

March 5, 2011

A special Board Workshop of the Board of Directors of the Novato Sanitary District was held at 10:04 a.m., Saturday, March 5, 2011, at the District Office, 500 Davidson Street, Novato.

BOARD MEMBERS PRESENT: President William C. Long, Members Michael Di Giorgio, James D. Fritz, George C. Quesada and Dennis Welsh.

BOARD MEMBERS ABSENT: None

STAFF PRESENT: Manager-Engineer-Secretary Beverly B. James, Deputy Manager-Engineer Sandeep Karkal and Administrative Secretary Julie Borda.

ALSO PRESENT: Chris DeGabriel, North Marin Water District  
Tom Gaffney, Bartle Wells Associates  
Brant Miller, Novato resident

PLEDGE OF ALLEGIANCE:

AGENDA APPROVAL:

*On motion of Member Fritz, seconded by Member Di Giorgio, and carried unanimously, the agenda was approved as mailed.*

PUBLIC COMMENT: None.

STRATEGIC AND FINANCIAL PLANNING:

The Manager gave an overview of the workshop and introduced Martin Rauch, Rauch Communication Consultants. Mr. Rauch stated that the goal of the workshop was to begin strategic planning, and review the District's budget and latest financial study which was recently completed by Tom Gaffney of Bartle Wells Associates.

After opening the meeting, President Long directed the meeting to the Manager and consulting team. Martin Rauch opened his remarks by noting that the Manager had suggested holding this session because the District was at the tail end of implementing its last strategic plan and that it would, therefore, be timely to raise the question of how the District would like to proceed in terms of long-range planning—especially given that the Board and staff are in the process of reviewing a two-year budget..

The Manager next gave a brief review of the last strategic plan from 2001 and the significant achievements since that time, including:

- Complying with continually tightening regulatory environment that includes zero-spill standards, citizen lawsuits, and mandatory fines from the Migden bill. In

essence the industry has changed over the last decade from one in which “good enough” is likened to the airline industry in which failure is absolutely not acceptable. The District also successfully completed two NPDES renewals during this time.

- Completed major infrastructure improvements. The District designed, funded, built and started up a new treatment plant, shut down two old plants, built a new headquarters, and made substantial investments in collection system improvements.
- Developed recycled water. Developed a recycled water project with NMWD and is preparing to expand it through North Bay Water Reuse Authority.
- Navigated financial challenges. The District has dealt with state financial challenges impacting property taxes and its rates are among the lowest in the region.
- Recycling and composting advances. On the solid waste side, the District has dramatically expanded curbside recycling and composting.

The Manager also noted that the 2001 plan was primarily an engineering plan. Martin Rauch then described the typical strategic plan and how it benefits the District: setting mission, vision, values, goals, objectives and then staff work plan to carry it all out. He also described how such plans help the Board provide effective, policy-level direction to staff and how it helps staff by providing, clear direction and long-range guidance for their planning.

In order to bring into focus the types of challenges a strategic plan would provide guidance on, and to show how a strategic plan can help an agency attain visionary goals, Martin Rauch asked each director to look ahead as far as they could see – say at least five years – and describe their ideal vision of what the District could be as if it were real.

Most of the descriptions were offered as bullet points followed by additional commentary and some discussion. Although this was merely an introductory exercise and not designed to yield a cohesive vision for the District, many of the comments were similar, and when drawn together as they are below they do start to paint a picture of vision.

Note that the bullets below were written by Martin Rauch in the format posed by the original question: describe your ideal District in the future as if it were realized. These bullets aggregate the various vision comments from the workshop into common categories and a narrative form:

- Coordinated adoption of New Technologies. The District has a well-developed technology plan so that technologies are not implemented ad-hoc but in a planned way for consistency, compatibility, ease of use, and cost-effectiveness
- Excellent Employee Support and Retention. The District has refined its long range employee plan that is providing rewarding career paths within the organization. Employee retention is high despite competition for our highly trained employees. Young workers and employees of neighboring agencies would like to work for NSD because it is known for its great employee support,

and its management that continues to adapt to meet the changing needs of a new generation of workers and evolving workforce.

