



NapaSan

Quarterly Report of Priority Goals
for
FY 2017/18 Quarter 3

January 1, 2018 – March 31, 2018

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Quarterly Priority Goal Tracking Overview and Recommendations

Overview

In May 2017, the Board adopted its current Strategic Plan, identifying NapaSan's goals and objectives for the next four years. Implementation of the Board's priorities are underway and on track.

The following projects are marked "completed."

- **Conduct Employee Survey in Fall 2017.**
 - Survey was completed in the Fall of 2017. Results were presented to the Board in Spring 2018.

- **4C – Explore a Total Compensation Study.**
 - NapaSan Board of Directors discussed this item with its labor negotiator. The decision was made not to complete a study until closer to the end of the current labor contracts.

There are currently no projects on the "watch" list.

The following projects are on the "delayed" list:

- **1C – Design and construct the Browns Valley Road Interceptor and any associated capacity enhancements at the West Napa Pump Station.**
 - NapaSan has been informed by the SWRCB Financial Assistance staff that 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. Construction is expected to begin in calendar year 2019.

Recommendations

Progress is being made on all objectives. Discussions about the funding delay for Objective 1C were 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 2.2% of the system (under construction) and the 2018 project is planned to rehabilitate 2.2% (construction contract awarded). Both projects exceed the goal of 1.3%.
1B	Continue to Implement an Asset Management program		✓			Phase 1A continued in Quarter 3.
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 was delayed due to lack of rainfall in winter 17/18. Flow monitoring is rescheduled and additional projects are planned.
2A	Conduct study of sewer service charge and capacity charge methodologies for residential customers and development, and make recommendation for Board consideration		✓			Board adopted Ordinance addressing ADUs in Q1. Rate consultant presented preliminary findings in March 2018. Next check in with the Board expected in June 2018.
2B	Evaluate long-term liabilities, including pension liability and OPEB liability, and develop policy options for Board consideration.		✓			Board discussion on policy options in March 2018. Policy expected to be presented to Board in June 2018 for adoption.
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. Update to the Board is planned for July 2018.
3B	Continue to evaluate opportunities for shared services		✓			Ongoing.
3C	Develop Business Continuity Plan as part of disaster mitigation		✓			Plan for SCADA backup currently being developed for inclusion in CIP for FY 18/19. Emergency communications equipment has been ordered and will be installed in the summer of 2018.
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		✓			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	✓				Complete.
4C	Explore a Total Compensation Study	✓				Complete.
4D	Prepare for and begin MOU Negotiations		✓			Work to begin in Fall 2019.
4E	Address succession planning through supervisory/management training and an internal mentorship program		✓			Ongoing.

2017 Strategic Objectives:

Complete
On Track
Watch
Delayed

Status:

5A	Be proactive in communicating with the public, stakeholders and the press for all aspects of NapaSan's activities		✓		<p>This quarter, staff sent letters and worked closely with multiple industrial and commercial customers to let them know about NapaSan's Best Management Practices and to address issues regarding discharge to the sewer system. Staff began creating the Spring Pipeline Newsletter. Staff also began planning for NapaSan's first Citizens Academy, which will be held in September/October 2018. Staff also began meeting with the Napa County Public Information Officer group to establish connections that could allow NapaSan to partner on communication about projects, events, and services.</p>
5B	Complete the deliverables identified in the 2016 Communications Plan to address NapaSan outreach and public information goals		✓		<p>Staff continues to work with Soluna Outreach Solutions to broaden the scope of NapaSan's Spanish language outreach. Staff worked with Soluna Outreach Solutions to conduct a pollution prevention related interview on the Spanish language radio show Nuestra Tierra. The Facebook audience and email subscription list continue to grow each quarter. Staff has been working with City of Napa staff to collaborate on social media posts and garbage/recycling bill insert messages for the community. Staff continues to seek out and participate in community events to raise the visibility of NapaSan. Staff has been working hard to coordinate the downtown Napa Earth Day event and scheduled multiple dates to have a booth at the Napa Farmers Market to promote NapaSan's pollution prevention messages and services. Work has also begun on the creation of NapaSan's new</p>

						website with CivicPlus. The website launch date is scheduled for late September 2018. Staff continues to promote tours to the public and school groups, and hosted two extended, hands-on field trips for Napa and Vintage High School students that included time in the lab conducting analyses.
6A	Implement capital projects in partnership with local agencies for the distribution of recycled water		✓			Construction was completed on the Coombsville extension of recycled water pipeline in MST. Coordination and design work continues on the MST Truck Fill Station project.
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 Q3. Expected completion in June 2018.
6C	Evaluate current recycled water allocation policy		✓			Discussion with the Board occurred in March 2018. The decision was made to reevaluate in Spring 2019.
6D	Evaluate energy self-generation with the primary goal of decreasing overall energy costs, and recommend policy options for consideration		✓			Preliminary evaluation incorporated into Objective 3D, and presented to Board in February. Ongoing.
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 expected by end of June 2018.

