



NapaSan

Quarterly Report of Priority Goals
for
FY 2017/18 Quarter 2

October 1, 2017 – December 31, 2017

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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."

- **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 there is a backlog of projects awaiting review, approval and funding, and that the Browns Valley Project should expect a delay of about a year before final review and approval of the SRF loan is completed.

Recommendations

Progress is being made on all objectives. Discussions about the funding delay for Objective 1C will be discussed with the Board in February 2018. There are no recommended actions for the Board at this time.

2017 Strategic Objectives:

Complete
On Track
Watch
Delayed

Status:

		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 2.1% of the system (under construction) and the 2018 project is planned to rehabilitate 2.2% (out to bid). Both projects exceed the goal of 1.3%.
1B	Continue to Implement an Asset Management program		✓			Phase 1A continued in Quarter 2.
1C	Design and construct the Browns Valley Road Interceptor and any associated capacity enhancements at the West Napa Pump Station				✓	The project is delayed by one year due to delays in loan approval from the SWRCB. Currently anticipate construction in 2019-2020.
1D	Update the Collection System Master Plan and Treatment Plant Master Plan		✓			The Collection System Master Plan is scheduled for FY19/20 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 and additional projects are scheduled.
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 Q1. Staff has hired rate consultant to perform analysis on policy options. Next check in with the Board expected in March 2018.
2B	Evaluate long-term liabilities, including pension liability and OPEB liability, and develop policy options for Board consideration.		✓			Presentation to Finance Committee is scheduled for January 2018, and full Board discuss in March 2018.
2C	Conduct comprehensive review of strategies for developing non-rate/non-fee based revenues, including land leases, and provide options.		✓			Ongoing. Updates provided to Lands Committee and in closed session, when appropriate.

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		✓			Staff will continue to study options this fiscal year.
3B	Continue to evaluate opportunities for shared services		✓			Ongoing.
3C	Develop Business Continuity Plan as part of disaster mitigation		✓			Plan for SCADA backup currently being developed for inclusion in CIP for FY 18/19. Kick-off of other planning efforts in October 2017.
3D	Evaluate and recommend ways to reduce energy and chemistry consumption in treatment process and collection system.		✓			Ongoing. Recommendation to Board scheduled for February 2018.
4A	Promote NapaSan as progressive, professional workplace through engagement and the development and promotion of internships and “in training” programs		✓			New Operators-in-Training, lab interns and engineering interns ongoing. Participated in BAYWORK strategic planning session regarding internships, career paths, and schools outreach.
4B	Conduct Employee Survey in Fall 2017		✓			Survey was administered in November 2017. Results will be presented to the Board in Q3.
4C	Explore a Total Compensation Study	✓				Complete. Discussion was held with the Board in Q2. Decision not to pursue a study until closer to end date of labor contracts.
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.

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		✓			This quarter, staff sent letters regarding sewer disconnection to homeowners who lost their homes in the wildfires in October. Staff also sent letters regarding smoke testing in two different neighborhoods. Staff finished and mailed the Fall Pipeline Newsletter. Staff was also in communication with recycled water users to get water usage estimates and to let users know of a service interruption.
5B	Complete the deliverables identified in the 2016 Communications Plan to address NapaSan outreach and public information goals		✓			Staff continues to work with Soluna Outreach Solutions to broaden the scope of NapaSan’s Spanish language outreach and new outreach efforts are planned for early 2018. The Facebook audience and email subscription list continue to grow each quarter. Staff continues to seek out and participate in community events to raise the visibility of NapaSan and created branded materials to be given away at local events to inform the public of NapaSan’s messages as well as raise awareness of NapaSan in the community. Staff continues to work with other agencies to maximize the reach of pollution prevention messages.
6A	Implement capital projects in partnership with local agencies for the distribution of recycled water		✓			Construction continued on the Coombsville extension of recycled water pipeline in MST.
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 study continued in Q1. Expected completion in June 2018.

