



# MID-PENINSULA WATER DISTRICT

## ***2016 STRATEGIC PLAN***

*February 26, 2016*

Board of Directors:

Matthew P. Zucca, President  
Dave Warden, Vice President  
Al Stuebing, Director  
Louis Vella, Director  
Betty L. Linvill, Director

Appointed Officials:

Joan Cassman, District Counsel  
Joubin Pakpour, District Engineer  
Jeff Ira, District Treasurer

Executive Staff:

Tammy Rudock, General Manager  
Candy Pina, Administrative Services Manager/Board Secretary  
Rene Ramirez, Operations Manager

## **INTRODUCTION**

The Mid-Peninsula Water District (MPWD) holds its special strategic planning session in January of each year.

A special meeting of the Board of Directors was held on January 21, 2016. The planning session was facilitated by consultant, Julie Brown, and she started with identification by Directors and staff of the most notable MPWD 2015 accomplishments. Subsequent discussions centered on enabling Board competencies and areas for development. The following notes reflect those discussions:

### **2015 Accomplishments of Which We're Most Proud**

- Completion of hydraulic water modeling and mapping project; engagement of staff; drove capital improvements
- Morale/atmosphere in district; employee involvement and level of awareness
- Drought response (not originally a priority); ability to respond successfully was significant; proactive; involved community and Directors
- Rigor of the fee and rate study parameters for setting rates; updated development impact fees and success of individual meter installation discussion; ability to draw upon this money → created a foundation
- 6/29 reorganization

### **Enabling Board Competencies**

- Ability to deliberate important issues in a non-confrontational manner; being heard; drawing upon board diversity to make good decisions on complex issues
- Board was involved in a role appropriate manner; policy oriented, focus on timeliness and deliverables
- Flexibility; level of improvement in how we've done our work; honesty and candor
- Board's ability to trust staff to do their jobs; effective communications, candor/honesty from General Manager
- Thoroughness, thoughtfulness of hard decision making
- Courage (individual metering!)
- Effective communication/messaging

### **Areas for Development**

- Communication – ability to understand one another's personality/leadership styles to enhance trust and interactions
- (From a Board perspective) Better understanding of employee roles and responsibilities (in support of determining how to best use resources and talents to meet our goals)
- Delivering messages better to our constituents; promoting ourselves better to the community at large
- Strategic thinking; proactively planning for future (innovative, creative) scenarios and different water models
- Political advocacy – we're leading from behind, reacting to issues with the City of Belmont; leveraging the drought to re-position the District's relationship for effective resource use

Action items were identified by staff and Directors for the 2016 Strategic Plan (attached). Basic measures for success are identified in Attachment 1. As a "look ahead" as compared to 2016, success measures for calendar years 2017 and 2018 are listed in Attachment 2.

For 2016, there were no changes for the MPWD Vision and Mission Statements, and Strategic Goals, and only a few changes to the Director Assignments for 2016 (also attached).

Staff's report dated January 21, 2016, on MPWD 2015 Accomplishments is attached for information at the end of the plan documents.



## 2016 STRATEGIC PLAN

January 21, 2016

### STRATEGIC ELEMENT #1 – *External Relationships and Customer Service*

Core Goals	Objectives	2016 Measures of Success*^
Maintain effective working relationships with external agencies	<p>Maintain appropriate agency presence in local, regional and state industry organizations and activities</p> <p>Maintain outreach and project coordination with City of Belmont, City of San Carlos, and the County of San Mateo</p>	<p><u>Action Item 1.A.</u>: Coordinate with Belmont Chamber of Commerce for presentation of annual “State of MPWD” address</p> <p><u>Action Item 1.B.</u>: Continue to coordinate capital projects with cities of Belmont and San Carlos and County of San Mateo</p> <p><u>Action Item 1.C.</u>: Continue to coordinate with City of Belmont’s General Plan update and related development policies</p>
Maintain organizational standards that ensure a high level of service orientation for our ratepayers	Provide ratepayers with prompt, professional and courteous service	<u>Action Item 1.D.</u> : Update MPWD website for online bill-pay in conjunction with new Financial Management System