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. Staff has been working with City of Napa to partner on communications to maximize the reach of messages- including Facebook posts and recycling/garbage bill inserts. Soluna Outreach Solutions continues to perform Spanish language outreach for NapaSan in order to broaden the reach of our Spanish outreach efforts. In early March, NapaSan staff

participated in an interview about NapaSan's services and pollution prevention messages on the Spanish language Nuestra Tierra radio show.

Staff joined the Napa County Public Information Officers group in order to become part of a communications network that will allow for the sharing of our messages with a wider audience. Progress has been made in outreach efforts to alert the public to upcoming construction projects and to let commercial and industrial customers know about NapaSan's requirements and Best Management Practices. Staff has also been working to increase the visibility of NapaSan at community events, and is playing a major role in the planning of the downtown Earth Day celebration for the community. Additionally, planning for NapaSan's first Citizens Academy has begun.

Many school tours and events have been conducted. NapaSan hosted American Canyon High Students for an ecological restoration field day at Sheehy Creek, and led plant tours for Napa and Vintage High students. Staff attended a career fair at Napa Valley College and met with the Career Office staff to discuss partnership opportunities.

The website re-design work has begun, and the website launch date is set for late September 2018.

In the next quarter, staff will:

- Continue to grow the email subscription list and Facebook page audience, and partner with other agencies to get pollution prevention and other messages out to the public
- Work on truck "wraps" with pollution prevention messages to inform the public of our services and how to properly care for the sewer system
- Continue to participate in community events to raise the visibility of the agency
- Continue and add new Spanish language outreach, including translation of additional outreach materials
- Continue working with County staff on website and content management system changes/re-design

Fiscal Year 2017/18

Third Quarter Financial Report

Overview

Significant revenues received this quarter have come in according to expectations. Sewer service charge receipts were in line with forecasts. Capacity charges were as expected for the quarter, with the payment on the Vista Tulocay/Gasser project received in December, and a large payment for the Watermark Senior Housing project expected next quarter. The higher than expected hauler fees seen in the first half of the year have been met with lower than expected revenues in the third quarter. Grant revenue tracked to match the spending on grant-funded capital projects.

The Somky lease payments have been invoiced but not paid since September. Staff is taking steps to contact the lease holder and arrange for payment.

Recycled water revenues are slightly lower than budgeted for the year to date, but are tracking according to trend and are exceeding the three-year average. Connections continue to be made in the MST and LCWD areas, most notably Silverado Middle School and Tulocay Cemetery. Investment interest revenue beat expectations for the second and third quarters, with current returns now exceeding the budgeted projections.

Salaries and benefit expenses were lower than budgeted for the year to date, due primarily to position vacancies and lower than budgeted health-related insurance costs. Services and supplies spending for the first half of the year is lower than budgeted, but is expected to complete the year at about 91% of budget.

About 34% 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 the Recycled Water Reservoir Lining project progressing in the third quarter and set to be completed next quarter.

