



# 2016 STRATEGIC PLAN UPDATE



Prepared by: Rauch Communication Consultants Inc.

## **DIRECTORS**

Jean Mariani, President  
Jerry Peters, President Pro-Tem  
William C. Long  
Brant M. Miller  
Carole Dillon-Knutson

## **GENERAL MANAGER**

Sandeep Karkal, P.E.

## **BOARD OF DIRECTORS**

Jean Mariani, President

Jerry Peters, President Pro-Tem

William C. Long

Brant Miller

Gary Butler (Through December 13, 2015)

Carole Dillon-Knutson (Seated December 14, 2015)

## **GENERAL MANAGER**

Sandeep Karkal

## **DISTRICT MANAGEMENT STAFF**

Erik Brown, Technical Services Manager

Steve Krautheim, Field Services Manager

Dasse Delongh, Interim Collection System Superintendent

Laura Creamer, Finance Officer

Craig Deasy, Senior Engineer

Dale Thrasher, Joint Safety Director, CMSA/NSD

## **VEOLIA WATER MANAGEMENT STAFF**

John Bailey, Project Manager

Brian Exberger, Assistant Project Manager

Elizabeth Falejczyk, Environmental Services Supervisor

## **CONSULTANT**

Martin Rauch, Managing Consultant

## Updating the Plan in 2016

The strategic planning process was updated following the process outlined below.

**Background Research.** The consultant began by holding discussions with the General Manager-Chief Engineer and by reviewing background documents.

**Confidential Interviews.** The consultant then conducted a series of confidential interviews with the Board of Directors, incoming director Carole Dillon-Knutson, and the General Manager-Chief Engineer.

**Planning Workshop.** The Board of Directors, General Manager, senior management, and confidential staff participated in a strategic planning update workshop on November 19, 2015. At this workshop, the following was undertaken:

- **Developed Expectations for the Plan.** The participants discussed their expectations for the Strategic Planning process. The expectations are summarized on the following page.
- **Reviewed Previous Goals and Objectives.** The participants briefly reviewed the existing goals and objectives as a starting point for the workshop.
- **Report On the Interviews.** The consultant reviewed the results of the interviews and research phase. The purpose was to bring the group up-to-date on progress on the last strategic plan.
- **Provided Guidance for Updating Objectives and Priorities.** The participants were asked to write down responses to this single question: “What can we do to make this District better?” Both current and future opportunities and threats were considered. The group focused on only the most critical actions that needed to be completed and to incorporate policy level guidance on how it should be approached. The responses were collected one-by-one and discussed at length. Out of these discussions, guidance was given to update the strategic objectives, and the highest priorities were identified.
- **Board Monitoring and Oversight.** It was agreed, among other actions, that the current Board report should be continued on a semi-annual basis, with more time and emphasis devoted to it during the Board meeting in which it is presented.
- **Board Review and Approval.** The completed, updated draft strategic plan for 2016 was brought back to the Board and approved on February 29, 2016.

## Expectations for the Strategic Plan

The participants shared their expectations for the Plan in the workshop. With the workshop and the Plan complete, it can be concluded that the expectations were met.

### **SUMMARY OF EXPECTATIONS**

Develop a shared, consistent understanding of the priorities and elements of the Strategic Plan.

Develop a Strategic Plan update that is implementable and provides clarity on the District's mission and vision statements, and strategic goals and objectives.

Refresh and validate the mission and goals.

Make this a process that is ongoing and validates the overall strategic direction of the District.

Ensure that the District maintains its current level of excellence and continuous improvement.

Listen to and learn from directors, and provide opportunities for directors to get to know each other better.

Result in the staff having a clear understanding of Board goals and priorities.

## Recent Accomplishments and Progress on the Strategic Plan

Below are highlights of progress made in implementing the goals and objectives of the District's previous Strategic Plan. This summary incorporates information from interviews conducted by the Consultant, from the General Manager's report at the strategic planning update workshop, and from feedback during the workshop. Overall, the summary indicates that the District has made strong progress towards achieving the priorities of the Strategic Plan.

### FINANCE

#### Maintain fair and sustainable rates.

Both Sewer Service Charges and Solid Waste Rates remain among the lowest in the region.

