



Sausalito-Marin City Sanitary District

Strategic Plan 2019 – 2024

Adopted by Board Action May 6, 2019



Strategic Plan 2019 – 2024

Adopted by Board Action May 6, 2019

Governing Board of Directors

Dan Rheiner, *President*

William F.H. Ring, *Vice President*

Ann Arnott, *Director*

Donald L. Beers, *Director*

James DeLano, *Director*

General Manager

Jeffrey Kingston



Strategic Plan 2019-2024

Adopted by Board Action May 6, 2019

Contents

- 1. Introduction**
- 2. Developing the Plan**
- 3. The Strategic Plan**

Message from the District

On behalf of the Sausalito-Marin City Sanitary District (SMCSD) Board of Directors and its Staff, we are pleased to present the District's 2019-2024 Strategic Plan. This plan represents an update of the 2018 Strategic Plan, reflecting on the existing District business environment while looking toward the future. The adoption of this plan indicates the importance the District, its Board of Directors, and employees place on seeking continuous improvements in every aspect of the District's operations. The 2019 plan will serve as a framework for decision making over a five-year period. The District intends to review and update the plan annually and welcomes comments and feedback from its stakeholders and other interested parties.

Respectfully Submitted,

Jeffrey Kingston
General Manager

1. INTRODUCTION

Strategic Plan

2019 - 2024

Mission / Vision

Providing wastewater collection, conveyance and treatment services for our communities, protecting public health, the environment and the Bay.

Core Values

Recognizing that wastewater treatment is a vital component of protecting public health, the environment and the Bay, the SMCSD will:

- Meet all regulatory requirements;
- Operate and maintain a safe wastewater treatment and conveyance system;
- Deliver efficient and environmentally sustainable services to our community;
- Manage and protect assets and investments through sound financial policies and business practices;
- Provide a high-quality and safe work place by fostering professional growth, teamwork, and job satisfaction;

- Encourage stakeholder discussion and development of strategies for protecting the Bay and addressing regional wastewater issues; and
- Promote public participation, education and understanding of the services we provide.

Purpose of the Plan

A strategic plan is a top-level planning document for the organization to set clear direction over all operational aspects of its mission. Upon adoption, it serves as a framework for decision making over a five-year period. It is a disciplined effort to produce fundamental decisions that shape what a District plans to accomplish by selecting a rational course of action. This Plan Update incorporates an assessment of the present state of District operations; required gathering and analyzing information; institutes goal setting; and assists with making decisions for the future. Time has been taken to gather input from various sources to add to the veracity of the plan in this document. The Plan seeks to strengthen and build upon opportunities while addressing areas of concern.

This Plan also identifies actions, activities, and planning efforts that are currently active and needed for continued success in operations and management of the District and provides for an annual review and update process.