Recommendations

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

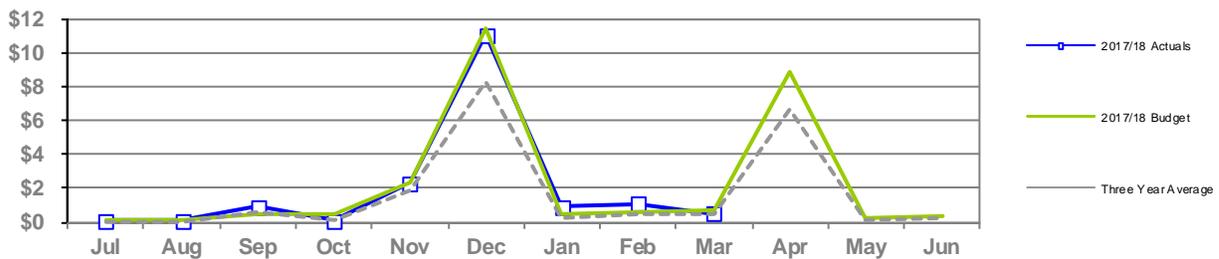
Part 1 - Revenue Summary – All Funds

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	17,050,488	26,250,000	65.2%	100.4%
Capacity Charges	3,630,000	3,630,000	4,255,498	6,275,000	117.2%	172.9%
Hauling Fees	175,000	175,000	137,077	167,000	78.3%	95.4%
Permit Review Fees	189,100	189,100	205,600	218,000	108.7%	115.3%
Land Lease	722,000	722,000	722,626	722,626	100.1%	100.1%
Recycled Water Sales	913,000	913,000	560,923	840,000	61.4%	92.0%
Investment Interest	174,000	174,000	131,759	180,000	75.7%	103.4%
Grant Revenue	4,091,000	4,091,000	2,142,031	3,530,000	52.4%	86.3%
Miscellaneous Revenue	61,000	61,000	404,033	415,000	662.3%	680.3%
Sale of Assets	25,000	25,000	8,372	8,500	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	\$58,799,100	\$33,698,407	\$51,136,126	57.3%	87.0%

Revenue Analysis

Sewer Service Charges by Month

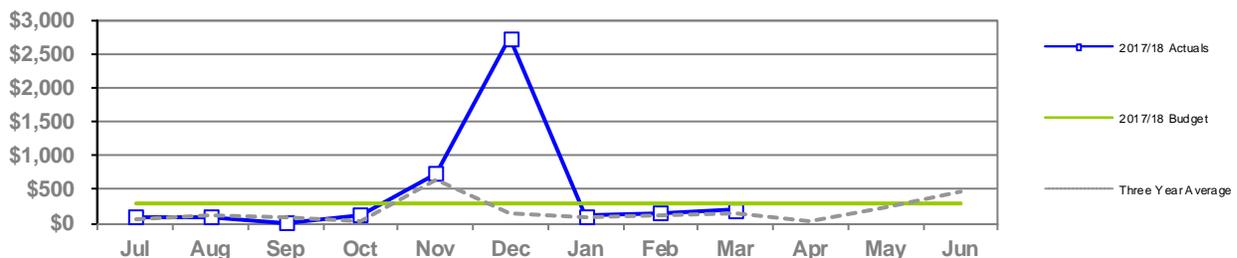
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Sewer service charges, the largest revenue source for NapaSan, are collected from property taxes predominantly in December and April, with direct billing of some customers throughout the year. The amount collected for the year to date was as expected.

Capacity Charges by Month

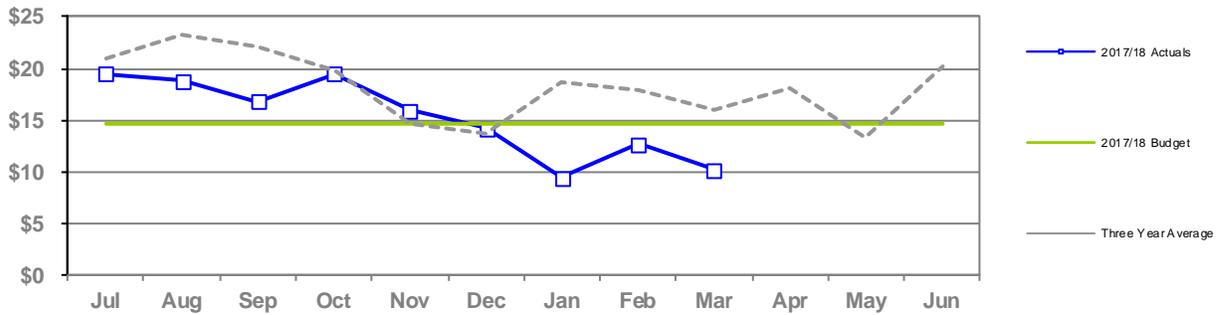
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Significant capacity charge revenues were received in the second quarter, predominantly the Vista Tulocay (Gasser) project, with third quarter revenues trending as expected. It is expected that capacity charge revenues will exceed the estimate budgeted, as another large payment is expected in May or June.