Negotiated an annual solid-waste rate increase with Novato Disposal that retained the "balancing fund account" feature to keep solid-waste rates stable.

#### Have the audit and budget certified.

Continued to receive unmodified opinions on annual audits.

For the fourth straight year, the District received the Government Finance Officers Association (GFOA) Certificate in Financial Reporting for the Comprehensive Annual Financial Report.

#### Manage health and retirement liability.

Partnered with represented employees to limit all active employee healthcare long-term increases to Consumer Price Index (CPI) benchmarks, and also to incorporate annual increases in employee contributions to their pensions to reach the fully obligated amount by 2018.

Governmental Accounting Standards Board (GASB) 45 Other Post-Employment Benefits (OPEB) liabilities were incorporated into the annual budget while still maintaining a balanced operating budget.

### STAFFING

#### Maximize employee career quality, commitment, and performance.

Continued to meet strategic goals and objectives while focusing on hiring and retaining staff members with skills beneficial to the District.

### Promote a safe work environment.

Continued focus on “work safely” with zero lost-time incidents and tracking of “near-miss” incidents.

The District was awarded 2nd place state-wide amongst California Sanitation Risk Management Agency (CSRMA)/California Association of Sanitation Agencies (CASA) member agencies in the Safety, Health, Environment and Loss Leadership (SHELL) Award.

Continued District-wide employee Safety Wellness Incentive Program (SWIP).

Updated SWIP program, incorporating improvements learned from the previous year.

### Become a high reliability organization.

Continued to incorporate concepts of an ISO 14001 compliant organization.

Benefitted from Veolia’s investment in its Environmental Management System (EMS) program.

Followed Continuous Improvement concepts of an EMS program in areas that include maximizing investments in new facilities for longevity, cost effectiveness, and reliability. The District is also developing, standardizing, and systemizing operating, maintenance, safety, and emergency procedures.

### Develop a process for evaluating operations.

Monthly Operations Reports are provided to the Board. The reports utilize benchmarks and benchmarking parameters, incorporate performance metrics, and present available-at-a-glance operations performance data for the treatment plant, collection system and pump stations, and reclamation facilities.

## **FACILITIES THAT ARE RELIABLE, ENVIRONMENTAL AND EFFICIENT**

### Renewal of National Pollutant Discharge Elimination System (NPDES) Permit.

Successfully negotiated a new NPDES permit.

Successfully contested changes in dry-season discharge from June-August to May-November.

Regional Water Resources Control Board (Regional Water Board) approved a new discharge location concept with the potential for year-round discharge to new wetlands at the Hamilton/BMK V site.

## Increase the amount of internally generated energy.

Completed the Solids Handling Upgrade Project, providing the capability to move into optimizing biogas production and use.

Given its rate and debt load, the District initiated preliminary discussions for partnering in the areas of cogeneration and alternative energy production services. The FY15-16 and preliminary FY16-17 budgets include funds to explore partnering opportunities with external entities.

## Manage the collection system with objectives of zero spills and zero permit violations.

### **Collection System and Pump Station Maintenance**

Cleaned over 800,000 feet of sewer lines in calendar year (CY) 2015, the highest on record, and completed multi-year closed circuit television (CCTV) inspection of the system.

Initiated systematic (versus ad hoc) inspections and maintenance of air relief valves; for example, addressing potential single-point failure.

Completed contract root treatment of over 50,000 feet of sewer mains in CY2015.

Used information from CCTV and cleaning to inform spot-repair and collection system improvements. The District used this information to modify sewer line operations; for example, by changing cleaning frequencies within the Computerized Maintenance Management System (CMMS) system.

Carried out over 3,200 pump station inspections and 1,500 work orders in CY2015.

Completed comprehensive Emergency Operating Procedures (EOPs) for all pump stations.

### **Sewer System and Pump Station projects**

Constructed the Olive Parallel Force Main project.

Completed the Center Road-Kristy Court Sewer project.

Completed the Hill Road Sewer Rehab (at Redwood Boulevard) project.

Carried out other collection-system improvements, totaling more than \$150,000.

Completely rehabilitated Los Robles Pump Station and constructed a new Digital Drive pump station

Constructed drainage improvements at East Hamilton, Marin Village and Bahia Main Pump Stations, along with emergency bypass provisions.