### STRATEGIC ELEMENT #2 – *Resource Management*

Core Goals	Objectives	2016 Measures of Success*^
Ensure water quality meets desired quality standards	Water quality standards for SWRCB/Division of Drinking Water are met	<u>Action Item 2.A.</u> : Annual CCR by July 1st
Develop long-term resource sustainability through energy and water conservation measures	<p>Participate in BAWSCA water supply reliability and water conservation projects</p> <p>Develop plan for meeting SB7X per capita water demand goals (20% reduction by 2020)</p> <p>Monitor fuel and energy use to identify opportunities for improvement efficiencies</p>	<p><u>Action Item 2.B.</u>: Approve and transmit 2015 UWMP by July 1st deadline</p> <p><u>Action Item 2.C.</u>: Recommend customer portal for water savings access and history</p> <p><u>Action Item 2.D.</u>: Develop annual water conservation report</p> <p><u>Action Item 2.E.</u>: Achieve SWRCB water conservation regulation program goals and timely compliance with reporting requirements</p>

\*Attachment #1 for Basic Measures of Success

^Attachment #2 for 2016/2017/2018 Success Measures

**STRATEGIC ELEMENT #3 – Infrastructure Management and Operations**

Core Goals	Objectives	2016 Measures of Success*^
Maintain operations and maintenance procedures	Develop standard operating procedures in accordance with best management practices as an organized manual	<p><u>Action Item 3.A.</u>: Complete O&amp;M manual</p> <p><u>Action Item 3.B.</u>: Develop business interruption/resumption procedures to include with Emergency Response Plan</p>
Maintain long-term capital improvement plan	Review MPWD infrastructure modeling for assessment of capital improvement priorities, and assess other fixed assets in accordance with best management practices	<p><u>Action Item 3.C.</u>: Finalize implementation of 5-Year CIP</p> <p><u>Action Item 3.D.</u>: Construct Alameda de las Pulgas water main replacement project</p> <p><u>Action Item 3.E.</u>: Construct Karen Road water main replacement project</p> <p><u>Action Item 3.F.</u>: Complete MPWD water system storage analysis</p> <p><u>Action Item 3.G.</u>: Complete seismic evaluation of Dekoven and Hallmark storage tank sites</p> <p><u>Action Item 3.H.</u>: Continue AMI meter change-out program</p> <p><u>Action Item 3.I.</u>: Develop a long-range planning process for GM oversight and management</p>

\*Attachment #1 for Basic Measures of Success

^Attachment #2 for 2016/2017/2018 Success Measures

**STRATEGIC ELEMENT #4 – Human Resources Management**

Core Goals	Objectives	2016 Measures of Success*^
Develop and maintain systems and processes for effective workforce management	Develop/maintain effective workforce to meet organizational needs  Maintain: <ul style="list-style-type: none"> <li>▪ Appropriate communication channels with employees</li> <li>▪ Positive work environment and employee satisfaction</li> <li>▪ Organizational human resources policy manual</li> </ul>	<u>Action Item 4.A.:</u> Approve new MPWD Personnel Manual  <u>Action Item 4.B.:</u> Update employee position descriptions
Develop and maintain Board of Directors procedures for effective and transparent governance	Develop and maintain Board of Directors policies and procedures	<u>Action Item 4.C.:</u> Create and approve Board Bylaws  <u>Action Item 4.D.:</u> Review plan of action for even-year ballot Proposition G  <u>Action Item 4.E.:</u> Create a development program that will support Board functioning and expertise  <u>Action Item 4.F.:</u> Administer an MBTI workshop  <u>Action Item 4.G.:</u> Conduct training session on staff roles and responsibilities  <u>Action Item 4.H.:</u> Develop a proactive MPWD advocacy plan focusing on common constituent message development and community promotion

**STRATEGIC ELEMENT #5 – Financial Management**

Core Goals	Objectives	2016 Measures of Success*^
Establish and achieve annual budget trends	Complete annual budget process on a timely basis  Monitor financial projections for accurate forecasting  Maintain/monitor schedules of water rates, water capacity charges, and miscellaneous fees  Update, monitor and implement capital plan	<u>Action Item 5.A.:</u> After Board approval of fiscal year water rate schedule, develop and transmit water rate adjustment notice to customers  <u>Action Item 5.B.:</u> Complete development of and implement new financial management system  <u>Action Item 5.C.:</u> Develop and approve financing options for 5-Year CIP  <u>Action Item 5.D.:</u> Create plan for development of financial policy manual  <u>Action Item 5.E.:</u> Identify/evaluate MPWD real properties