2017 Strategic Objectives:

Complete
On Track
Watch
Delayed

Status:

		Complete	On Track	Watch	Delayed	Status:
6C	Evaluate current recycled water allocation policy		✓			Scheduled to begin work in early 2018.
6D	Evaluate energy self-generation with the primary goal of decreasing overall energy costs, and recommend policy options for consideration		✓			Preliminary evaluation being done as part of Objective 3D. Scheduled for Board discussion in Q3.
6E	Improve recycled water quality to increase appeal and acceptability of recycled water to current and future users		✓			Ongoing. Update provided to Board in September 2017.
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		✓			Conversations have begun with City staff. Expected agreement by end of the fiscal year.

Communications Plan Update

Progress has continued 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. Soluna Outreach Solutions, formerly C² Alternative Services, continues to perform Spanish language outreach for NapaSan in order to broaden the reach of our Spanish outreach efforts with new outreach efforts planned for early 2018.

Staff has been working to build relationships with other agencies, and work cooperatively to get out pollution prevention messages. Progress has been made in outreach efforts to alert the public to upcoming construction projects. Staff has also been working to increase the visibility of NapaSan at community events including the annual Open House, the Third Thursday Tour series, local career fairs, and the Napa Farmers market. Additionally, the new logo and tagline have been used to create new materials to be given to members of the public at events to create more recognition of NapaSan and its mission as well as raise our visibility in the community. 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
- Work with County staff on website and content management system changes/re-design

Fiscal Year 2017/18

Second Quarter Financial Report

Overview

Significant revenues received this quarter have come in according to expectations. Sewer service charges has significant receipts, in line with forecasts. There was a particularly large development (Vista Tulocay/Gasser) that paid capacity charges in December that has resulted in NapaSan already exceeded the fiscal year total for this revenue category. The unexpected increase in hauler fees seen in the first quarter has leveled off and is now coming in at expected levels. Grant revenue tracked to match the spending on grant-funded capital projects. There was a delay in recording lease revenues until January. The Somky lease payment due in September is currently unpaid.

Recycled water revenues are where expected for this time of year, due to solid October sales. Connections continue to be made in the MST and LCWD areas. Investment interest revenue beat expectations for the second quarter, with current returns matching the budgeted projections.

Salaries and benefit expenses were lower than budgeted for the year to date, due primarily to position vacancies. Services and supplies spending for the first half of the year is lower than budgeted, but is expected to complete the year at about 97% of budget.

The 2009B Certificates of Participation were advance refunded in December 2017 to take advantage of existing federal tax law that was anticipated to change starting in January. The refinancing will save NapaSan approximately \$1350,000 per year (Net Present Value savings of 6.67%).

About 21% of the Capital Improvement Plan has been completed. Two significant projects in the year's plan that have not yet begun construction: the Browns Valley Trunk and West Napa Pump Station Improvements, due to delays in acquiring SRF financing. These two projects represent about 48% of the total CIP. The MST recycled water pipeline extension and the Basin G – I&I Reduction #1 sewer project were substantially completed in the second quarter, with final invoicing to be paid in the next quarter.

Recommendations

There are no recommendations to adjust the FY 2017/18 budget.