Strategic Planning Framework

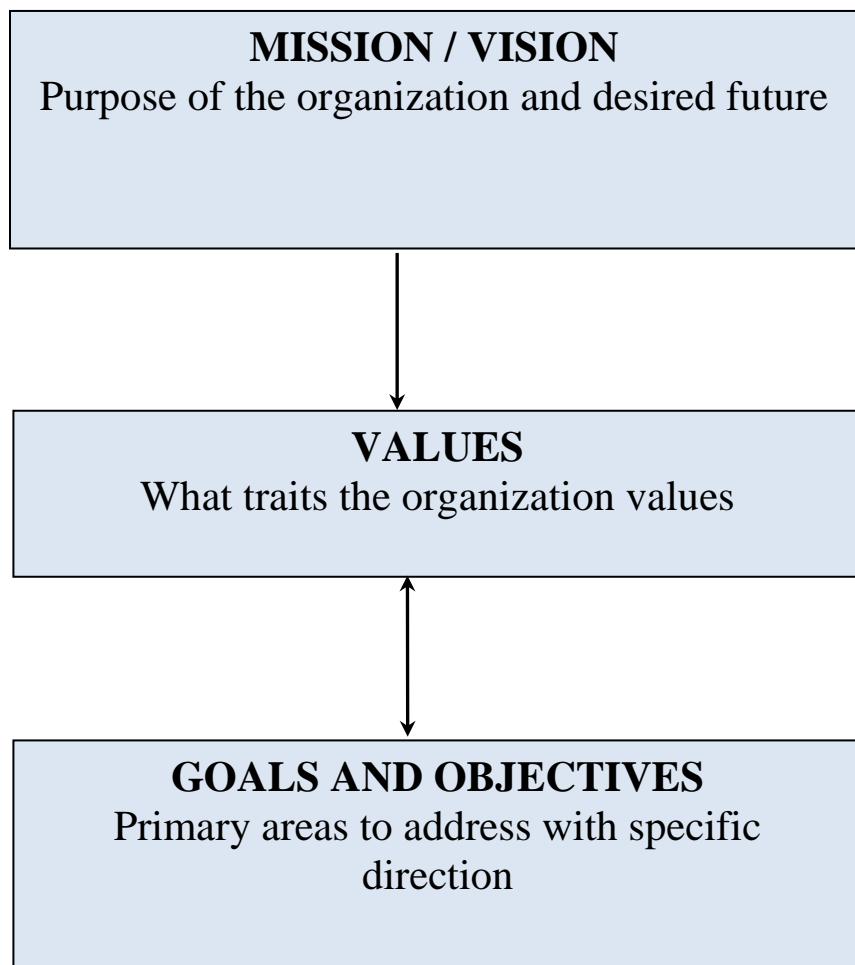
The strategic plan is built as a step-by-step process from a series of components described below.

Mission/Vision Statement: A declaration of an organization's purpose, why the organization exists. Ideally, all activities of the District should be in support of the Mission Statement. It is a statement that articulates what the organization would like to achieve over the term of the Plan.

Core Values: Guides what the organization values when faced with options and alternatives for our future. Values are set by the Board, govern attitudes and behaviors and generally remain constant over time.

Goals and Strategic Objectives: These are the broad, primary management areas of District operations and planning that need to be addressed and are supported by strategic goals to ensure optimum progress. Specific objectives are defined to accomplish the goals.

How the Plan Elements Relate to Each Other



2. DEVELOPING THE PLAN

Strategic Plan

2019-2024

Organizational Environment

DISTRICT OVERVIEW

The Sausalito-Marin City Sanitary District (SMCSD) is governed by an elected five-member Board of Directors and provides wastewater conveyance and treatment service to the City of Sausalito and wastewater collection, conveyance and treatment service to Marin City and other unincorporated areas within the District's boundaries. Wastewater conveyance and treatment service is also provided on a contract basis to Tamalpais Community Services District (TCSD) which includes Muir Woods National Monument, and to the National Parks Service (Forts Baker, Barry and Cronkhite, Marine Mammal Center and Cavallo Point Resort). The District operates and maintains a complex infrastructure system, protecting our community's public health, the environment and San Francisco Bay. It serves approximately 10,000 Equivalent Dwelling Units (EDUs) and a population of approximately 18,000.

DISTRICT OPERATIONS

The District operates and maintains a 6.5 million-gallon per day secondary wastewater treatment plant, eleven (11) sewage pump stations, and approximately ten (10) miles of pipelines. Four (4)

of these pump stations are operated and maintained by SMCSD for the City of Sausalito on a contract basis. The District's treatment plant site, located in Fort Baker, recently renewed its property lease agreement with the National Park Service for an additional 32 years. There are thirteen (13) full-time positions currently authorized by the District. In addition, there is an intern program where up to two positions may be funded as temporary part-time (non-benefited).

CAPITAL IMPROVEMENT PROGRAM

The District continues to work on the 10-year Capital Improvement Program (CIP) started in FY 2011/12 which identified \$54 million of sewer infrastructure improvements. Following an extensive evaluation of District operations and infrastructure needs, the District adopted a comprehensive financial plan and 5-year sewer rate plan (FY 2014/15 to FY 2018/19) to fund renewal and upgrades for the conveyance system and treatment plant.

