



# NapaSan

Quarterly Report of Priority Goals  
for  
FY 2018/19 Quarter 4

April 1, 2019 – June 30, 2019

## Strategic Plan “Status At A Glance”

Goal 1: Infrastructure Reliability		
1A	Replace and rehabilitate at least 2% of sewers annually	On Track
1B	Asset Management program	On Track
1C	Browns Valley Road Trunk and West Napa Pump Station	Delayed
1D	Collection System Master Plan and Treatment Plant Master Plan	On Track
1E	Private Lateral Program	On Track
Goal 2: Financial Stability		
2A	Sewer service charge and capacity charge methodologies study	Complete
2B	Pension and OPEB liability funding policy	Complete
2C	Non-rate/non-fee based revenues / land leases	On Track
Goal 3: Operational Optimization		
3A	Options for managing winery waste	On Track
3B	Shared services opportunities	On Track
3C	Business Continuity / Disaster Mitigation Planning	On Track
3D	Reduce energy and chemistry consumption	On Track
Goal 4: Employee Development		
4A	Employee engagement, internships, and “in training” programs	On Track
4B	Employee survey	Complete
4C	Total compensation study	Complete
4D	MOU negotiations	On Track
4E	Succession planning through supervisory/management training	On Track
Goal 5: Community Outreach and Communication		
5A	Proactive communications with the public	On Track
5B	Implement 2016 Communications Plan	Complete
Goal 6: Resource Recovery		
6A	Implement recycled water capital projects	On Track
6B	Engage local partners in planning for new recycled water projects	Delayed
6C	Evaluate current recycled water allocation policy	Complete
6D	Evaluate energy self-generation	On Track
6E	Improve recycled water quality	On Track
6F	Renew recycled water agreement with City of Napa	Watch

# 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 approved October 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 included 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.
- **5B- Complete the deliverables identified in the 2016 Communications Plan to address NapaSan outreach and public information goals**
  - Staff completed all tasks identified in the Communications Plan.
- **6C – Evaluate Current Recycled Water Allocation Policy.**
  - Staff discussed current uses of recycled water in relation to allocation policy with the Board of Directors in April 2019. The Board made no changes, but instructed staff to bring the item back for their future consideration if there was a significant change in usage or demand.

The following projects are on the "watch" list:

- **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 agreement was amended in May 2018 to include the Coombsville recycled water extension. However, the agreement has since expired, and a renewal or new agreement is necessary prior to new parcels within the city’s service area connecting. City staff has indicated the desire to propose new language in the agreement. NapaSan is waiting for the city’s proposal.

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 SRF loan will most likely not be completed until August 2019 or later. The bids expired in May 2019, prior to when loan approval is anticipated. The project will be rebid after the SRF loan is approved.
- **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.**
- NapaSan is working in partnership with several other North Bay recycled water providers (NBWRA) on the Phase 2 EIR/EIS for new recycled water projects. NapaSan approved the projects as part of a CEQA process in 2018. However, the federal approval of the EIR/EIS document and issuance of a Record of Decision by the US Bureau of Reclamation is stalled. The EIR/EIS document does not conform to new rules for these types of documents. NBWRA has requested a waiver from the new rules, but approval is stalled at the USBR. Review of the waiver request is unlikely until NBWRA is awarded a grant under the Title XVI program.

## Recommendations

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 rehabilitated 2.5%. The 2019 project (in construction) is planned to rehabilitate 2.3%. 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 4.
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 now not expected to occur until August 2019 or later. Pipeline and pump station projects will be delayed until funding is secured.
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 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 (#3) was constructed. Flow monitoring was delayed due to lack of rainfall in winter 17/18. Flow monitoring was performed. Pilot project #4 was designed during Quarter 4.
2A	Conduct study of sewer service charge and capacity charge methodologies for residential customers and development, and make recommendation for Board consideration	✓				Complete.
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 and in closed session.

**2017 Strategic Objectives:**

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. A pilot study on receiving winery waste was completed in Quarter 3.
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 program is ongoing. New Equipment Maintenance interns, Lab intern, and Engineering interns began work in June. Hosted BAYWORK North Bay Cross Training event in May and Napa County Teacher Externship in June.
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 August 2019.
4E	Address succession planning through supervisory/management training and an internal mentorship program		✓			Ongoing. New succession plan developed and implemented for Collection Worker Technician.