Prepared scoping study for update or overhaul of Collection System Master Plan.

#### Pursue opportunities to expand recycled water production and use.

Continued participation in the North Bay Water Reuse Authority (NBWRA).

Participated in NBWRA Project Phase 2 Feasibility Study.

Produced almost 100 million gallons (MG) of tertiary recycled water in CY2015 (third continuous year of operation of the recycled water production facility at the Novato Treatment Plant).

Utilized almost 400 MG of secondary recycled water for pasture irrigation at the reclamation facilities in CY2015.

In FY15-16 the District will initiate engineering design to expand the District's Recycled Water Facility to reliably produce up to 1.7 million gallons per day of tertiary recycled water and facilitate expansion of NMWD's recycled water distribution system to the Central Novato Service Area.

#### Ensure the outfall remains compatible with Hamilton Wetlands Project.

Worked with State Coastal Conservancy (SCC) for the Regional Water Board to include provisions in the renewal of NPDES permit, whereby the SCC can incorporate the outfall into a brackish marsh for the next phase of the Hamilton Wetlands/BMK V project. Worked with project sponsors and encouraged them to engage affected stakeholders.

#### Manage treatment plant for zero permit violations/long-term preservation of assets.

Monitored Veolia's performance and had no NPDES permit violations.

Underwent two Compliance Evaluation Inspections (CEI) and a Pretreatment Compliance Inspection (PCI): one by State Water Resources Control Board and the second by Regional Water Board inspectors. It is unusual to undergo two CEIs in one year, but NSD passed and received appreciation from Regional Water Board inspectors for quality of plant operation.

Transitioned environmental services (including laboratory and pretreatment) to be managed by Veolia, with cost efficiencies to the District.

## **BOARD DISTRICT AND COMMUNITY, ALIGNMENT AND COMMUNICATIONS**

### Ensure the community knows and respects the District and its decisions.

Conducted a public process and appointed a well-qualified new Director following the untimely death of Michael DiGiorgio.

Improved Agenda and Summary readability.

Published spring and fall newsletters.

Improved readability of the budget.

Continuing to work with our internal service providers to enhance the public outreach program – Novato Disposal, Rauch Communication Consultants, etc.) and external partners (Marin County Sanitation Agencies’ Public Education Program).

Engaged in community activities, partnering with Veolia and Novato Disposal Services as appropriate.

Represented the District at public meetings and before community groups.

Maintained memberships with organizations such as the Chamber, Rotary, and various service clubs and organizations.

### Update internal staff communication.

Revised the organizational chart to clarify lines of authority and responsibility, allowing more people to take part in decision-making.

Enhanced departmental and individual communication through:

- Daily, 10 minute greet-and-stretch (Collections department).
- Weekly, look-back-look-forward session (Collections department).
- Weekly, Veolia and District management staff sessions.
- Weekly, District management staff meeting.
- Biweekly, Field Services staff project meetings.
- Impromptu meetings between the General Manager and staff, because such meetings with active engagement have been found to be effective.

### Formalize interagency agreements and relationships.

Continued leadership in NBWRA and negotiated agreement with partners as part of Phase 2 Feasibility Study.

Staff represented and continues to represent the North Bay to the Bay Area Clean

Water Agencies (BACWA) Nutrients Working Group to negotiate the Nutrients Watershed permit language with the Regional Water Board.

Staff also participated in local and State organizations.

Continued to ensure that the District will get its share of funding through grant funding opportunities these organizations pursue.

#### The District is committed to being a good neighbor.

Continued to work with neighbors near the Treatment Plant on odor and landscaping issues.

Continued to work with odor consultant(s) to address and manage technical issues.

Made progress on the long-term goal to increase greenery and landscaping between the treatment plant and the neighborhood.

### **ENVIRONMENT STEWARDSHIP AND LEADERSHIP**

#### Achieve an organization-wide commitment to “zero” goals.

Continued to embrace “continuous improvement” as our approach to the way we do business. Continuous improvement is reflected across the District; for example, in how:

- Front office staff receives and handles customer service inquiries.
- Collections department worked proactively to maintain its performance levels while focusing on hiring and retaining the relevantly qualified people.
- The treatment plant achieved zero discharge permit violations.
- Achieved zero lost-time incidents in the past year among all District staff.

