	100.0%
Debt Payments	4,593,800	4,593,800	3,618,013	4,593,800	78.8%	100.0%
Transfer from Ops to Capital	16,150,000	16,150,000	2,441,136	16,150,000	15.1%	100.0%
Operating Expenditures	\$36,737,400	\$36,895,250	\$8,950,122	\$36,172,950	24.3%	98.0%

Operating Fund Expenditure Analysis

Salaries & Benefits

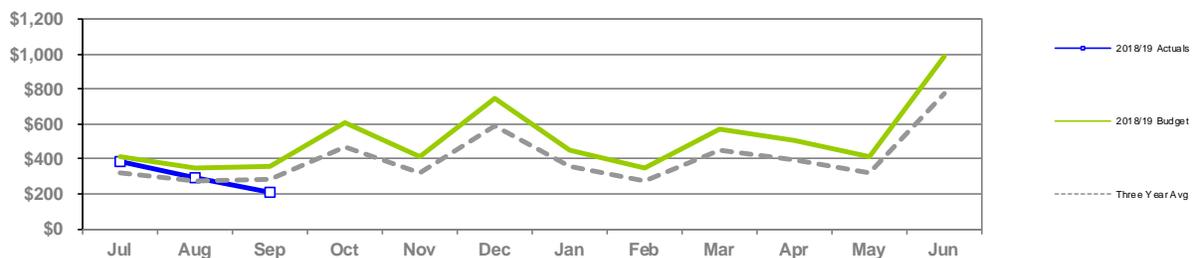
shown in thousands



Salaries and benefits for the first quarter were only slightly lower than budgeted, with one vacancy in Plant Operations.

Services & Supplies

shown in thousands



The services and supplies expenditures for the year to date were slightly lower than expected and but in line with historical patterns.

Property Taxes and Debt Payments

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

Debt service payments have been made according to schedule. State Revolving Fund loan principal and interest will be paid in December and March.

Part 3 - Capital Program Expenditure Summary

Project No.	Project Title	Prior Year Actuals	FY 18/19 Adj. Budget	FY 18/19 Actuals	Variance	% of Budget
<u>Collection System</u>						
13701	Main Line Sewer Repairs	449,427	95,000	1,071	93,929	1.1%
13702	Manhole Raising	1,049,751	428,500	11,350	417,150	2.6%
13703	Lateral Replacements	689,585	77,100	21,781	55,319	28.3%
13704	Cleanouts Installation	525,292	93,200	30,276	62,924	32.5%
13705	I&I Reduction Program	646,344	214,200	9,230	204,970	4.3%
14703	Browns Valley Rd & First Street	2,134,138	5,075,000	47,563	5,027,437	0.9%
17704	Infltrtn Rehab - SSMH/PL (CI-)	26,071	73,900	0	73,900	0.0%
17708	Basin G - I&I Reduction #1	875,006	200,000	165,371	34,629	82.7%
18701	I&I Smoke Testing	0	99,750	4,611	95,139	4.6%
18702	Coll Sys Asset Management Software	0	624,550	16,705	607,845	2.7%
18703	Upper Lateral Rehabilitation - Basin L #3	0	5,000	0	5,000	0.0%
18705	Sewer System I&I 2018	0	4,898,750	46,437	4,852,313	0.9%
18706	Sewer System I&I 2019	0	2,670,850	9,633	2,661,217	0.4%
19701	66-inch Trunk Rehabilitation	0	1,400,000	13,512	1,386,488	1.0%
19703	Sewer System I&I 2020	0	20,000	0	20,000	0.0%
19727	Collection System Master Plan	0	1,000,000	9,347	990,653	0.9%
<u>Collection System-Equipment</u>						
18708	Manhole - Smart Covers (4)	0	15,000	0	15,000	0.0%
18738	Combination Truck - Veh #529B	0	3,600	0	3,600	0.0%
19704	Ford F150 - USA Truck	0	35,400	0	35,400	0.0%
<u>Lift Stations</u>						
17711	West Napa PS - Rehab	3,635	5,200,000	5,995	5,194,005	0.1%
19705	Stonecrest PS Pump Rebuild	0	45,000	0	45,000	0.0%
<u>Treatment</u>						
13745	Pond 1 Dredge	61,393	600,000	1,615	598,385	0.3%
<u>Treatment - Equipment</u>						
13735	Dual Fuel Boiler Burner	4,058	155,300	0	155,300	0.0%
15711	Rotork Actuator Replacement	220,667	7,600	0	7,600	0.0%
15713	Aeration Basin Instrumentation & Control	1,644,840	6,750	0	6,750	0.0%
16712	Primary Clarifier Mech/Struct Rehab	0	150,000	1,203	148,797	0.8%
17713	Secondary PS VFD Rplcmnt (3)	2,447	57,400	0	57,400	0.0%
17715	Turbidimeters (7) Tertiary Rplcmnts	26,980	16,000	0	16,000	0.0%
18711	3W Strainer	30,479	52,750	0	52,750	0.0%
18715	Muffle Furnace - Replacement	0	5,000	0	5,000	0.0%
18716	Rotork Actuator Replacement	24,616	85,800	0	85,800	0.0%
18719	Filter Flow Control-Rotork Valves	0	46,600	0	46,600	0.0%
18720	Neuros Blowers Rebuild	0	64,300	0	64,300	0.0%
18722	FOG Station Water Heater	0	5,000	0	5,000	0.0%