**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		✓			Staff created and sent the Spring Pipeline newsletter. NapaSan sponsored and helped plan and facilitate Napa's Earth Day event. Staff continued to utilize Facebook to publicize NapaSan's messages and program to the community and grew the Facebook audience again this quarter.
5B	Complete the deliverables identified in the 2016 Communications Plan to address NapaSan outreach and public information goals	✓				Complete.
6A	Implement capital projects in partnership with local agencies for the distribution of recycled water		✓			Construction of the truck fill station occurred during Quarter 4. Startup and use of the station is expected in August 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				✓	Federal approval of NBWRA Phase 2 EIR/EIS is delayed indefinitely, pending resolution of application of waiver.
6C	Evaluate current recycled water allocation policy	✓				Complete. Discussion with the Board occurred in April 2019.
6D	Evaluate energy self-generation with the primary goal of decreasing overall energy costs, and recommend policy options for consideration		✓			Preliminary evaluation incorporated into Objective 3D, and presented to Board in February 2018. Ongoing evaluation regarding applicability of linear electromagnetic induction for plant generation of electricity.
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. Waiting on city proposal to renewal agreement.

# Communications Plan Update

All of the tasks outlined in the Communications Plan have been completed.

This quarter, staff continued to work with City and County of Napa, multiple local agencies, non-profits, and the Napa County Office of Education to partner on communications to maximize the reach of messages- including Facebook posts, newsletter articles, and recycling/garbage bill inserts. Soluna Outreach Solutions continued to perform Spanish language outreach for NapaSan in order to broaden the reach of our Spanish outreach efforts.

Seventeen public tours and six presentations were given this quarter to school and community groups. NapaSan staff collaborated with the RCD and the City of Napa Water Division to plan and facilitate the Project WET workshop for teachers that was held in April. NapaSan staff worked with the Environmental Education Coalition of Napa County (EECNC) to help sponsor, plan, and facilitate the annual Napa Earth Day event. NapaSan staff continued to manage EECNC's Field Trip Bus Grant Program and helped to plan and facilitate the environmental film and speaker night held in April. Staff also helped to plan the Napa County Science Fair and helped staff the fair.

Staff continued to work proactively with community agencies, businesses, and residents to prepare the community for upcoming construction projects and other important announcements.

Outreach staff planned the North Bay Cross Training event with Ross Valley Sanitary District and the Town of Windsor. NapaSan hosted a training May 7 to May 9. Staff also worked with Baywork and the City of Napa Water Division to plan a teacher externship that was held in June.

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
- Complete the 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.
- Plan and facilitate the NapaSan Open House event in September.
- Plan and advertise the second NapaSan Citizens Academy.



# **Fiscal Year 2018/19**

## **Fourth Quarter Financial Report**

---

### **Overview**

Significant revenues received the fourth quarter and for the year have come in close to expectations. Sewer service charge receipts were within one-half of 1% of forecast. Capacity charges were lower than budgeted expectations, but with expectations for a significant development to submit fees in the first quarter of next fiscal year. The higher than forecast hauler fees overall were due to higher septage hauling. Grant revenue was higher than budget, but tracked to match the spending on grant-funded capital projects.

The Somky lease payments for July and October were paid, but the December property tax payment and January and March invoice were not. NapaSan sent a Notice of Default and Demand to Cure letter to the leasee at the end of March.

Recycled water revenues were lower than expected for the quarter and the year, due to higher-than-normal rainfall in May and June. Connections continue to be made in the MST and LCWD areas.

Investment interest revenue beat expectations for each quarter of the year. The Federal Funds rate is expected to decrease in the short term and may decrease further in the longer term, depending on the world economic impacts on the US economy, among other factors. The current yield curve for bonds indicates that we should expect lower returns next year than the current year.

Salaries and benefit expenses were lower than budgeted for the year, due primarily to a position vacancy in Plant Operations, two vacancies in the Collection System, and lower than budgeted health care insurance premiums.

Services and supplies spending was lower than budget for the quarter, and for the fiscal year.

About 49% of the Capital Improvement Plan was completed in the fiscal year. Two significant projects in the year's plan 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. Removing those two projects, the CIP was 67% expended at the end of the year.

### **Recommendations**

There are no recommendations to adjust the FY 2018/19 operating or capital budget for operational reasons. Some budget amendments are anticipated to be necessary to make end-of-year accounting entries.