Hauling Fees by Month

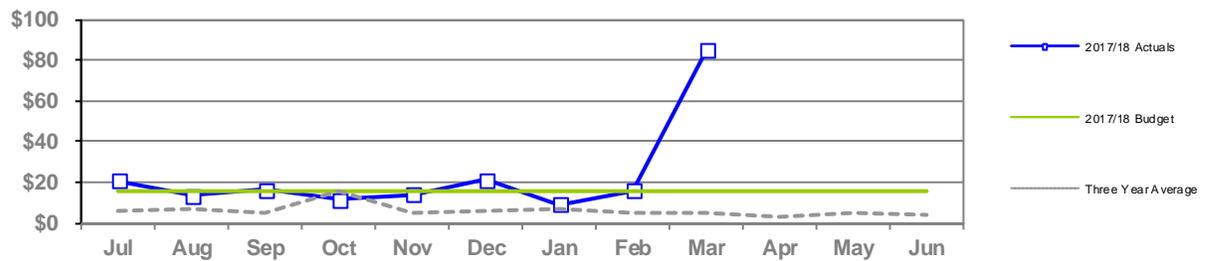
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Hauling fees were higher than expected in the first half of the year, as FOG hauling revenues exceeded expectations, but the third quarter has seen revenues below expectations as FOG revenues have decreased due to increased deliveries.

Plan Review Fees by Month

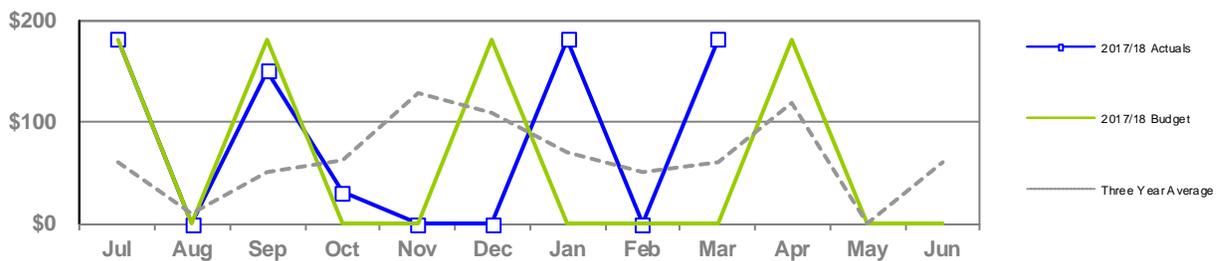
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Plan review fees have tracked expectations for the year to date. The spike in March is due to an I&I mitigation fee payment of \$72,965 that was incorrectly posted to this account. It will be moved to the appropriate account (capacity charges) in the fourth quarter.

Land Lease Revenue by Month

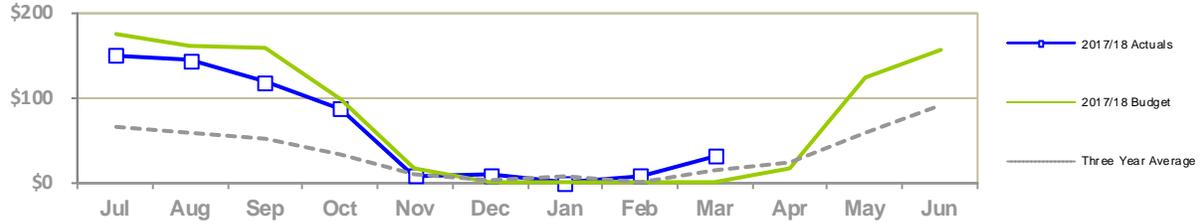
shown in thousands



Lease payments are now being accrued according to contract terms, which make payments due quarterly, represented by the four large spikes on the graph. Lease revenue is recorded when earned. The lease payment for the Somky property for the first three quarters have been invoiced but **have not been paid**. Staff is working closely with the lessee to secure payment.

Recycled Water Revenue by Month

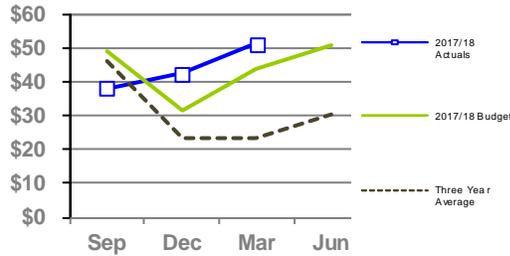
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Recycled water revenue has come in just under expectations for the fiscal year to date. Sales picked up in March with the beginning of warmer, dryer weather. Sales in the fourth quarter will be dependent on spring weather. The new connections at Silverado Middle School and Tulocay Cemetery should result in fourth quarter sales increases.