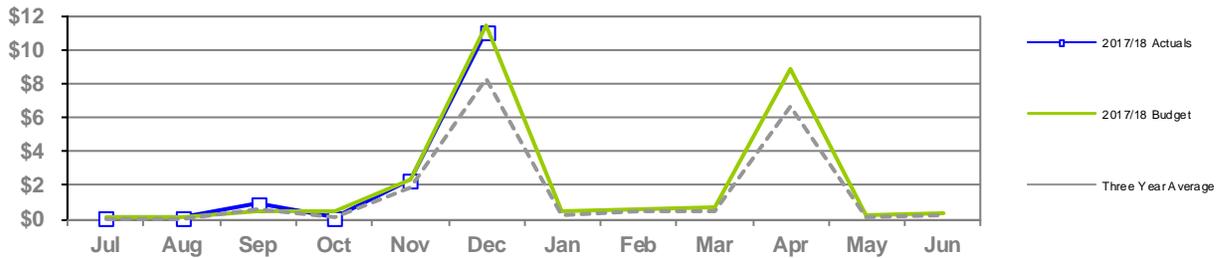
Part 1 - Revenue Summary – All Funds

Item	Adopted Budget	Adjusted Budget	Actual YTD	Year End Projection	Actual YTD % of Budget	YE Projection % of Budget
Sewer Service Charges	26,152,000	26,152,000	14,571,201	26,152,000	55.7%	100.0%
Capacity Charges	3,630,000	3,630,000	3,786,802	4,696,000	104.3%	129.4%
Hauling Fees	175,000	175,000	104,784	175,000	59.9%	100.0%
Permit Review Fees	189,100	189,100	96,351	190,000	51.0%	100.5%
Land Lease	722,000	722,000	361,313	722,000	50.0%	100.0%
Recycled Water Sales	913,000	913,000	521,041	850,000	57.1%	93.1%
Investment Interest	174,000	174,000	80,506	170,000	46.3%	97.7%
Grant Revenue	4,091,000	4,091,000	1,282,138	3,840,000	31.3%	93.9%
Miscellaneous Revenue	61,000	61,000	385,817	400,000	632.5%	655.7%
Sale of Assets	25,000	0	7,820	25,000	N/A	N/A
Proceeds from Bonds	10,137,000	10,137,000	0	0	0.0%	0.0%
Interfund Transfer In	12,530,000	12,530,000	8,080,000	12,530,000	64.5%	100.0%
Total	\$58,799,100	\$58,774,100	\$29,277,774	\$49,750,000	49.8%	84.6%

Revenue Analysis

Sewer Service Charges by Month

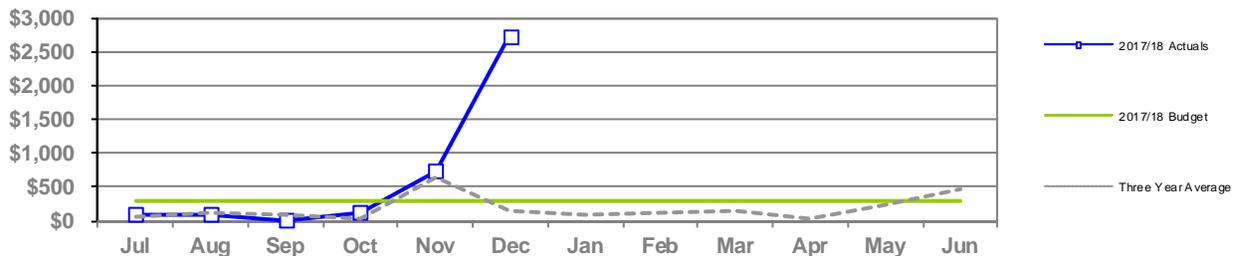
shown in millions



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 two quarters was as expected.

Capacity Charges by Month

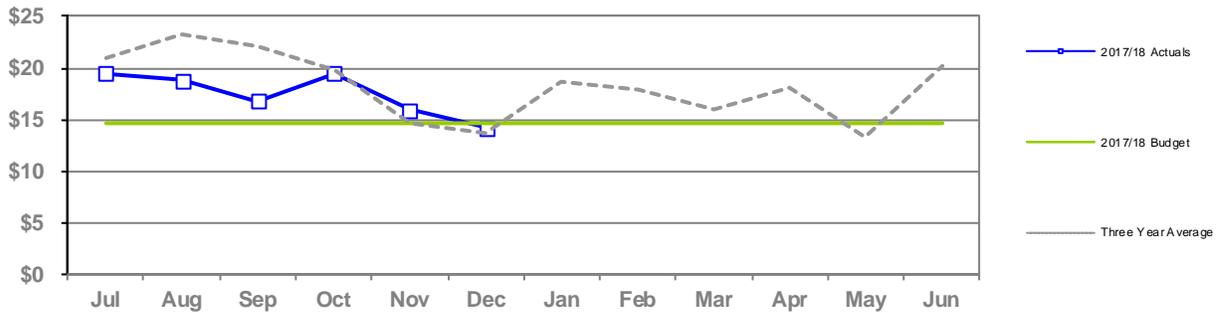
shown in thousands



Capacity charge revenues collected was lower in the first quarter than expected, but significant revenues were received in the second quarter, predominantly the Vista Tulocay (Gasser) project. It is expected that capacity charge revenues will exceed the estimate budgeted.