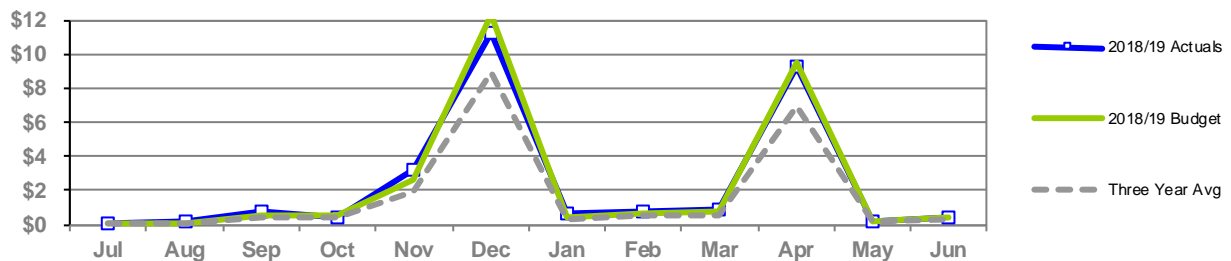
## Part 1 - Revenue Summary – All Funds

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	28,039,312	28,039,312	99.6%	99.6%
Capacity Charges	4,614,600	4,614,600	2,409,143	2,409,143	52.2%	52.2%
Hauling Fees	180,000	180,000	196,916	196,916	109.4%	109.4%
Permit Review Fees	193,800	193,800	113,530	113,530	58.6%	58.6%
Land Lease	725,000	725,000	726,550	726,550	100.2%	100.2%
Recycled Water Sales	1,042,000	1,042,000	859,222	859,222	82.5%	82.5%
Investment Interest	311,000	311,000	503,888	503,888	162.0%	162.0%
Grant Revenue	375,000	375,000	683,787	683,787	182.3%	182.3%
Miscellaneous Revenue	58,000	58,000	53,200	53,200	91.7%	91.7%
Sale of Assets	25,000	25,000	108,878	108,878	435.5%	435.5%
Proceeds from Bonds/Loans	9,075,000	9,075,000	0	0	0.0%	0.0%
Interfund Transfer In	16,150,000	16,150,000	11,835,558	11,835,558	73.3%	73.3%
<b>Total</b>	<b>\$60,915,400</b>	<b>\$60,915,400</b>	<b>\$45,529,984</b>	<b>\$45,529,984</b>	<b>74.7%</b>	<b>74.7%</b>

## Revenue Analysis

### Sewer Service Charges by Month

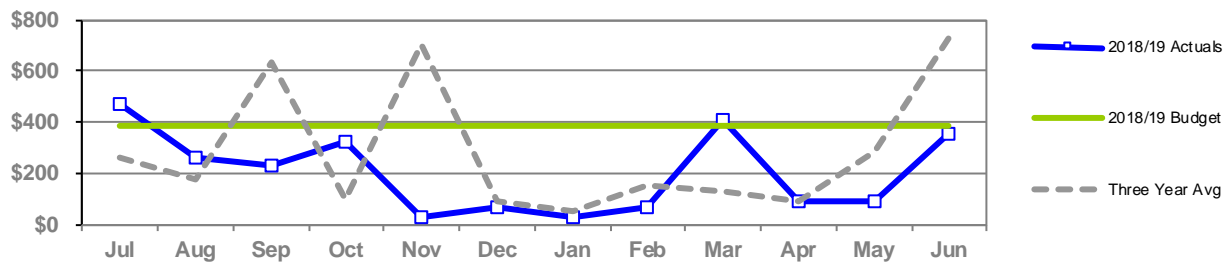
shown in millions



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 for the year was as expected, within the normal fluctuations due to changes in annual usage by commercial and industrial customers.