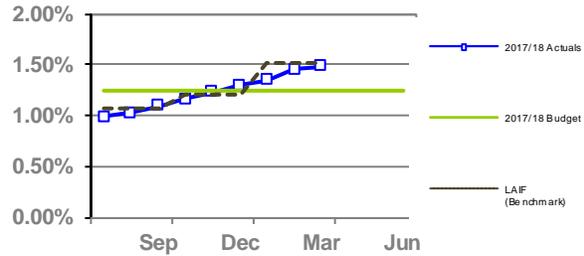
Investment Interest Earnings by Quarter

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 and continued to be strong in the third quarter. The budgeted interest earnings for FY 2017/18 reflect higher cash on hand compared to the 3-year average. The interest earnings rate has slowly been moving upward for several months, passing the budgeted rate in December and continuing to increase in the third quarter. 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. For this fiscal year, the County's investment pool earnings have tracked very closely to the LAIF rate.

Part 2 - Operating Expenditures Summary

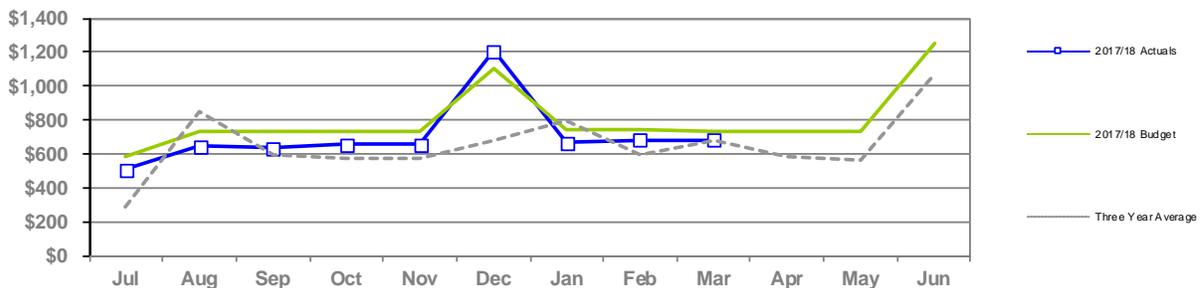
All Departments

Item	Adopted Budget	Adjusted Budget	Actual YTD	Year End Projection	Actual % of Budget	Year End % of Budget
Salaries and Benefits	9,581,300	9,581,300	6,342,385	8,890,000	66.2%	92.8%
Services and Supplies	5,814,350	6,054,300	3,402,818	5,500,000	56.2%	90.8%
Other Charges	28,250	28,250	14,355	28,710	50.8%	101.6%
Debt Payments	4,777,450	4,777,450	4,775,374	4,775,374	100.0%	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	\$18,984,933	\$28,094,084	64.7%	95.7%

Operating Fund Expenditure Analysis

Salaries & Benefits

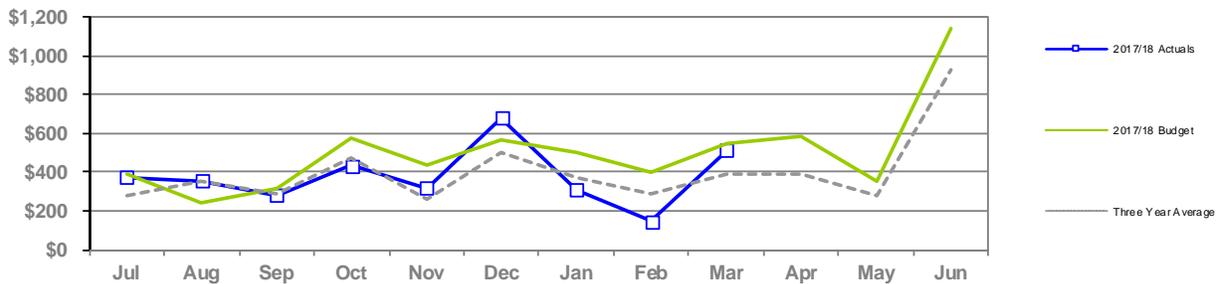
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Salaries and benefits for the year to date are lower than budgeted, with savings coming from position vacancies, and lower than expected health-related insurance costs. The increase in December is due to there being three paydays in the month.

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. Majority of savings to date are in the categories of consulting services, legal services and electricity, which traditionally lag in payments and catch up at the end of the fiscal year.