#### Moving from being primarily a disposal agency to a renewable resource/clean energy agency.

Upgraded anaerobic digestion capabilities, which will help optimize biogas generation capability and augment the goal of being a “renewables” or “resource” agency.

Continued implementing solid waste program with escalating diversion goals.

## Priority Issues

Below are the priority issues for the coming years, identified through the strategic planning update process. The Board chose to focus on a handful of high-priority issues.

### FIRST-LEVEL PRIORITIES

**Zero Goals.** Continue the District's progress toward: zero accidents, zero sanitary sewer overflows, zero waste, and zero permit violations.

**Financial Planning.** The Board communicated a strong consensus that the highest priority is to undertake comprehensive financial- and rate-planning efforts that take into account: All revenue needs, including for capital facilities, contingencies, maintenance, recycling, power generation, OPEB funding, etc. Ensure that financial resources match planned needs and recognize must-haves versus nice-to-haves. Show rates needed for various planning options and avoid rate jumps. Evaluate debt financing versus pay-go financing.

### SECOND-LEVEL PRIORITIES

**Reach Higher Standards of Excellence in All Areas:** operations, regulatory compliance, human resources, finance, safety, recycled water, environmental leadership, etc. Apply for appropriate certifications and awards to promote compliance with best practices and obtain recognition for it; for example: National Association of Clean Water Agencies (NACWA) Gold or Platinum levels, California Special Districts Association (CSDA) District of Distinction Award, Government Finance Officers Association (GFOA), etc.

**Risk Management Process.** Ensure appropriate preparation for a variety of likely risks. Identify assumptions about degree, magnitude, length of crisis, etc. Carry out a Board workshop to report/discuss.

### THIRD-LEVEL PRIORITIES

**Public Awareness.** This is the District's 90<sup>th</sup> anniversary year and an update to the outreach program is warranted. Consider updating the District name and logo and its public awareness program in general. Consider ideas such as:

- Can NSD enhance collaboration with Novato Disposal, on Household Hazardous Waste or in other ways around public awareness?
- Are there opportunities to foster education around science, technology,

engineering and mathematics (STEM) in wastewater in school programs and student competitions?

- Consider including a sign on trucks such as “Protecting Novato’s environment for 90 Years.” Consider placing the District logo on Novato Disposal trucks.
- Obtain a resolution from the City commemorating the Birthday and plan a birthday party.

Are there opportunities to publicize the District’s regulatory compliance activities?

**Board Roles and Governance.** Set a time once each year to review Board governance issues, such as:

- Is the committee structure set up efficiently?
- Are Board policies current?
- Do Board meeting materials provide the right mix and amount of information?
- Are the Board meetings structured for optimal discussion and input from each director?

## District Mission

A mission statement describes the reason an organization or program exists, services it exists to supply, who it serves, and how it measures excellence. It remains unchanged.

### **Mission**

*Novato Sanitary District provides responsible, environmental and economic wastewater and solid waste resource management for Novato.*

## Vision for the Future

A critical responsibility of the Board of Directors is to identify a vision for the District's future and then set goals and objectives to achieve it. This is the heart of the governance role and starts with creation of a vision statement. The following is a brief statement describing the long-term change the District wants to result from its work.

### **Vision**

*Collecting and transforming all of Novato's wastewater and solid waste into more valuable resources.*

## District Values

Values are what we consider important—what we believe is right. The Board is responsible for identifying and being the guardian of values. Effective organizations identify and develop clear, shared values, beliefs, priorities and direction so that every employee understands and can contribute by implementing their work in line with the organization's values. The values remain unchanged.

The values can be written as simple statements or posed as questions to help make difficult decisions.

### **Value Statements**

- *Make best use of our resources.*
- *Provide safe, regulatory compliant and reliable service.*
- *Be cost effective.*
- *Protect and enhance the environment.*
- *Foster a strong, trusting and supportive relationship with customers.*
- *Be proactive and take advantage of opportunities.*
- *Seek to attain excellence.*
- *Promote collaboration.*

### **Value Questions**

- *Does it make best use of our resources?*
- *Does it provide safe, regulatory compliant and reliable service?*
- *Is it cost effective?*
- *Does it protect and enhance the environment?*
- *Does it foster a strong, trusting and supportive relationship with customers?*
- *Is it proactive and does it take advantage of opportunities?*
- *Does it enhance our efforts to attain excellence?*
- *Does it promote collaboration?*

## Goals, Objectives and Strategic Direction

The goals and objectives are presented on the following pages. They, along with the mission, vision and values represent the core strategic direction provided in this plan.