### Capacity Charges by Month

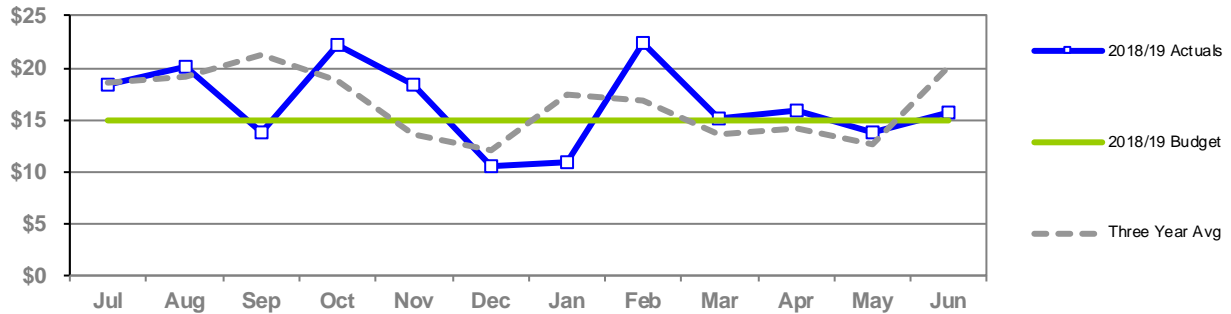
shown in thousands



Capacity charge collections in the year were lower than the straight line monthly budget assumption. June saw an increase due to the booking of total capacity charges still owed from a wine-related company currently making payments, in accordance with GAAP requirements. A significant project (\$2.3 million in fees) expected to be approved for construction in the fourth quarter was not approved and is expected early next fiscal year.

### Hauling Fees by Month

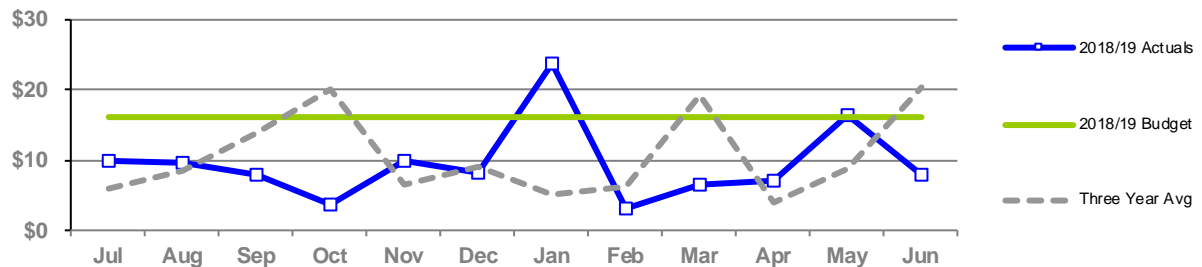
*shown in thousands*



Hauling fees were slightly higher than budgeted expectations for the year, as septic hauling revenues exceeded expectations.

### Plan Review Fees by Month

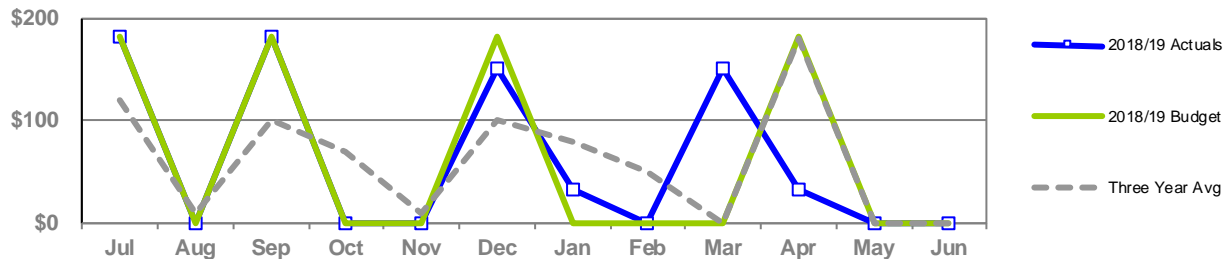
*shown in thousands*



Plan review fees have tracked lower than expected in almost every month of the year. This is an indication of slightly slower than expected development review activity.

### Land Lease Revenue by Month

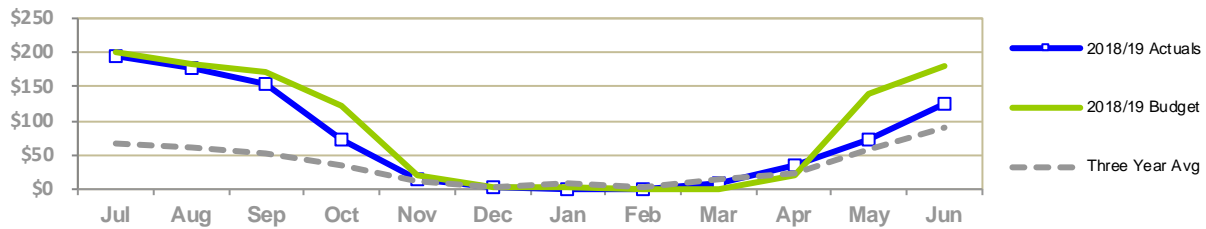
*shown in thousands*



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 March/April). Lease revenue is recorded when earned. Lease payments were invoiced and paid as anticipated through November. The Somky lease payment was invoiced in December and March, although it is expected that these last two Somky lease payments (\$300,000) will not be made by the leasee.

