



Sausalito-Marin City Sanitary District

2017 - 2022

Strategic Plan



2017 Strategic Plan

Governing Board of Directors

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2017 Strategic Plan

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Message from the General Manager

On behalf of the Sausalito-Marin City Sanitary District (SMCSD) and its employees, I am pleased to present the District's 2017-2022 Strategic Plan document. This plan represents an update of the 2016 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 2017 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

2017

Strategic Plan

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 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 herein. 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

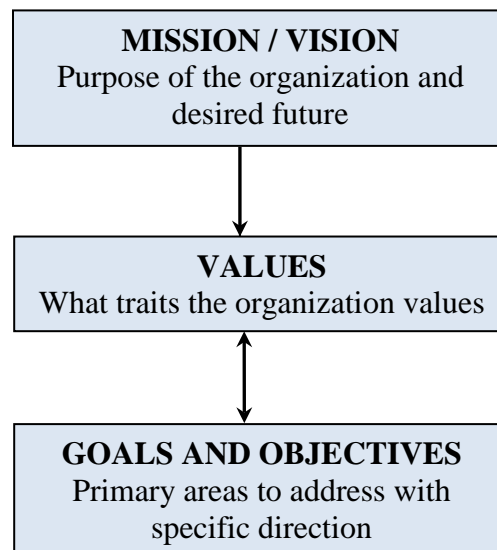
The strategic plan is built as a step-by-step process from a series of components described below.

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 2017 Strategic Plan

Organizational Environment

DISTRICT OVERVIEW

The Sausalito-Marín 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 the National Parks Service (Forts Baker, Barry and Cronkhite, Marine Mammal Center and Cavallo Point Resort). The District operates and maintains a complex system, protecting our community's public health, the environment and San Francisco Bay.

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 staff currently employed 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 their 10-year capital improvement plan (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.

The Wet Weather Plant Upgrade Project will include needed upgrades and rehabilitation of the District's infrastructure to address new discharge regulations, eliminate peak wet weather overflows, and to improve treatment plant performance and reliability. The Wet Weather Plant Upgrade Project will include new screenings and grit removal, refurbishing treatment towers and pumps, improving flow storage to minimize peak flowrates, and replacement of effluent filters. Over the past two years the District completed the design for the wet weather upgrades as required to satisfy the 2008 EPA Order. The project bid was awarded for \$20,808,870 within the engineer's construction cost estimate. The upgrade project along with other District capital projects are financed with revenue bonds.

In February 2017, the District formed the Marin Public Financing Authority with Las Gallinas Sanitary District to issue 2017 Revenue Bonds. The Bonds are being 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 a portion of the proceeds of the Bonds to finance a portion of the 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.

To date, approximately \$12.5 million of collection and treatment plant improvements have been completed. Of the remaining \$41.5 million, approximately \$31.8 million is programmed for the treatment plant, \$6.7 million for sewer collection conveyance projects, and \$3 million for other capital expenses. The District's Capital Plan is subject to change, and the project costs and timing of projects will be revised annually.

FINANCIAL HIGHLIGHTS

In 2013, the District completed another extensive financial and sewer rate analysis. Out of this work, the District adopted a 5-year sewer rate plan (FY 2014/15 to FY 2018/19) to ensure adequate revenue is available to support the District's operations and 10-year CIP.

Key financial highlights for the fiscal year ending June 30, 2016 were as follows:

- Total net position increased by \$6,789,755 (20.70%) which included an increase in unrestricted net position of \$6,339,845 (95.61%) from the prior period adjustment for TCSD Notes Receivable and adjustments required by the implementation of GASB 68 related to the District's Miscellaneous Pension Plan administered by CalPERS.

- The District recorded deferred outflows of resources of \$470,870 and deferred inflows of resources of \$425,082 in order to record the different components required by GASB 68 for pension 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.

- Total liabilities decreased by \$146,633 (2.22%) because the implementation of GASB 68 required the District to record its proportionate share of the CalPERS miscellaneous pension plans' net pension liability at June 30, 2016, which was \$1,863,054. The majority of the difference between the increase from the pension liability and the overall increase to total liabilities came from debt service payments made during the year that reduced long-term obligations.

- Current assets increased by \$1,967,113 (21.09%), mostly from an increase in cash and investments because capital project progress has been slowed due to the time it has taken to reach land use and financing agreements with partner agencies.
- Operating revenue increased by \$735,524 (10.39%) because of the revenue recognition of TCSD's share of cash funded capital expenses and the adopted sewer service charge rate plan.
- Total operating expenses increased by \$120,001 (2.45%) mostly because depreciation expense increased by \$110,428 (6.69%).

Challenges and Opportunities

The District is expected 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. In addition, there may be opportunities to improve wastewater collection, conveyance and treatment services to District customers. Among the known and anticipated challenges and opportunities are the following:

- **Environmental Regulations** – 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 wastewater flows, prevention of sanitary sewer overflows and potential future constraints on effluent nutrient levels. The District will be renewing its five year NPDES permit in 2017 and there are always potential challenges and opportunities to affect some aspects of our operations during permit renewal discussions such as: modifying analytical requirements, nutrient reduction strategies and toxicity assessment criteria.
- **Infrastructure Improvements** – Our aging treatment plant and conveyance system infrastructure, continually requires investment in maintenance and replacement. The

continued efficient and effective on-time execution of our 10-year Capital Improvement Program, now in its fifth-year of implementation, remains critical in addressing the current and future regulatory pressures. The completion of the Treatment and Wet Weather Flow Upgrade Project (Upgrade Project) is a major milestone for the District.