In February 2017, the District formed the Marin Public Financing Authority, a Joint Powers Agreement (JPA) with Las Gallinas Sanitary District to issue 2017 Revenue Bonds. The Bonds were issued primarily to finance capital improvements to the District's wastewater treatment plant and other capital improvements to the District's facilities. The District intends to use proceeds of the Bonds to finance other capital improvements included in the District's Capital Plan over the next five fiscal years. The bonds for financing have been sold and awarded in the amount of \$33,630,000 with an annual average debt service of \$2,153,000 over 25 years.

The actual to date spent is \$17,551,107 primarily spent for the Upgrade Project design services during construction, construction, construction management and inspection services. There is approximately \$16,279,393 remaining to complete the upgrade and other planned projects.

The Treatment and Wet Weather Flow Upgrade Project (Upgrade Project) includes needed upgrades and rehabilitation of the District's infrastructure addressing new discharge regulations, mitigates peak wet weather overflows, and improves treatment plant performance and reliability. Upon completion, the Upgrade Project will increase the plant's secondary treatment capacity from 6.5 MGD to 9.0 MGD (Million Gallons per Day) and increase tertiary treatment capacity from 1.0 MGD to 6.0 MGD. The Upgrade Project along with other District capital projects are

financed with revenue bonds. Due to a challenging site and some unforeseen conditions, the current contract completion date is November 19, 2019 which is 5 months beyond the originally planned project completion date.

The treatment plant and pump station upgrade projects will result in an increase in the overall system's capacity and improved water quality being discharged to the Bay. The Upgrade Project includes new screenings and grit removal which will improve effluent water quality and protect downstream treatment facilities from grit and debris. A second primary clarifier will be added to provide reliability through redundancy and allow for needed maintenance on the first primary clarifier. Fixed film reactors (FFRs) will be refurbished and fitted with new media to support increased flow capacity. The new FFR feed pumps will be increased in capacity to support full secondary treatment up to 9.0 MGD. The effluent sand filters have been demolished and replaced with rotating disc filters to improve effluent water quality and to increase tertiary treatment capacity from 1.0 MGD to 6.0 MGD.

A 600,000-gallon equalization tank is being constructed to allow for full secondary treatment during a 10-year storm event. Such storms can deliver an influent plant flow rate of up to 10 MGD. This is accomplished by trimming flow in excess of 9.0 MGD and storing it until flows subside. In addition, this tank can be used for daily equalization during dry weather. Equalization allows the plant to maintain steady state flow rates which improve effluent water quality.

The District is currently in the design phase for the Coloma and Whiskey Springs Pump Station Improvements Project. The new Coloma pump station will have a firm capacity of 4.2 MGD in order to improve flow through this area and mitigate potential sanitary sewer overflows (SSOs) during storm events which can deliver flow rates that may exceed the treatment and/or hydraulic capacity of the treatment plant.

FINANCIAL HIGHLIGHTS

The District continues to evolve and focus on continuous improvement. The District conducted an independent review of financial management practices by an outside certified public accounting firm. The review resulted in an assessment of the District's current financial practices and best practice recommendations. The review yielded the use of outside resources for financial management support and an implementation plan of best practices. Most of the recommendations will be implemented over the next several years.

The development of a financial plan and sewer rate study has been initiated for this year. The result of the rate study will be District adoption of an updated 5-year sewer rate plan for fiscal years 2019/20 through 2024/25. The updated rate plan ensures adequate revenue is available to support the District's operations and cash funded capital projects.

Key financial highlights for the fiscal year ending June 30, 2018 were as follows and a complete copy of the 2018 Audit and other documents are located on our website www.smcsd.net

- Total net position increased by \$1,340,594 (3.36%) which included a decrease in unrestricted net position of \$4,914,138 (42%) because of construction during the year.
- The District recorded deferred outflows of resources of \$3,079,518 and deferred inflows of resources of \$177,029 in order to record the different components required by Government Accounting Standards Board (GASB) 68 and GASB 75 for pension and benefit accounting and reporting. Deferred outflows of resources are technically not assets but increase the Statement of Net Position similar to an asset and deferred inflows of resources are technically not liabilities but decrease the Statement of Net Position similar to liabilities.
- The increase in the deferred outflows of resources was caused by the District's contribution of \$2,143,737 to its other postemployment benefit (OPEB) plan trust. Since the plan's measurement date is one year behind the audited financial statements, this

payment will not reduce the net OPEB liability until fiscal year 2018/19. Effectively, because of this contribution, the District has fully funded its OPEB obligation.