Project No.	Project Title	Prior Year	FY 17/18	FY 17/18	Variance	% of Budget
		Actuals	Adj. Budget	Actuals		
18725	Belt Press Hydraulic Actuator	0	20,000	18,764	1,236	93.8%
18740	Chemical Storage Building Piping Replacem	0	1,275,000	6,737	1,268,263	0.5%
19706	3W System Improvements Phase 2	0	300,000	0	300,000	0.0%
19707	Portable Pumps 10-inch (2)	0	172,100	0	172,100	0.0%
19708	Rotork Actuator Replacement	0	95,000	0	95,000	0.0%
19709	Polymer Tank Replacement	0	10,000	0	10,000	0.0%
19710	12kV Redundant Line	0	120,000	0	120,000	0.0%
19711	CCB Coating - E\$W Channels	0	50,000	0	50,000	0.0%
19712	Utility Generator Power Transition	0	75,000	0	75,000	0.0%
19713	Cogen Hot Water to FOG Pad	0	50,000	0	50,000	0.0%
19714	Ventilation System Exp. Boots	0	50,000	0	50,000	0.0%
19715	ARV Replacement	0	30,000	28,922	1,078	96.4%
19716	P4 PS Pump #3 Rebuild	0	40,000	0	40,000	0.0%
<u>Treatment - Structures</u>						
17726	Headworks Equipment Rehab/Replacment	350,710	1,909,250	12,594	1,896,656	0.7%
18736	Treatment Plant Project 2018	397,860	2,954,000	338,733	2,615,267	11.5%
19717	Pond Transfer Structure 2 to 3	0	5,000	64	4,936	1.3%
<u>SCADA</u>						
18729	SCADA MP Proj 1 Network Monitoring	1,333	48,700	2,275	46,425	4.7%
19718	SCADE MP Phase 5 Security Study		250,000	0	250,000	0.0%
<u>Recycling - District</u>						
16716	Line Recycled Water Reservoir	2,399,863	100,000	64,556	35,444	64.6%
18730	Jameson 24" Flow Meter Rehab	0	6,200	0	6,200	0.0%
18731	Coombsville Truck Fill Station	34,952	440,050	4,528	435,522	1.0%
19719	24" Valve Replacement-Kirkland Line	0	5,000	0	5,000	0.0%
19720	Jameson PS VFD	0	68,900	0	68,900	0.0%
19721	Soscol RW Pump Replacement/Rehab	0	150,000	0	150,000	0.0%
19722	Vehcile 720/723 Attachments/Implements	0	28,700	0	28,700	0.0%
<u>Recycling - Expansion</u>						
13727	North Bay Water Reuse Project	2,503,448	150,000	54,031	95,969	36.0%
<u>Other</u>						
13729	Development Technical Support	1,944,820	368,400	73,039	295,361	19.8%
19723	AV System Replacement - Conf Rooms	0	20,000	0	20,000	0.0%
19724	Fence Repair	0	25,000	0	25,000	0.0%
19725	Vehicle 011 CSET Trailer Replacement	0	23,700	0	23,700	0.0%
19726	Vehicle 607 Replacement	0	42,800	1,697	41,103	4.0%
			32,410,100	1,001,640	31,408,460	3.1%

Capital Project Highlights for the First Quarter

13745 Pond 1 Dredge – Preliminary design continued during the first quarter. Implementation is expected to occur during Summer 2020.

- 14703 Browns Valley Trunk & West Napa Pump Station** – Design continued during the first quarter. Construction is planned for 2019 and 2020.
- 17726 Headworks Equipment Rehab/Replacement** – Installation is planned for summer 2019.
- 18705 2018 Collection System Rehabilitation** – Construction continued during the first quarter. The project is expected to be completed in December 2018.
- 18706 2019 Collection System Rehabilitation** – Design continued during the first quarter. Construction is planned for Summer 2019.
- 18736 2018 Treatment Plant Improvements** – Construction continued during the first quarter. The project is expected to be completed in December 2018.
- 18740 2019 Treatment Plant Improvements** – Design started during the first quarter. Construction is planned for Summer 2019.
- 19701 66-inch Trunk Main** – Condition assessment occurred during the first quarter.
- 19718 SCADA Master Plan** – Evaluation started during the first quarter. The study is expected to be completed by the end of the fiscal year.
- 19727 Collection System Master Plan** – Preliminary evaluation started during the first quarter as part of the analysis of the 66-inch trunk main.

APPENDIX

A. Explanation of Color Codes (1 page)

**B. Excerpt from NapaSan 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. 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.