Hauling Fees by Month

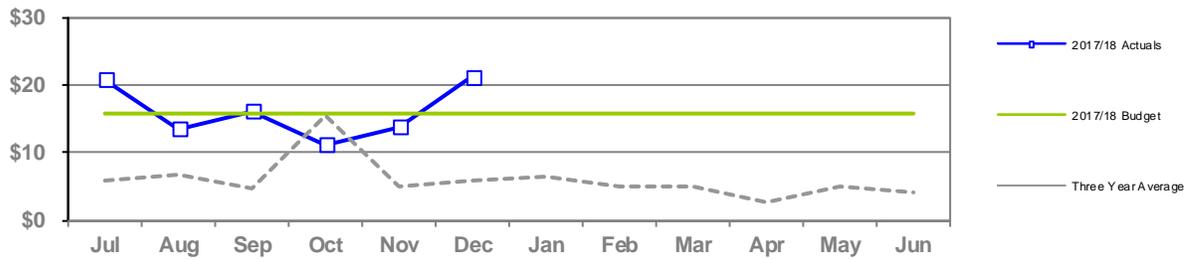
shown in thousands



Hauling fees were higher than expected in the first quarter, as FOG hauling revenues exceeded expectations. Second quarter revenues have returned to anticipated and historic levels.

Plan Review Fees by Month

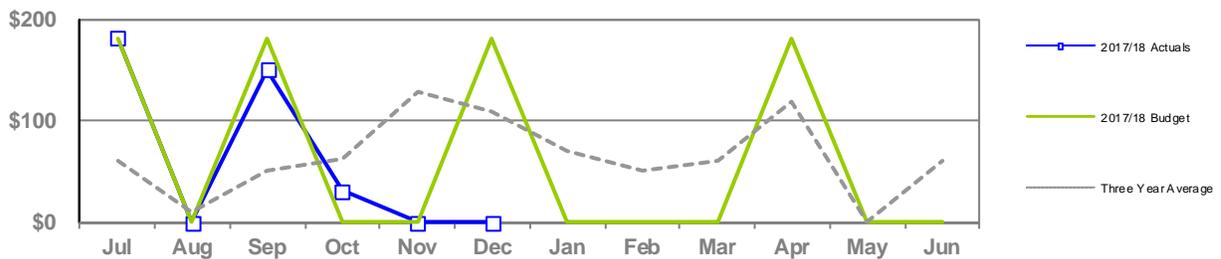
shown in thousands



Plan review fees were slightly higher than expectations for the first two quarters. The total revenues in this category are relatively small given the entire revenue picture for NapaSan, but it is useful to watch this number and an indicator of future development in the community.

Land Lease Revenue by Month

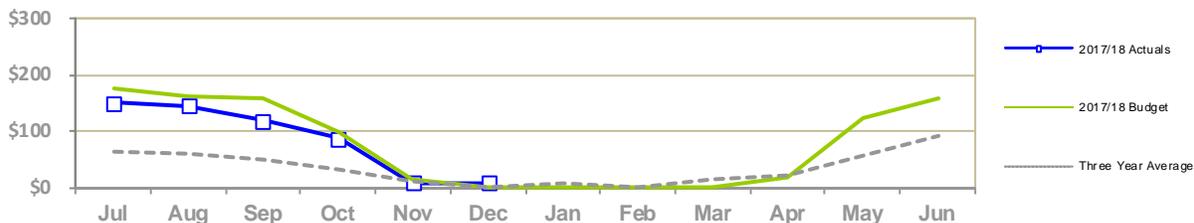
shown in thousands



Lease payments are now being accrued according to contract terms, which make payments due quarterly, represented by the four large spikes on the graph for expected budget. Lease revenue is recorded when earned. The lease payment for the Somky property was not recorded in December, but has since been recorded in January. The Somky lease payment for September is currently delinquent. Staff is working closely with the lessee to secure this payment.

Recycled Water Revenue by Month

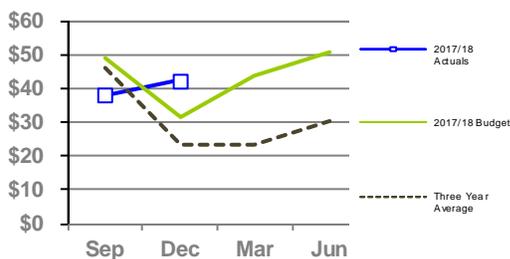
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Recycled water revenue came just under expectations for the second half of 2017. Sales are expected to remain low for the next quarter, with sales in the fourth quarter dependent on spring weather.