Total liabilities increased by \$404,204 (.87%) mostly because the District implemented GASB 75 and recorded the net OPEB liability of \$2,143,737 which was funded by the District in fiscal year 2017/18 but will not reflect against the liability until fiscal year 2018/19 as noted above.

- Current assets decreased by \$10,979,122 (21.66%) mostly from the spending of bond proceeds on capital projects, which can be seen in the corresponding increase to noncurrent asset of \$10,461,731 (29.87%).
- Operating revenue increased by \$1,345,220 (16.88%) primarily due to the increased charges related to TCSD service contract which now includes their share of the revenue bond payment for the Wet Weather Upgrade Project. The TCSD revenue was \$2,440,524 in 2017/18 versus \$1,648,912 in 2016/17.
- Total operating expenses decreased by \$241,790 (3.74%) mostly because of reductions to pension expense adjustments totaling and the deferral of OPEB contributions.

Challenges and Opportunities

The District continues to contend with many significant future operational, capital and regulatory challenges. These challenges will require advanced planning of external and internal factors to ensure the organization is prepared. Some of the known and anticipated challenges and opportunities are the following:

Environmental Regulations – The regulations governing District operations related to water quality, air and solid waste disposal continue to evolve. Of particular significance are regulations on the elimination of treatment blending caused by peak wet weather flows, prevention of sanitary sewer overflows, landfill diversion of biosolids and constraints on effluent nutrient levels. These challenges will drive our capital planning and investment in our future facilities. The District renewed its five-year National Pollutant Discharge

Elimination System (NPDES) permit on August 1st, 2018. The new permit contains changes to sampling frequencies and additional descriptions of our improved Upgrade Project but is otherwise similar to our previous permit. The Regional Water Quality Control Board is in the process of issuing a Nutrients Watershed Permit in 2019. This Order will require the District to modify its existing nutrient monitoring protocol by increasing influent sampling and reducing some effluent parameters. There are no nutrient limits in this Order as there is not yet sufficient basis to determine impairments to the Bay.

Infrastructure Improvements – Our conveyance system and plant continually require investment in infrastructure, equipment maintenance/replacement and process upgrades. The efficient and effective execution of our 10-year Capital Improvement Program, now in its sixth-year of implementation, remains critical in addressing the current and future regulatory pressures. The completion of the Plant Upgrade Project is a major milestone for the District. Upon completion the District will continue to need to make progress on design and construction of the remaining projects such as biosolids handling, beach force main repair and the primary clarifier and digester upgrade.

Customers - SMCSD provides wastewater conveyance and treatment service to the City of Sausalito and wastewater collection, conveyance and treatment service to Marin City and other unincorporated areas within the District's boundaries. Wastewater conveyance and treatment service is also provided on a contract basis to Tamalpais Community Services District (TCSD) which includes Muir Woods National Monument, and to the National Parks Service (Forts Baker, Barry and Cronkhite, Marine Mammal Center and Cavallo Point Resort). There are always opportunities to increase collaboration with contract customers to continue to reduce the impact of peak wet weather flow from sewer collection systems inflow and infiltration while enhancing wastewater treatment efficiency and quality. This will require significant cooperation and commitment from these agencies to complete collection system metering and capital improvements aggressively pursuing peak wastewater flow reduction. We also continue to collaborate, communicate regularly and learn from our five neighboring publicly owned treatment works while maintaining formal mutual aid agreements.