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 are due in April.

Debt service payments have been made according to schedule. State Revolving Fund loan principal and interest were paid 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	27,660	64,140	30.1%
13702	Manhole Raising	1,049,751	206,000	149,985	56,015	72.8%
13703	Lateral Replacements	689,585	74,500	72,799	1,701	97.7%
13704	Cleanouts Installation	525,292	90,000	68,047	21,953	75.6%
13705	I&I Reduction Program	646,344	236,000	20,346	215,654	8.6%
14703	Browns Valley Rd & First Street	2,134,138	11,241,750	155,344	11,086,406	1.4%
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	1,323,432	42,018	96.9%
17707	66-inch Trunk CCTV Inspection	630	239,350	157,535	81,815	65.8%
17708	Basin G - I&I Reduction #1	875,006	4,446,100	3,551,928	894,172	79.9%
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	33	4,967	0.7%
18704	Manhole Rehabilitation-Nipak-Basin H	0	279,600	182,437	97,163	65.2%
18705	Sewer System I&I 2018	0	2,484,000	104,100	2,379,900	4.2%
18706	Sewer System I&I 2019	0	20,000	1,119	18,881	5.6%
<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	2,398	22,602	9.6%
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	575,000	0	575,000	0.0%
<u>Lift Stations</u>						
17711	West Napa PS - Rehab	3,635	1,746,365	58,618	1,687,747	3.4%
<u>Treatment</u>						
13745	Pond 1 Dredge	61,393	400,000	1,047	398,953	0.3%
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	3,280	6,720	32.8%
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	50,000	0	100.0%
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	7,407	2,593	74.1%
18739	Pond 1 Transformer Repair	0	25,000	16,463	8,537	65.9%
<u>Treatment - Structures</u>						
17726	Headworks Equipment Rehab/Replacment	67,862	292,100	216,321	75,779	74.1%
18727	Earthquake-Structural Repair	0	650,000	580,603	69,397	89.3%
18728	Roof Replacement-SH Bldg/Digester Tower	0	167,900	164,935	2,965	98.2%
18736	Treatment Plant Project 2018	0	1,500,250	196,691	1,303,559	13.1%
18737	Flash Mixer Replacement	0	45,000	50	44,950	0.1%
<u>SCADA</u>						
18729	SCADA MP Proj 1 Network Monitoring	0	50,000	163	49,837	0.3%
<u>Recycling - District</u>						
16716	Line Recycled Water Reservoir	195,378	2,619,550	1,556,718	1,062,832	59.4%
18730	Jameson 24" Flow Meter Rehab	0	6,200	0	6,200	0.0%
18731	Coombsville Truck Fill Station	0	100,000	25,643	74,357	25.6%
<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	2,573	2,427	51.5%
16722	MST RW Pipeline Extension	1,357,709	2,641,535	2,089,896	551,639	79.1%
<u>Other</u>						
13729	Development Technical Support	1,603,394	239,900	233,135	6,765	97.2%
18732	Box Culvert-Fugundes Access	0	5,000	3,220	1,780	64.4%
18733	GPS Handhelp	0	15,000	7,958	7,042	53.1%
			33,785,500	11,461,151	22,324,349	33.9%

Capital Project Highlights for the Third Quarter

- 13745 Pond 1 Dredge** – Preliminary design continued during the third quarter. Installation is expected to occur during summer 2019.
- 14703 Browns Valley Trunk & West Napa Pump Station** – Design continued during the third quarter.
- 16716 Line Recycled Water Reservoirs** – Construction continued during the third quarter. Installation is expected to be completed during the third quarter.
- 16722 MST Recycled Water Expansion Project** – Construction was completed during the third quarter.
- 17707 66-inch Trunk Rehabilitation** – Preliminary design and options analysis continued during the third quarter.
- 17708 2017 Sewer System Rehabilitation** – Construction continued during the third quarter.
- 17726 Headworks Equipment Rehab/Replacement** – Design continued during the third quarter. Installation is expected to occur during summer 2019.

- 18705 2018 Sewer System Rehabilitation** – The construction contract was awarded during the third quarter. Construction is expected to start during the fourth quarter.
- 18706 2019 Sewer System Rehabilitation** – Preliminary design started during the third quarter. Construction is expected to occur during summer 2019.
- 18736 2018 Treatment Plant Improvements** – Design and bidding occurred during the third 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.