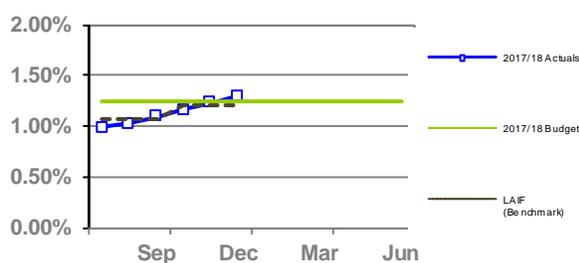
Investment Interest Earnings by Quarter

shown in thousands



Investment Interest Rate by Month

earnings rate



Interest earnings for the first half of the year started out low but gained strength in the second quarter, with revenues higher than projections and the three year average. The budgeted interest earnings for FY 2017/18 reflect higher cash on hand compared to the 3-year average. The interest earnings rate was lower than budgeted, but has slowly been moving upward for several months, and finally reached the budgeted level in December. Long term, the rates are anticipated to increase as investments mature and are reinvested in higher rate securities.

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

Part 2 - Operating Expenditures Summary

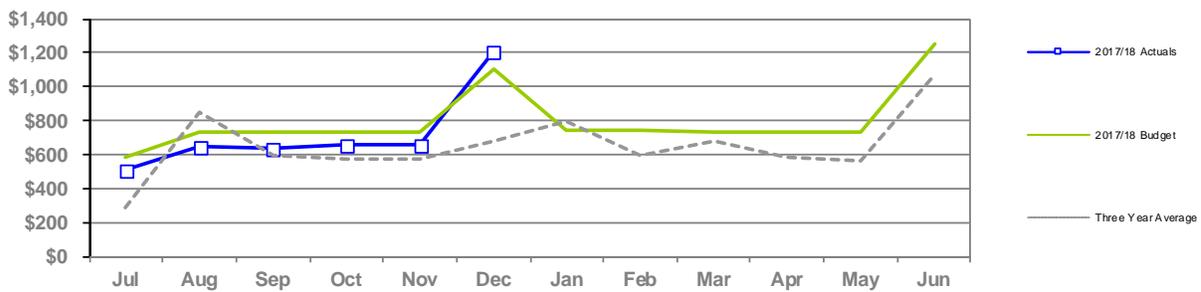
All Departments

Item	Adopted Budget	Adjusted Budget	Actual YTD	Year End Projection	Actual % of Budget	Year End % of Budget
Salaries and Benefits	9,581,300	9,581,300	4,312,051	8,990,000	45.0%	93.8%
Services and Supplies	5,814,350	6,054,300	2,438,879	5,890,000	40.3%	97.3%
Other Charges	28,250	28,250	14,355	28,700	50.8%	101.6%
Debt Payments	4,777,450	4,777,450	4,116,803	4,777,450	86.2%	100.0%
Interfund Transfers Out	8,900,000	8,900,000	4,450,000	8,900,000	50.0%	100.0%
Operating Expenditures	\$29,101,350	\$29,341,300	\$15,332,087	\$28,586,150	52.3%	97.4%

Operating Fund Expenditure Analysis

Salaries & Benefits

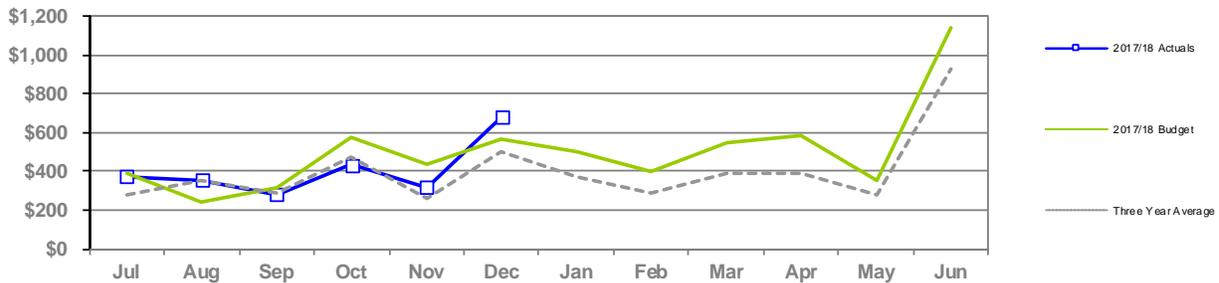
shown in thousands



Salaries and benefits for the first half of the year were lower than budgeted, with savings coming from position vacancies. The increase in December is due to there being three paydays in the month.