\*Attachment #1 for Basic Measures of Success

^Attachment #2 for 2016/2017/2018 Success Measures



## 2016 STRATEGIC PLAN

### ATTACHMENT #1 BASIC MEASURES OF SUCCESS

STRATEGIC ELEMENTS	CORE GOALS	BASIC MEASURES OF SUCCESS
#1 – External Relationships and Customer Service	<p>Maintain effective working relationships with external agencies</p> <p>Maintain organizational standards that ensure a high level of service orientation for our ratepayers</p>	<p>External relationships:</p> <ul style="list-style-type: none"> <li>▪ Attend HIA meetings</li> <li>▪ Attend neighborhood meetings as appropriate</li> <li>▪ Maintain presence at LAFCO meetings</li> <li>▪ Attend local community City Council meetings</li> <li>▪ Attend ACWA JPIA and Region 5 meetings</li> <li>▪ Attend San Mateo CSDA meetings</li> <li>▪ Attend SFPUC meetings</li> <li>▪ Attend BAWSCA meetings</li> <li>▪ Attend Belmont Operational coordination meetings</li> </ul> <p>Conduct at least one community education event with BAWSCA</p> <p>Provide timely and useful customer communications</p> <p>Monitor customer satisfaction via a measurable survey</p>
#2 – Resource Management	<p>Ensure water quality meets desired quality standards</p> <p>Develop long-term resource sustainability through energy and water conservation measures</p>	<ul style="list-style-type: none"> <li>▪ Routine water testing and monitoring should meet SWRCB/Department of Drinking Water standards</li> <li>▪ Prepare and transmit timely CCR</li> <li>▪ Implement feasible water quality inspection recommendations</li> </ul> <p>Maintain active involvement in BAWSCA water supply reliability and water conservation project activity</p> <p>Continue water use efficiency messaging to meet regional and statewide water conservation goals</p> <p>Support continued off-peak hour pumping</p> <p>Explore use of solar power as market costs drop</p>
#3 – Infrastructure Management	Maintain operations and	Monitor O&M procedures and revise as appropriate

STRATEGIC ELEMENTS	CORE GOALS	BASIC MEASURES OF SUCCESS
and Operations	<p>maintenance procedures</p> <p>Maintain long-term capital improvement plan</p>	<p>Continue coordination of CIP with City of Belmont and City of San Carlos</p>
#4 – Human Resources Management	<p>Develop and maintain systems and processes for effective workforce management</p> <p>Develop and maintain Board of Directors procedures for effective and transparent governance</p>	<ul style="list-style-type: none"> <li>▪ Monitor recruitment/retention levers for funding/implementation action</li> <li>▪ Review recruitment /hiring process plans</li> <li>▪ Meet and confer with MPWD Employee Association as applicable</li> <li>▪ Maintain organization chart</li> <li>▪ Create organizational succession plan</li> <li>▪ Plan annual training plan/calendar around available budget funds</li> <li>▪ Regular GM/staff meetings and communications</li> <li>▪ Develop/update and maintain administrative procedures</li> <li>▪ Recognize employee service milestones</li> <li>▪ Celebrate employee accomplishments</li> <li>▪ Monitor staff job satisfaction</li> <li>▪ Review Employee Safety and Loss Prevention Program</li> <li>▪ Fiscal Year safety incident and loss prevention report to Board</li> </ul> <p>Create/maintain/update Board of Directors policies</p>
#5 – Financial Management	<p>Establish and achieve annual budget trends</p>	<p>Review proposed fiscal year SFPUC water rate charges and consider MPWD water rate adjustment</p> <p>Budget process addressing District priorities completed by June 30</p> <p>Review performance on a monthly basis so that targeted allocation is achieved</p> <p>Comprehensive budget document, including charts/graphs</p> <p>Apply for budget and/or financial transparency certification</p> <p>Incorporate and fund capital plan priorities in annual budget</p> <p>Incorporate modeling into annual budgeting process; use tools to develop scenario that can be used as operating circumstances change</p>