### Recycled Water Revenue by Month

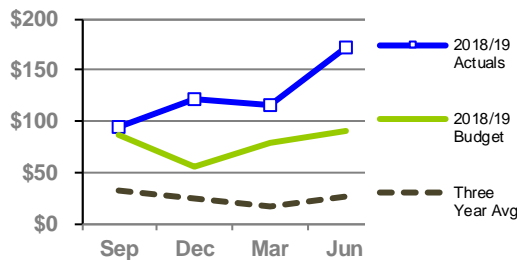
*shown in thousands*



Recycled water revenue has come in under expectations for the year. This is due primarily to lower than expected October, May and June months, which were significantly impacted by rains.

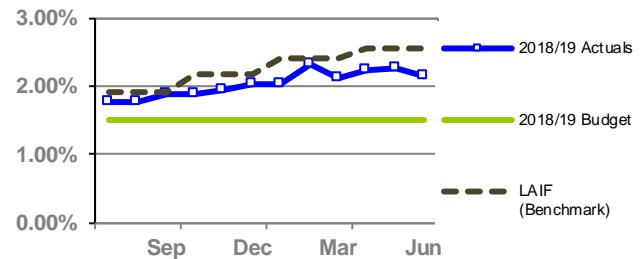
### Investment Interest Earnings by Quarter

*shown in thousands*



### Investment Interest Rate by Month

*earnings rate*



Interest earnings for the year were higher than expectations because of higher than budgeted interest rates and higher than normal cash on hand due to the delay of Browns Valley Trunk construction. Although it ticked down slightly in March and stayed steady the last quarter, the interest earnings rate has slowly been moving upward over the past 18 months on average, a result of rate increases by the Federal Reserve Bank. Over the next 12-18 months, the earnings rates are anticipated to flatten out or perhaps decrease, based on volatility in the bond markets (an current inverse yield curve) and potential rate reductions by the Federal Reserve Bank.

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 fourth quarter, the County's investment pool earnings have lagged behind LAIF rate.

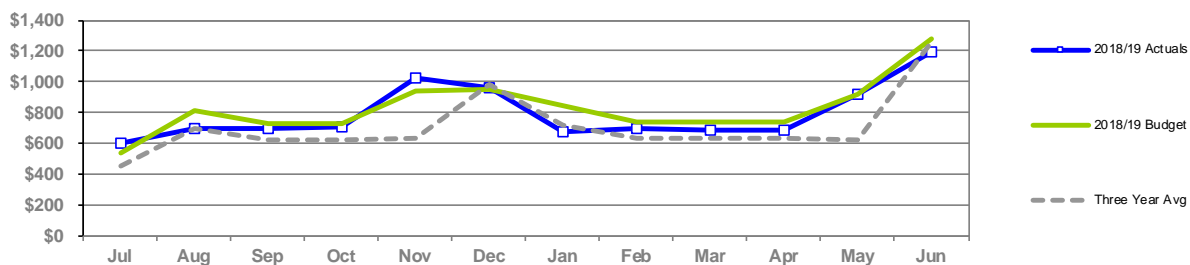
## Part 2 - Operating Expenditures Summary All Departments

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	9,545,987	9,545,987	95.8%	95.8%
Services and Supplies	6,003,100	6,148,650	5,035,789	5,035,789	81.9%	81.9%
Other Charges	29,150	40,750	40,691	40,691	99.9%	99.9%
Debt Payments	4,593,800	4,594,500	4,594,367	4,594,367	100.0%	100.0%
Transfer from Ops to Capital	16,150,000	16,150,000	8,052,661	8,052,661	49.9%	49.9%
<b>Operating Expenditures</b>	<b>\$36,737,400</b>	<b>\$36,895,250</b>	<b>\$27,269,495</b>	<b>\$27,269,495</b>	<b>73.9%</b>	<b>73.9%</b>