Services & Supplies

shown in thousands



The services and supplies expenditures for the year to date 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 are due in December, and the second payments are due in April.

In December, the 2009B Fixed Rate COPs were advance refunded to secure interest rate savings and take advantage of federal tax. Principal and interest debt service payments for the 2017 Refunding Revenue Bonds and 2012A COPs are due in August and February. Debt service payments were made according to schedule. State Revolving Fund loan principal and interest are due in December and March.

Part 3 - Capital Program Expenditure Summary

Project No.	Project Title	Prior Year Actuals	FY 17/18 Adj. Budget	FY 17/18 Actuals	Variance	% of Budget
<u>Collection System</u>						
13701	Main Line Sewer Repairs	449,427	91,800	7,889	83,911	8.6%
13702	Manhole Raising	1,049,751	206,000	142,625	63,375	69.2%
13703	Lateral Replacements	689,585	74,500	53,718	20,782	72.1%
13704	Cleanouts Installation	525,292	90,000	41,843	48,157	46.5%
13705	I&I Reduction Program	646,344	236,000	16,735	219,265	7.1%
14703	Browns Valley Rd & First Street	2,134,138	11,241,750	126,130	11,115,620	1.1%
17702	Upper Lateral Rehab - Basin L (Pilot #2)	9,200	45,300	23,687	21,613	52.3%
17704	Infltrtn Rehab - SSMH/PL (CI-)	26,071	73,900	0	73,900	0.0%
17705	Soscol Ave (8th to Oil Co Rd)	84,075	1,365,450	1,311,222	54,228	96.0%
17707	66-inch Trunk CCTV Inspection	630	239,350	67,422	171,928	28.2%
17708	Basin G - I&I Reduction #1	875,006	4,446,100	2,161,387	2,284,713	48.6%
17734	Homewood/Westwood I/I Reduction	139,693	60,300	17,537	42,763	29.1%
18701	I&I Smoke Testing	0	100,000	0	100,000	0.0%
18702	Coll Sys Asset Management Software	0	350,000	0	350,000	0.0%
18703	Upper Lateral Rehabilitation - Basin L #3	0	5,000	0	5,000	0.0%
18704	Manhole Rehabilitation-Nipak-Basin H	0	284,600	10,358	274,242	3.6%
18705	Sewer System I&I 2018	0	2,484,000	91,331	2,392,669	3.7%
18706	Sewer System I&I 2019	0	20,000	0	20,000	0.0%
<u>Collection System-Equipment</u>						
18707	Locatable Mini-Cam #2 Replacement	0	11,100	8,836	2,264	79.6%
18708	Manhole - Smart Covers (4)	0	25,000	0	25,000	0.0%
18709	Vehicle 504 - TV Truck	0	270,000	187,154	82,846	69.3%
18735	Permaliner Picote	0	20,000	15,476	4,524	77.4%
18738	Combination Truck - Veh #529B	0				
<u>Lift Stations</u>						
17711	West Napa PS - Rehab	3,635	1,746,365	23,412	1,722,953	1.3%
<u>Treatment</u>						
13745	Pond 1 Dredge	61,393	400,000	0	400,000	0.0%
16708	Algae to Digester with Thermal Study	13,127	46,800	698	46,102	1.5%
<u>Treatment - Equipment</u>						
13735	Dual Fuel Boiler Burner	4,058	155,300	0	155,300	0.0%
13741	Secondary PS Pump Rebuild (3)	79,875	38,800	31,797	7,003	82.0%
13743	Residual Analyzers (Deox) Replacement	38,460	48,500	43,925	4,575	90.6%
15711	Rotork Actuator Replacement	220,667	7,600	0	7,600	0.0%
15713	Aeration Basin Instrumentation & Control	1,641,560	10,000	290	9,710	2.9%
17715	Turbidimeters (7) Tertiary Rplcmnts	7,575	35,400	19,405	15,995	54.8%
17718	LED Pole/Arm Mounted Fixtures	83,309	29,750	267	29,483	0.9%
17725	Sump #3 Modification	0	10,000	0	10,000	0.0%
18710	3W PL-Soscol PS to Plant-Rehab	0	33,300	0	33,300	0.0%
18711	3W Strainer	0	83,200	0	83,200	0.0%