- **Customer Agencies** – Our customer agencies are the City of Sausalito, Tamalpais Community Services District and the National Park Service. Opportunity to increase collaboration with satellite collection agencies and neighboring treatment agencies in furthering the improvement of wastewater services, efficiencies and sharing of resources. This opportunity will require an in depth understanding and successful engagement of customer agencies’ desire to establish and update existing service agreements providing integrated wastewater collection, conveyance and treatment.
- **Technology** – For the District to operate as a public agency, be responsible to continually perform critical community services and function 24/7 through challenging climate change and emergency events, the improved use of technology is a significant challenge and opportunity. Expected improvement of performance and reliability of the District’s treatment plant and conveyance system, will require continually updating to a high speed connectivity, adopting technology infrastructure and tools to improve timely access of relevant data for operations and decision making. This includes new servers, higher speed internet connections, cloud based computing and storage, smart phone and tablet technology and state of the art sensors/controllers in the system.
- **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 improved for transparency and accessibility. Currently, the District generates both a printed version and an electronic newsletter published on our website.

- **Financial Stability** – The District has an updated financial plan and 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 is robust and articulates a rationale for maintaining its very strong liquidity 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 has addressed the unfunded liabilities of post-employment retirement benefit, by establishing and funding a California Employers Retirement Benefit Trust (CERBT) Fund.
- **Workforce** – The District 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. The District’s safety record has been excellent, represented by 30 consecutive months of no “loss-time” injuries. Employee and District relations have been cooperative and productive. Staffing levels have 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 may need to take a more active and larger role, along with customer agencies to address the system-wide infiltration challenge.
- **Emergency Preparation** – District key systems and equipment are electronically monitored at all times by on-call staff to ensure an adequate response to potential issues within the system. The trained operations staff are prepared to respond to plant and conveyance system issues and emergencies. In the event of an emergency, the District’s response will be first, to assess and repair damages to its own system. If available

resources and staff permit, the District may respond and provide mutual aid to customer agencies based on mutual aid agreements.

3. THE STRATEGIC PLAN 2017 Strategic Plan

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: Establish and maintain a sewer rate structure that addresses District needs and is equitable for our customers.

Objective 1.2: Successful implementation of the Tamalpais Community Service District wastewater service contract.

Objective 1.3: Evaluate and take appropriate steps to address long-term liability costs associated with labor and benefits.

Objective 1.4: Successful implementation of the National Park Service Property Lease Agreement.

Goal 2 Support Personnel and Organization

Objective 2.1: Train and certify additional staff to become Grade III Operators

Objective 2.2: Maintain an efficient organizational structure that is multi-disciplinary with highly skilled and well-trained staff.

Objective 2.3: Provide and nurture a culture that promotes safety, collaboration and professional development.

Objective 2.4: Engage the service of a new District General Counsel.

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: Reduce infiltration and inflow into the collection systems from faulty laterals and salt water intrusion.

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: Consider and evaluate potential environmentally sustainable projects such as: recycled water, bio-solids reuse, methane/derived heat use, renewable energy and energy efficiency.

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 effective management of requirements of wastewater service agreements.

Goal 5 Improve and Renew Infrastructure

Objective 5.1: Establish a 5 Year Operations and Maintenance Plan.

Objective 5.2: Update the 10 Year Capital Improvement Plan to continue to upgrade infrastructure and improve system reliability.

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

Objective 5.4: Identify and incorporate into construction projects environmentally sustainable practices and/or technology when economically feasible.

Goal 6 Enhance Internal and External Communication

Objective 6.1: Keep our communities informed of Sewer Rate Studies and provide opportunities for participation.

Objective 6.2: Provide and maintain a District transparent and accessible website where information is current and informative for our communities.

Objective 6.3: Promote public awareness of industry issues and trends related to regulatory compliance.

Objective 6.4: Include District staff to gain input on decisions, activities and initiatives in order to benefit from their knowledge of operations and potential consequences.

Goal 7 Maintain Regulatory Compliance

Objective 7.1: Renew the District's NPDES Permit and understand potential regulatory changes such as: wastewater blending, nutrients and source control.

Objective 7.2: Work to have the 2007 EPA treatment plant compliance order rescinded.

Objective 7.3: Continuously improve the performance of the treatment plant's operation processes and systems.

Objective 7.4: Enhance the capabilities of the asset management maintenance system.

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 the District Code and Policy.

Objective 8.2: Review and understand the City of Sausalito, Tamalpais Community Services District and National Park Service infrastructure improvements to reduce I&I.

Objective 8.3: Coordinate the 2008 EPA collections system Compliance Order actions with the City of Sausalito, Tamalpais Community Services District and National Park Service.

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.