### Operating Fund Expenditure Analysis

#### Salaries & Benefits

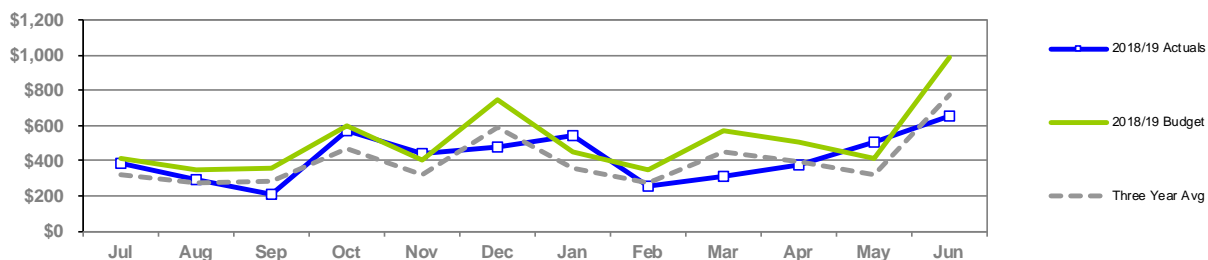
shown in thousands



Salaries and benefits for the year were lower than budgeted, with one vacancy in Plant Operations and two in Collections, and lower than expected health care expenses for the year. The increase in November was due to November having three paydays in the month, where in the three previous years, December had three paydays. May also had three paydays in the month this fiscal year.

#### Services & Supplies

shown in thousands



The services and supplies expenditures for the year were 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 were paid in December. The second payments were paid in April. Debt service payments and State Revolving Fund loan principal and interest have been made according to schedule.