Technology – The District continually performs the critical community service of protecting the Bay. Our mission requires the plant to operate 24/7 both attended and unattended modes during normal and challenging weather conditions and emergencies. This can only be accomplished through the use of current technology and automation. To accomplish performance and reliability of the District’s treatment plant and conveyance system, it requires continuous adoption of technology infrastructure and tools that improve timely access of relevant data for operations, planning and decision making. This includes up-to-date servers with capacity; high speed internet connections and reliable Wi-Fi coverage throughout the Plant, upgraded Ethernet capable radio communications, cloud-based computing and storage; smart phone and tablet technology; and state of the art sensors/controllers in the system.

Public Outreach/Communication – Opportunities and challenges always exist to keep our community, constituents and stakeholders informed regarding the District’s decision-making process, plans and operations. Detailed information, facts and figures about District activities and projects, are found on our website. The District’s website, www.smcsd.net, is continuously updated and improved for transparency and accessibility. Currently, the District uses a regional approach to our community education and outreach permit requirements by working with a consortium of 6 Wastewater Treatment Plants in Marin. We also generate both a printed and electronic newsletter published and distributed to the community which are also posted electronically on our website. The District also conducts tours of the plant and the system to various stakeholders and community groups in order to educate and inform the public about our mission.

Financial Stability – The District is updating its financial and rate plans this year and has a fully funded reserve policy in place. The District’s financial outlook is validated by a financial rating of AA+ from Standard & Poor. Our reserve policy articulates a rationale for maintaining its very strong financial position. We have implemented a required pension cost-sharing arrangement to be in compliance with the 2013 Public Employees’ Pension Reform Act (PEPRA). The District addressed the unfunded liabilities of post-employment retirement benefit by funding the California Employers Retirement Benefit Trust (CERBT) Fund with funds from its reserve.

Workforce – The District annually reviews its organization structure making changes necessary to assure proper staffing levels reflecting the changing environment for wastewater agencies. It has established and filled positions with qualified leadership and management continuing to ensure competent and certified staff effectively operate our system. We have reviewed and adjusted our work schedule to ensure optimized staffing levels while continuing a sustainable work/life balance for staff. The District's safety record has been excellent, represented by 42 consecutive months of no “loss-time” injuries. Employee and District relations have been cooperative and productive. Staffing has been kept at optimum levels with specialized service providers used to augment operations as necessary.

Collection System Infiltration – Necessary reductions in collection system infiltration and inflow (I&I) will take both public and private investment to repair both sewer lines and private laterals over a prolonged and sustained period of time. A major challenge to I&I includes salt water intrusion from high tides that affect the treatment plant process, increases unnecessary pumping and increases maintenance costs. The District is taking a more active and larger role in getting commitments from customer agencies to address the system-wide infiltration challenge.

Emergency Preparedness/Response – Essential District systems and equipment are electronically monitored at all times by on-call staff to ensure an adequate response to potential issues within the system. Operations staff are qualified and prepared to respond to plant and conveyance system issues and emergencies. In the event of an emergency, the District will respond by assessing and repairing damages to its own system first. If available resources and staffing permits, the District may respond and provide mutual aid to other local agencies based on mutual aid agreements. As storms become more significant and severe our preparedness continues to be tested.

3. THE STRATEGIC PLAN

Strategic Plan

2019-2024

Goals and Strategic Objectives

The following goals and objectives have been established to identify what the organization needs to accomplish in the fulfillment of the stated District Mission and Values:

Goal 1 Maintain Financial Stability and our Reserves

Objective 1.1: Update the sewer rate to proactively address District needs while assuring rates are equitable for our ratepayers.

Objective 1.2: Complete the 2013 Restated Wastewater Treatment Service Agreement with Tamalpais Community Services District.

Objective 1.3: Plan for CalPERS long-term liabilities.

Objective 1.4: Update the Operations and Maintenance Sewer Services Agreements with the City of Sausalito.

Goal 2 Support Personnel and Organization

Objective 2.1: Continue making training and certification of all District staff a high priority.

Objective 2.2: Focus on maintaining an efficient organization that is multi-disciplinary, highly skilled and well-trained.

Objective 2.3: Promote safety, collaboration and professional development.

Objective 2.4: Maintain competitive staff compensation and benefits.