**Strategic Direction for the Future: Continuing to Raise the Bar.** The District has moved well past its historical need to constantly manage challenges and crises, and has been on an arc of continual proactive improvement for a number of years. Its services are high quality, its finances are solid, the staff is stable and highly experienced, and rates low.

Cumulatively, the strategic direction found in the updated goals and objectives are meant to move the District toward a higher level of excellence, primarily through continuous, improvements in management, planning, and operational implementation, as well as through ongoing changes in workplace culture that seek to foster personal responsibility, and participation in a collaborative team-based environment.

**Goals and Updated Objectives.** In the past several years, since the previous strategic plan was developed, the District has generally achieved the planned progress towards the goals and objectives as conceived at that time.

The goals remain generally relevant and unchanged, although some were edited.

Many of the objectives also remain relevant and unchanged, although a number were completed and retired, while others were modified, and some new ones were added.

**Priorities.** First-, second-, and third-level priorities identified by the Board are noted at the end of pertinent objectives. New or updated objectives are also noted with the year; for example, (Second-Level Priority – 2016). All other goals and objectives will be prioritized by the General Manager.

**Goal 1. Operational Excellence. Provide timely, cost-effective, reliable and sustainable performance improvements in all aspects of operations.**

- 1.1 Provide a safe work environment. (First-Level Priority)
- 1.2 Continue the District's progress toward: zero accidents, zero sanitary sewer overflows, zero waste, and zero permit violations. (First-Level Priority)
- 1.3 Seek opportunities to comply with and earn awards of excellence, to foster continuous improvement, and enhance internal and external pride and recognition for the District. For example: California Special Districts Association's District of Distinction and Transparency certificates, California Association of Sanitation Agencies (CASA) awards, National Association of Clean Water Agencies (NACWA) rankings, CSRMA safety award, GFOA award, etc. (Second-Level Priority – 2016)
- 1.4 Review and update risk management practices as appropriate. Provide a special workshop for the Board to review how the District addresses risk management and the role of entities such as the California Sanitation Risk Management Agency (CSRMA), etc. (Second-Level Priority – 2016)
- 1.5 Manage processes and expectations for cost effectiveness, environmental sustainability, and positive impact on people for a triple bottom line.
- 1.6 Maintain focus on being a high-reliability organization through continuous improvement in all operational areas, such as: standard operating procedures (SOPs), emergency operating procedures (EOPs) and contingency plans. (Second-Level Priority)

**Goal 2. Build and Maintain Facilities that are Safe, Reliable, Environmental, and Efficient. Plan, provide for and maintain District facilities and other physical assets to achieve reliable, environmentally sound, and efficient operations across core business areas.**

2.1. Collection System and Pump Stations:

2.1.1. Manage the collection system with the objective of zero spills and/or sewer system overflows. (Second-Level Priority)

2.1.2. Support field operations with improved facilities.

2.1.3. Complete a long-term collection system master planning effort to upgrade and maintain the collection system appropriately.

2.2. Treatment Facilities:

2.2.1. Manage the treatment facility with the objective of zero permit violations and long-term preservation of assets. (Second-Level Priority)

2.2.2. Coordinate discharge objectives and requirements with the Hamilton Wetlands expansion.

2.2.3. Continue to work on long-term options for treatment plant operations with a 20-year planning horizon.

2.3. Recycling and Resource Recovery:

2.3.1. Actively pursue opportunities to expand recycled water production and use, and maximize its value to the community through avenues such as potable water offsets, environmental restoration, etc.

2.3.2. Continue to work with Novato Disposal to implement a solid-waste program with escalating recycling and diversion goals.

2.3.3. Actively pursue evaluating long-term power challenges and opportunities, including use of renewables, and self-generation.

### **Goal 3. Board District and Community, Alignment and**

**Communications.** Proactively communicate with all stakeholders (customers, the Board, staff and others) in a clear, factual, timely, two-way manner to foster greater understanding and alignment between the District and its stakeholders.