## 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
<b><u>Collection System</u></b>						
13701	Main Line Sewer Repairs	449,427	95,000	33,142	61,858	34.9%
13702	Manhole Raising/Rehabilitation	1,049,751	378,500	294,203	84,297	77.7%
13703	Lateral Replacements	689,585	127,100	100,561	26,539	79.1%
13704	Cleanouts Installation	525,292	93,200	82,829	10,371	88.9%
13705	I&I Reduction Program	646,344	214,200	68,767	145,433	32.1%
14703	Browns Valley Rd & First Street	2,134,138	5,075,000	280,081	4,794,919	5.5%
17704	Infltrtn Rehab - SSMH/PL (CI-)	26,071	33,900	8,400	25,500	24.8%
17708	Basin G - I&I Reduction #1	875,006	200,000	153,759	46,241	76.9%
18701	I&I Smoke Testing	0	99,750	64,912	34,838	65.1%
18702	Coll Sys Asset Management Software	0	624,550	180,983	443,567	29.0%
18703	Upper Lateral Rehabilitation - Basin L #3	0	5,000	1,756	3,244	35.1%
18705	Sewer System I&I 2018	0	4,878,750	4,308,380	570,370	88.3%
18706	Sewer System I&I 2019	0	2,670,850	1,997,584	673,266	74.8%
19701	66-inch Trunk Rehabilitation	0	1,400,000	215,856	1,184,144	15.4%
19703	Sewer System I&I 2020	0	20,000	10,153	9,847	50.8%
19727	Collection System Master Plan	0	1,000,000	367,649	632,351	36.8%
<b><u>Collection System-Equipment</u></b>						
18708	Manhole - Smart Covers (4)	0	15,000	14,978	22	99.9%
18738	Combination Truck - Veh #529B	0	3,600	3,600	0	100.0%
19704	Ford F150 - USA Truck	0	35,400	35,400	0	100.0%
19729	Replace Coll Vehicle #166	0	40,000	37,335	2,665	93.3%
19730	CCTV Camera Transporter	0	20,000	19,637	363	98.2%
<b><u>Lift Stations</u></b>						
17711	West Napa PS - Rehab	3,635	5,200,000	720,804	4,479,196	13.9%
19705	Stonecrest PS Pump Rebuild	0	45,000	4,894	40,106	10.9%
<b><u>Treatment</u></b>						
13745	Pond 1 Dredge	61,393	250,000	12,846	237,154	5.1%
<b><u>Treatment - Equipment</u></b>						
13735	Dual Fuel Boiler Burner	4,058	155,300	33,744	121,556	21.7%
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	240,000	91,459	148,541	38.1%
17715	Turbidimeters (7) Tertiary Rplcmnts	26,980	16,000	0	16,000	0.0%
18711	3W Strainer	30,479	52,750	28,374	24,376	53.8%
18715	Muffle Furnace - Replacement	0	5,000	0	5,000	0.0%
18716	Rotork Actuator Replacement	24,616	85,800	79,396	6,404	92.5%
18719	Filter Flow Control-Rotork Valves	0	46,600	36,668	9,932	78.7%
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 Actuals	FY 18/19 Adj. Budget	FY 18/19 Actuals	Variance	% of Budget
18725	Belt Press Hydraulic Actuator	0	20,000	18,764	1,236	93.8%
18740	Chemical Storage Building Piping Replacer	0	1,275,000	602,292	672,708	47.2%
19706	3W System Improvements Phase 2	0	300,000	4,394	295,606	1.5%
19707	Portable Pumps 10-inch (2)	0	214,500	214,379	121	99.9%
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	854	119,146	0.7%
19712	Utility Generator Power Transition	0	35,000	0	35,000	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	28,740	21,260	57.5%
19715	ARV Replacement	0	30,000	29,299	701	97.7%
19716	P4 PS Pump #3 Rebuild	0	40,000	35,523	4,477	88.8%
19728	Lab Sampler	0	8,000	7,298	702	91.2%
<b><u>Treatment - Structures</u></b>						
17726	Headworks Equipment Rehab/Replacment	350,710	1,909,250	1,268,307	640,943	66.4%
18736	Treatment Plant Project 2018	397,860	2,954,000	2,777,282	176,718	94.0%
19717	Pond Transfer Structure 2 to 3	0	355,000	346,838	8,162	97.7%
<b><u>SCADA</u></b>						
18729	SCADA MP Proj 1 Network Monitoring	1,333	48,700	2,501	46,199	5.1%
19718	SCADE MP Phase 5 Security Study		250,000	161,756	88,244	64.7%
<b><u>Recycling - District</u></b>						
16716	Line Recycled Water Reservoir	2,399,863	100,000	82,966	17,034	83.0%
18730	Jameson 24" Flow Meter Rehab	0	6,200	0	6,200	0.0%
18731	Coombsville Truck Fill Station	34,952	440,050	298,384	141,666	67.8%
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	91,651	58,349	61.1%
19722	Vehcile 720/723 Attachments/Implements	0	28,700	25,783	2,917	89.8%
<b><u>Recycling - Expansion</u></b>						
13727	North Bay Water Reuse Project	2,503,448	150,000	101,599	48,401	67.7%
<b><u>Other</u></b>						
13729	Development Technical Support	1,944,820	368,400	294,909	73,491	80.1%
19723	AV System Replacement - Conf Rooms	0	20,000	0	20,000	0.0%
19724	Fence Repair	0	32,000	24,716	7,284	77.2%
19725	Vehicle 011 CSET Trailer Replacement	0	23,700	17,669	6,031	74.6%
19726	Vehicle 607 Replacement	0	42,800	39,038	3,762	91.2%
			32,410,100	15,763,092	16,647,008	48.6%

### **Capital Project Highlights for the Fourth Quarter**

- 13745 Pond 1 Dredge** – Preliminary planning continued during the fourth quarter. Implementation is expected to occur in Summer 2020.
- 14703 Browns Valley Trunk & West Napa Pump Station** – Both projects are delayed due to SRF funding. Construction is planned for 2020 and 2021.
- 17726 Headworks Equipment Rehab/Replacement** – Installation is planned for summer 2019.
- 18703 Upper Lateral Rehab Pilot #4** – Design was completed during the fourth quarter. Construction will occur in Sept-Oct 2019.
- 18706 2019 Collection System Rehabilitation** – Construction continued during the fourth quarter. Construction completion is expected by fall 2019.
- 18731 MST Recycled Water Truck Fill Station** – Construction started during the fourth quarter. Construction completion is expected in August 2019.
- 18740 2019 Treatment Plant Improvements** – Construction started during the fourth quarter. Construction completion is expected by fall 2019.
- 19701 66-inch Trunk Main** – Preliminary design of a rehabilitation project started during the fourth quarter.
- 19703 2020 Collection System Rehabilitation** – Project design continued during the fourth quarter. Construction is planned for summer 2020.
- 19718 SCADA Master Plan** – Evaluation continued during the fourth quarter. The study is expected to be completed by fall 2019.
- 19727 Collection System Master Plan** – The evaluation continued during the fourth quarter. The project is expected to be completed by December 2019.



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

## **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.