Project No.	Project Title	Prior Year Actuals	FY 17/18 Adj. Budget	FY 17/18 Actuals	Variance	% of Budget
18714	Distillation System	0	6,000	0	6,000	0.0%
18715	Muffle Furnace - Replacement	0	5,000	0	5,000	0.0%
18716	Rotork Actuator Replacement	0	91,800	0	91,800	0.0%
18717	Septage Card Reader Replacement	0	21,400	0	21,400	0.0%
18718	Sec Clarifier Mech/Structural Rehab	0	50,000	46,940	3,060	93.9%
18719	Filter Flow Control-Rotork Valves	0	46,600	0	46,600	0.0%
18720	Neuros Blowers Rebuild	0	62,100	0	62,100	0.0%
18722	FOG Station Water Heater	0	5,000	0	5,000	0.0%
18725	Belt Press Hydraulic Actuator	0	20,000	0	20,000	0.0%
18734	Boat Motor Vehicle 302 Replacement	0	10,000	9,383	617	93.8%
<u>Treatment - Structures</u>						
17726	Headworks Equipment Rehab/Replacment	67,862	292,100	137,064	155,036	46.9%
18726	Building HVAC and Lab Ventilation	0	0	0	0	
18727	Earthquake-Structural Repair	0	650,000	492,898	157,102	75.8%
18728	Roof Replacement-SH Bldg/Digester Tower	0	232,900	82,085	150,815	35.2%
18736	Treatment Plant Project 2018	0	1,500,250	19,738	1,480,512	1.3%
18737	Flash Mixer Replacement	0				
<u>SCADA</u>						
18729	SCADA MP Proj 1 Network Monitoring	0	50,000	33	49,967	0.1%
<u>Recycling - District</u>						
16716	Line Recycled Water Reservoir	195,378	2,619,550	166,544	2,453,006	6.4%
18730	Jameson 24" Flow Meter Rehab	0	6,200	0	6,200	0.0%
18731	Coombsville Truck Fill Station	0	100,000	617	99,383	0.6%
<u>Recycling - Expansion</u>						
13727	North Bay Water Reuse Project	2,422,963	150,000	80,485	69,515	53.7%
14726	MST Pipeline Construction	13,105,180	5,000	292	4,708	5.8%
16722	MST RW Pipeline Extension	1,357,709	2,641,535	1,352,280	1,289,255	51.2%
<u>Other</u>						
13729	Development Technical Support	1,603,394	239,900	132,157	107,743	55.1%
18732	Box Culvert-Fugundes Access	0	5,000	0	5,000	0.0%
18733	GPS Handhelp	0	15,000	7,958	7,042	53.1%
			33,210,500	6,931,618	26,278,882	20.9%

Capital Project Highlights for the Second Quarter

- 13745 Pond 1 Dredge** – Preliminary design continued during the second quarter. Installation is expected to occur during summer 2019.
- 14703 Browns Valley Trunk & West Napa Pump Station** – Design continued during the second quarter.
- 16716 Line Recycled Water Reservoirs** – Construction started during the second quarter. Installation is expected to be completed during the fourth quarter.
- 16722 MST Recycled Water Expansion Project** – Construction continued during the second quarter.
- 17705 Soscol-Sousa Trunk Sewer Rehab** – Construction was completed during the second quarter.
- 17708 2017 Sewer System Rehabilitation** – Construction continued during the second quarter.
- 17726 Headworks Equipment Rehab/Replacement** – Design continued during the second quarter. Installation is expected to occur during summer 2019.

18705 2018 Sewer System Rehabilitation – Design and bidding occurred during the second quarter. Construction is expected to occur during summer 2018.

18727 Earthquake Repairs – Construction was completed during the second quarter.

18736 2018 Treatment Plant Improvements – Design continued during the second quarter. Construction is expected to occur during summer 2018.

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.