- 3.1 Take needed steps so that the community knows and respects the District and its decisions. This may include improved access to and understanding of agendas, the budget, and the reality and impact of regulations on customer costs. Remain in full compliance with the Brown Act.
- 3.2 Continue to ensure that the staff is informed about key District issues in a timely manner and have opportunities to have questions answered.
- 3.3 Continue to formalize interagency agreements and relationships to secure them against changeable personality and budget issues and preferences. Include: the City, North Bay Water Reuse Authority, water and flood control agencies, and others.
- 3.4 Continue to ensure the District acts as a reasonable and responsive good neighbor, considering such issues as odor, aesthetics of facilities, and impacts of construction and maintenance. The goal for odor control is zero complaints. This implies both maximum control of odors and neighbors' understanding what reasonably can be expected from a modern treatment plant. (.6)
- 3.5 Proactively communicate important messages to the public, including descriptions of the District's role as a resource agency and the value it provides to the community. Celebrate the District's 90<sup>th</sup> birthday year and consider an updated logo, name and outreach. Also, ensure that there are easily accessible and publicized channels available for the public to provide input and feedback. (Third-Level Priority – 2016)
- 3.6 Monitor and continuously update emergency (crisis) communication protocols in coordination with other local emergency response providers. (Second-Level Priority – 2016)

**Goal 4. Well Planned Finances with a Long-Range Outlook. Maintain a well-planned, proactive financial condition that minimizes rate shocks and impacts on customers while meeting all service needs.**

- 4.1 Plan for and manage finances to maintain long-range financial stability, competitive and fair rates and charges, and strong bond ratings. Assure that financial master planning takes into account all financial needs, programs and contingencies. (First-Level Priority – 2016)
- 4.2 As part of financial planning, evaluate sewer service charge tiers and rates to ensure they are consistent with current best practices. Continue to ensure that the rate structure and rates are sustainable, defensible, understandable, can avoid rate shocks, and are fair. (First-Level Priority – 2016)
- 4.3 Manage retirement liability, both financially and through optimum policies that strike an explicit balance between benefit levels and types, as well as employee retention. (2016)
- 4.4 Manage unfunded liabilities related to pensions and benefits. Obtain Board consensus to assure the liabilities are appropriately and prudently addressed.
- 4.5 Enable effective Board and public oversight.

**Goal 5. Effective Governance and Administration.** Develop and maintain an organizational structure and management policies that foster a high performing, stable and productive organization that learns and improves. Explicitly recognize the importance of our people as a critical asset to the organization and community.

- 5.1 Maintain a succession plan.
- 5.2 Maximize employee career quality, commitment and performance with up-to-date hiring and personnel practices that emphasize professional and leadership development.
- 5.3 Continue to ensure that employee institutional knowledge is retained and improved upon over time.
- 5.4 Maintain all major documents and policies in timely fashion.
- 5.5 Continue to make business practices more accessible online where appropriate, including permits and other administrative activities and documents.
- 5.6 Board set a time once per year to self-evaluate its governance effectiveness and consider changes in Board meetings, committees, agendas, etc. (Third-Level Priority – 2016)

## Continue Ensuring Results

In order to ensure that the Strategic Plan continues to be implemented and results achieved, the District plans to take the following steps:

1. Publish the Mission, Vision, Values Goals and Objectives on posters and handouts, and display them around the District.
2. Incorporate the Mission, Vision, Values, Goals and Objectives into the employee handbook, as well as orientation and training materials for new employees.
3. Present the Strategic Plan to the entire staff so they are familiar with it and can better undertake their individual roles in fulfilling it.
4. The management team will develop Board presentations on an ongoing basis on key topics (such as finance, risk management, infrastructure needs, etc.). The objective of these presentations is to explore top priorities in more depth and show how the goals and objectives of this Plan are being addressed.
5. Continue to develop and refine performance indicators to help measure and assess progress toward achieving the goals and objectives.
6. Review and update the Strategic Plan annually and roll it forward.
7. On an ongoing basis, indicate on the Board agenda those items that pertain to a strategic goal or objective.
8. Continue using the Strategic Plan as the basis for the General Manager's performance evaluation.



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