## 2016 STRATEGIC PLAN

### ATTACHMENT #2 2016/2017/2018 SUCCESS MEASURES

STRATEGIC ELEMENTS AND CORE GOALS	2016 MEASURES OF SUCCESS	2017 MEASURES OF SUCCESS	2018 MEASURES OF SUCCESS
<p><b>#1 – External Relationships and Customer Service</b></p> <p>Maintain effective working relationships with external agencies</p> <p>Maintain organizational standards that ensure a high level of service orientation for our ratepayers</p>	<p><u>Action Item 1.A.</u>: Coordinate with Belmont Chamber of Commerce for presentation of annual “State of MPWD” address</p> <p><u>Action Item 1.B.</u>: Continue to coordinate capital projects with cities of Belmont and San Carlos and County of San Mateo</p> <p><u>Action Item 1.C.</u>: Continue to coordinate with City of Belmont’s General Plan update and related development policies</p> <p><u>Action Item 1.D.</u>: Update MPWD website for online bill-pay in conjunction with new Financial Management System</p>	<p>Annual “State of MPWD” Address</p> <p>Continue coordination with cities of Belmont and San Carlos and County of San Mateo</p> <p>Review/Update MPWD website</p>	<p>Annual “State of MPWD” Address</p> <p>Continue coordination with cities of Belmont and San Carlos and County of San Mateo</p> <p>Review/Update MPWD website</p>
<p><b>#2 – Resource Management</b></p> <p>Ensure water quality meets desired quality standards</p> <p>Develop long-term resource sustainability through energy and water conservation measures</p>	<p><u>Action Item 2.A.</u>: Annual CCR by July 1<sup>st</sup></p> <p><u>Action Item 2.B.</u>: Approve and transmit 2015 UWMP by July 1st deadline</p> <p><u>Action Item 2.C.</u>: Recommend customer portal for water savings access and history</p> <p><u>Action Item 2.D.</u>: Develop and distribute annual Water Conservation Report by August 31<sup>st</sup></p>	<p>Annual CCR by July 1<sup>st</sup></p> <p>Annual Water Conservation Report by August 31<sup>st</sup></p> <p>Comply with SWRCB water conservation regulation program requirements</p>	<p>Annual CCR by July 1<sup>st</sup></p> <p>Annual Water Conservation Report by August 31<sup>st</sup></p> <p>Comply with SWRCB water conservation regulation program requirements</p>



STRATEGIC ELEMENTS AND CORE GOALS	2016 MEASURES OF SUCCESS	2017 MEASURES OF SUCCESS	2018 MEASURES OF SUCCESS
	<p><u>Action Item 2.E.</u>: Achieve SWRCB water conservation regulation program goals and timely compliance with reporting requirements</p>		
<p><b>#3 – Infrastructure Management and Operations</b></p> <p>Maintain operations and maintenance procedures</p> <p>Maintain long-term capital improvement plan</p>	<p><u>Action Item 3.A.</u>: Complete O&amp;M manual</p> <p><u>Action Item 3.B.</u>: Develop business interruption/resumption procedures to include with Emergency Response Plan (ERP)</p> <p><u>Action Item 3.C.</u>: Finalize implementation of 5-Year CIP</p> <p><u>Action Item 3.D.</u>: Construct Alameda de las Pulgas water main replacement project</p> <p><u>Action Item 3.E.</u>: Construct Karen Road water main replacement project</p> <p><u>Action Item 3.F.</u>: Complete MPWD water system storage analysis</p> <p><u>Action Item 3.G.</u>: Complete seismic evaluation of Dekoven and Hallmark storage tank sites</p> <p><u>Action Item 3.H.</u>: Continue AMI meter change-out program</p> <p><u>Action Item 3.I.</u>: Develop a long-range planning process for GM oversight and management</p>	<p>Review/Update ERP</p> <p>Review/Update CIP</p> <p>Construct identified capital projects</p> <p>Complete AMI meter installation</p> <p>Create long-range plan for MPWD</p> <p>Corrosion control survey/repair</p>	<p>Review/Update ERP</p> <p>Review/Update CIP</p> <p>Review/Update long-range plan for MPWD</p> <p>Leak detection survey/repair</p>
<p><b>#4 – Human Resources Management</b></p> <p>Develop and maintain systems and processes for effective workforce management</p> <p>Develop and maintain Board of Directors procedures for effective and transparent governance</p>	<p><u>Action Item 4.A.</u>: Approve new MPWD Personnel Manual</p> <p><u>Action Item 4.B.</u>: Update employee position descriptions</p> <p><u>Action Item 4.C.</u>: Create and approve Board Bylaws</p> <p><u>Action Item 4.D.</u>: Review plan of action for even-year ballot Proposition G</p> <p><u>Action Item 4.E.</u>: Create a development program that will</p>	<p>Review/Update Board Bylaws</p> <p>Continue Board development program</p> <p>Review MPWD Advocacy Plan</p>	<p>Review/Update Board Bylaws</p> <p>Continued Board development program</p> <p>Review MPWD Advocacy Plan</p> <p>Review/Update Personnel Manual</p> <p>Conduct total compensation study</p>