- Governance and Board. The District is well known as a community leader in fostering collaborative efforts within both the public and private sectors. The water and sanitary districts have been moving toward a full merger as they increasingly manage all parts of the water cycle – stormwater capture, potable water, and total reuse of wastewater. The District policy manual is regularly updated and referred to. The Board represents the public well and there is strong public understanding and support for District programs.
- Public Outreach. It has taken time, but the public is now fully engaged with District programs: there is essentially no fat or grease problem, conservation rates are high, and there is nearly 100% diversion with unprecedented composting and recycling, reuse rates. There are well developed programs for the District and public to communicate with each other.
- Capital Facilities and Maintenance Management. The entire wastewater system is functioning very well. The asset management program seems to always identify problems just before they happen and calls for repair or replacement just on time. As a result the service use of each facility and piece of equipment is maximized. A special fund has been established and programs put in place to help property owners repair laterals and progress is on schedule. The outfall was moved several years ago, but is now rarely used since 100% of the district's water is treated and reused. The District is in full compliance with the appropriate ISO standards, and has standard operating procedures and thorough documentation for all of maintenance and upgrades. The District operates with a zero tolerance for errors that airlines could be envious of.
- Sustainability. The District is well recognized as a leader in sustainability with virtually all of its water being reused. The District is now working on increasing its treatment so that its water can meet potable water demands. The Zero Waste program has been fully realized with virtually no trash going to the land fill. Fortunately the District planned ahead for the rise in sea levels and its facilities are all secure. The District generates much of its electricity using sustainable methods and is aiming to be 100% self-sufficient in terms of energy soon.
- Regulatory Compliance. The District is in total regulatory compliance, easily responds to the few emergencies that arise, and its staff is fully trained. The District is also engaged in regional and statewide programs that are positively influencing the development of regulations that are more sensible, lead to improved outcomes and are implementable at an affordable cost.
- Financial Management. The District is known for its solid fiscal management. There is no gold plating to be found, but there are adequate reserves, medical and pension costs are fully funded, and the District has developed creative funding from the private sector. Importantly, the District's rates are also well below average, despite its exceptional services, solid finances, and unprecedented sustainability measures.

- Improved Planning. The District has a formal planning program that includes strategic planning, emergency planning and other planning that includes the board, management team, and key stakeholders as appropriate.

President Long offered a written vision that said:

*NSD will be - and will be seen by its employees and the public to be a leading example of a well-run, environmentally sensitive and financially responsible water and solid waste reclamation facility.*

Martin then asked the Board and participating staff to list some key challenges that will face the District in the coming five years or longer and also opportunities that can be taken advantage of. Martin noted that this was simply an initial exercise designed to demonstrate the need for long-range planning and to give an indication of the challenges and opportunities facing the District:

- Challenges

- Need more money, tougher and tougher
- Solve lateral issues
- Solve Veolia consensus solution
- Comply with tougher regulations and inconsistent regulations from differing regulators
- Develop cost effective self-generated electricity
- Deal with rising costs, cost sensitivity of public and the era of no more grants
- Plan for sea level rise and manage Baylands for the time when they are at or below sea level
- Plan for moving of outfall
- Deal with medical and pension costs
- Adapt to an evolving workforce and a new generation of workers
- Public image, the state wants to consider us polluters, but we are protectors and water suppliers and want the public to understand that.
- Maintain the collection system

- Opportunities

- Recycle all water or the maximum amount
- The District has an environmentally aware public
- Recycled water pays its way
- Technology is improving
- More reuse
- Advocate for more sensible regulations

Chris DeGabriel commented that NMWD has been carrying out strategic planning for many years and worked with Rauch Communication Consultants on it. Chris commented that it is important for the Board to review and update the plan – they do this about every other year. He also mentioned that the District’s mission and vision are simple and posted everywhere so that they are seen and absorbed by the workers so that they can influence how each employee works.

President Long announced the Board would take a lunch recess at 11:30 a.m.

President Long reconvened the Board meeting at 12:00 p.m.

Tom Gaffney, Bartle Wells Associates, reviewed the District’s two-year financial analysis with the Board.

The President declared a ten minute break at 1:35 p.m.

The meeting reconvened at 1:43 p.m.

The Manager discussed the District’s current and projected operating expenses. She also discussed the preliminary operating budget and the capital improvements budget for fiscal years 2011-2013. The Board discussed a potential rate increase and the Manager stated the financial analysis indicated that there was no need for a rate increase this year. She stated that the District should use this year to evaluate the rate structure and complete the strategic plan in order to better determine the rate next year.

There was a closing discussion in which the Board indicated it wanted to develop a strategic plan and directed the Manager to take steps towards doing that and to bring a proposal back to the Board for consideration.

ADJOURNMENT: There being no further business to come before the Board, President Long adjourned the meeting at 2:10 p.m.

Respectfully submitted,

Beverly B. James, Secretary

Julie Borda, Recording