Goal 3**Protect Public Health and Environment**

Objective 3.1: Comply with the 2007 EPA Treatment Plant Order and 2008 EPA Collections System Order.

Objective 3.2: Identify and reduce infiltration and inflow into the District's conveyance system by encouraging and working with contributing sewer agencies to fund and implement their capital plans to repair/ replace their faulty laterals, pipelines and manholes.

Objective 3.3: Implement the Capital Improvement Program efficiently by delivering projects on time and within budget based upon the specified scope of work.

Objective 3.4: Evaluate potential energy efficiency opportunities.

Goal 4**Responsible Administrative Management**

Objective 4.1: Engage constructively and proactively to create a collaborative and inclusive work environment.

Objective 4.2: Recognize and celebrate exceptional employee achievements and performance.

Objective 4.3: Provide opportunity and support for staff growth and advancement through mentoring and professional development opportunities.

Objective 4.4: Address technology and systems to improve plant operations, business practices and sharing of information.

Objective 4.5: Update and maintain policies and procedures for all staff to fully understand benefits, opportunities and expectations.

Objective 4.6: Proactively administer service agreements with the City of Sausalito, Tamalpais Community Services District and the National Park Service, to ensure requirements are implemented.

Goal 5**Improve and Renew Infrastructure**

Objective 5.1: Establish a 3 Year Operations and Maintenance Plan.

Objective 5.2: Update and implement a 10 Year Capital Improvement Program to properly maintain the reliability of the wastewater collections and treatment system in an environmentally sustainable manner

Objective 5.3: Complete the Wet Weather Flow Upgrade Project to achieve compliance with the 2008 EPA administrative compliance order.

Objective 5.4: Enhance the Wastewater Treatment Plant site access, security, lighting and safety.

Goal 6

Enhance Internal and External Communication

Objective 6.1: Engage District staff for input on decisions, activities and initiatives in order to benefit from their knowledge of operations and potential consequences.

Objective 6.2: Keep our communities informed and provide opportunities for participation in our sewer rate studies and Capital Improvement Program.

Objective 6.3: Provide and maintain a transparent and accessible website where information is current and informative for our communities.

Objective 6.4: Promote public awareness of industry issues and trends related to regulatory compliance.

Goal 7

Maintain Regulatory Compliance

Objective 7.1: Effectively implement the District's NPDES Permit.

Objective 7.2: Petition to have the 2007 EPA treatment plant compliance order rescinded once the plant upgrade is completed.

Objective 7.3: Improve the performance of the treatment plant's operation processes and systems to capture the efficiency benefits as a result of the plant upgrade project.

Objective 7.4: Continue to utilize Nexgen for asset management and system maintenance.

Goal 8

Work with Customers to better understand Contract Services under our Agreements.

Objective 8.1: Implement the District's Sewer Rate Charge Policy consistent with District Code and Policy.

Objective 8.2: Monitor the City of Sausalito, Tamalpais Community Services District and National Park Service collection system improvement plans and operations for infiltration and inflow (I&I) reduction.

Objective 8.3: Monitor progress of the City of Sausalito, Tamalpais Community Services District and National Park Service with the 2008 EPA Collections System Compliance Order

Objective 8.4: Provide grants to assist property owners with repair and replacement of sewer laterals in the District's unincorporated service area, which is predominantly Marin City.

Common Acronyms

CERBT	California Employers Retirement Benefit Trust
CIP	Capital Improvement Plan
EDU	Equivalent Dwelling Unit
FFR	Fixed Film Reactor
GASB	Government Accounting Standards Board
I&I	Inflow & Infiltration
MGD	Million Gallons per Day
NPDES	National Pollutant Discharge Elimination System
NPS	National Park Service
OPEB	Other Post-Employment Benefits
SMCSD	Sausalito-Marin City Sanitary District
SSO	Sanitary Sewer Overflow
TCSD	Tamalpais Community Services District

SAUSALITO-MARIN CITY SANITARY DISTRICT
ORGANIZATIONAL CHART
MARCH 2019