STRATEGIC ELEMENTS AND CORE GOALS	2016 MEASURES OF SUCCESS	2017 MEASURES OF SUCCESS	2018 MEASURES OF SUCCESS
	<p>support Board functioning and expertise</p> <p><u>Action Item 4.F.:</u> Administer an MBTI workshop</p> <p><u>Action Item 4.G.:</u> Conduct training session on staff roles and responsibilities</p> <p><u>Action Item 4.H.:</u> Develop a proactive MPWD advocacy plan focusing on common constituent message development and community promotion</p>		<p>Labor negotiations with MPWD Employees Association</p>
<p><b>#5 – Financial Management</b></p> <p>Establish and achieve annual budget trends</p>	<p><u>Action Item 5.A.:</u> After Board approval of fiscal year water rate schedule, develop and transmit water rate adjustment notice to customers</p> <p><u>Action Item 5.B.:</u> Complete development of and implement new financial management system</p> <p><u>Action Item 5.C.:</u> Develop and approve financing options for 5-Year CIP</p> <p><u>Action Item 5.D.:</u> Create plan for development of financial policy manual</p> <p><u>Action Item 5.E.:</u> Identify/evaluate MPWD real properties</p>	<p>Analyze water rate adjustment and transmit notice to customers</p> <p>Complete transition to new financial management system; run concurrent accounting systems for 90 days</p> <p>Create quarterly report for CIP financing</p> <p>Begin creation of financial policy manual</p> <p>Develop recommendations for MPWD real properties</p>	<p>Analyze water rate adjustment and transmit notice to customers</p> <p>Continue quarterly reporting for CIP financing</p> <p>Approve financial policy manual</p>



January 21, 2016

### **MISSION STATEMENT**

The mission of the Mid-Peninsula Water District is to deliver a safe, high quality, reliable supply of water for current and future generations in a cost effective, environmentally sensitive and efficient manner.

### **VISION STATEMENT**

The MPWD strives to be recognized by our ratepayers, the community we serve, and other agencies for our outstanding service and enlightened water conservation programs. We will employ innovative approaches to water and energy sustainability to achieve cutting edge environmental efficiency and a competitive rate structure. We will commit ourselves to provide community information and water education.

### **STRATEGIC GOALS**

1. To effectively manage the water resources, demands and infrastructure for the District.
2. To operate the District at the highest level of service to ratepayers at the lowest expense.
3. To maintain an environment that fosters open and candid communication with the community, ratepayers, staff, and directors.
4. To keep current with water issues and industry best management standards.



January 21, 2016

## DIRECTOR ASSIGNMENTS

ASSIGNMENT	2016
ASSOCIATION OF CALIFORNIA WATER AGENCIES (ACWA)/REGION 5	All
ACWA/JOINT POWERS INSURANCE AUTHORITY (JPIA)	Al Stuebing Dave Warden
BAY AREA WATER SUPPLY & CONSERVATION AGENCY (BAWSCA)	Louis Vella
SAN MATEO CHAPTER -CALIFORNIA SPECIAL DISTRICTS ASSOCIATION (CSDA)	Al Stuebing Dave Warden
GENERAL MANAGER PERFORMANCE EVALUATION	Al Stuebing Louis Vella
HARBOR INDUSTRIAL ASSOCIATION (HIA)	Matt Zucca Dave Warden
FINANCIAL AUDIT COMMITTEE	Betty Linvill Dave Warden
BOARD BYLAWS COMMITTEE	Betty Linvill Dave Warden
BELMONT CHAMBER OF COMMERCE	All



DATE: January 21, 2016

TO: MPWD Board of Directors

FROM: Tammy Rudock  
General Manager

RE: Summary of Significant 2015 MPWD Accomplishments

---

## MEMORANDUM

---

### **SIGNIFICANT MPWD ACCOMPLISHMENTS IN 2015:**

1. Completed Water Hydraulic Model and developed 5-Year CIP, and capital project summary.
2. Adopted Water Capacity Charges, including Water Demand Offset fees.
3. Completed Financial Plan & Rates Study and adopted 5-year rate increase plan, including Emergency Water Conservation rates.
4. Launched new MPWD website.
5. Completed \$2 million in capital improvement projects and outlays.
6. Positive Financial Audit for FYE 2014/2015 and solid financial management of the MPWD's resources.
7. Positive reorganization effective June 29, 2015.

### **1. WATER HYDRAULIC MODEL AND 5-YEAR CIP DEVELOPMENT**

As reported, a team of long-time MPWD Operators, Management, and the District Engineer, worked over 18 months creating the water hydraulic model, which is an essential tool for the MPWD. It allowed for significant team building throughout the process and operational changes as new things were learned. Also notable was the institutional knowledge that now has its place in the model rather than walking around in the minds or notebooks of senior staff.

More importantly, development of the water hydraulic model allowed for a thorough and systematic review and testing of the MPWD water system, and hands-on identification of much needed capital replacement and rehabilitation projects. Continuing as a team, Operations staff ranked each project based on agreed upon industry rating criteria. That resulted in the 5-Year Capital Improvement Program (CIP) now being considered by the Board.

## **ADOPTED WATER CAPACITY CHARGES, INCLUDING WATER DEMAND OFFSET FEES**

When staff noticed development increasing in Belmont and San Carlos last year, I felt it responsible to consider revision of the MPWD's 20+-year-old rates and fees charges. I felt it was important to conduct this study early so that the MPWD could be ready for permitting new development in a timely manner and protect the existing ratepayers that have paid to operate and maintain the MPWD system all these years.

Additionally, since the MPWD was dealing with the serious CA drought and statewide water conservation regulations, it was appropriate to consider fees that would be a resource to offset the new water demand as a result of the development. Staff wanted to keep it simple so we created new Water Demand Offset fees that provide additional funding of the MPWD's water conservation rebate programs.

The Board was thoughtful during its deliberation on these issues—taking the time over several months for discussion and input. Staff invited developers into the Board's discussion so that there was stakeholder involvement. It was a very transparent process.

These updated Water Capacity charges and new Water Demand Offset fees appropriately level the playing field between existing customers and new development. They will enhance the MPWD's revenues and fund greater water conservation rebate programs, which will lessen the burden on the ratepayers.

## **2. COMPLETED FINANCIAL PLAN & RATES STUDY AND ADOPTED 5-YEAR RATE INCREASE PLAN, INCLUDING EMERGENCY WATER CONSERVATION RATES**

The continued water conservation efforts by MPWD customers as a result of the continued drought resulted in a significant reduction in FY 2014/2015 Operating Revenues (\$1.4 million). Obviously, the related water purchases from the SFPUC were also less, resulting in decreased Operating Expenditures totaling \$860K. That meant that the SFPUC had to increase their water rates to wholesale customers and by 28% (effective July 1, 2015), which meant probably for the first time in MPWD's history it had to consider a double-digit rate increase. Staff was fully cognizant of the concerns of the Board and importance of ensuring thorough financial review and projections that were reliable and sensible.

Staff worked with Bartle Wells for several months and found it extremely challenging that even with prudent financial management and cost savings measures implemented that the MPWD would require an 18% rate increase effective July 1, 2015. That meant the Prop 218 hearing notice would be a very important tool in communicating with our customers. Staff believes the notice delivered to customers was superior. It has actually been requested for use a few times as a template.

Also important was staff's recommendation to step out of the industry box and implement increases to the MPWD's monthly fixed system charges. It is time to change water rate structures!! Volumetric charges have possibly lived their useful life and water system managers should work with their governing bodies and be proactive in evolving with the changing times by working toward fixed system charges that are ultimately covered 100% within the rate structure. I hope that continues at the MPWD.

The communications staff had with customers were constant and daunting throughout the year—both residential and commercial—about the sharp increase in water rates when they are meeting the MPWD’s water conservation target?! I felt it a leadership priority to ensure that communications were open and honest with customers and I believe that has gone a long way. Amazingly, we have received very few complaints about the rate increase when compared to last year’s 9% rate increase.

Finally, because the Proposition 218 process is time-consuming and cumbersome, staff introduced the concept of and created Emergency Water Conservation Rates for implementation as needed. We wanted to be proactive in case the CA drought continued and became more severe and SWRCB increased the MPWD water conservation target. For ease in administration and consistency in policy, staff and Bartle Wells aligned the rates with the MPWD’s WSCP (Water Shortage Contingency Plan).

### **3. LAUNCHED NEW MPWD WEBSITE**

The new MPWD website was launched earlier this year and it has received a lot of compliments! This project came in well under budget, and while delayed almost a year because of the unexpected death of the consultant, Connie Davidson, we regrouped with one of her associates and got it completed.

Staff and I will meet after the New Year and create procedures now that it’s been functional almost a year. I would also like to consider more data placement for transparency but want to make sure we proactively organize and manage the data. It is also important to coordinate with the implementation of the new Financial Management System (FMS) next year to avoid too much reconstruction on the website.

Staff has purchased an optical scanner so that we can begin scanning documents that can be searched more easily, and that will be an added benefit to the website once organized.

Staff’s goal is to proactively manage and maintain the website so that information does not go stale or is updated frequently to keep visitors interested in coming back.

### **4. COMPLETED \$2 MILLION IN CAPITAL IMPROVEMENT PROJECTS AND OUTLAYS**

The following Capital Projects/Outlays were completed in 2015 (totaling \$2.2 million):

- A. Buckland Tanks Replacement - \$1 million
- B. Phased Meter Change-Out Program - \$532,000
- C. Belburn Water Main Replacement - \$506,000
- D. Notre Dame/Folger Tie-In - \$92,000
- E. SCADA Replacement - \$15,000
- F. Fleet Replacement (Two Plug-In Vehicles) - \$46,000

Because of the reduced Operating Revenues, we used approximately \$1 million of our Capital Reserves to complete these projects. We maintained our commitment and funded them through completion. They were all important infrastructure and outlay investments.

**5. POSITIVE FINANCIAL AUDIT FOR FYE 2014/2015 AND  
SOLID FINANCIAL MANAGEMENT OF THE MPWD’S RESOURCES**

The Financial Audit for FYE 2014/2015 was positive. The good news reported last year by David Becker, CPA was that the MPWD remained financially strong and there were very few recommendations for Management. The one outstanding item that I consider significant is the Financial Internal Control policy manual development. It is actually in process and will be prioritized after the implementation of the new FMS.

During 2015, staff was guided to enhanced financial management controls resulting in the creation of new monthly financial graphs monitoring water revenues vs. water purchases (water conservation response), and the following table for a quick trend review of the reserves balances by the Board and ratepayers:

	June 30, 2013	June 30, 2014	June 30, 2015
<b>Capital Reserves</b>	\$2,117,717	\$1,876,967	\$ 887,031
<b>Emergency Reserves</b>	\$1,000,000	\$2,000,000	\$2,000,000
<b>Working Capital Reserves</b>	\$ 500,000	\$ 500,000	\$ 500,000
<b>TOTAL</b>	\$3,617,717	\$4,376,967	\$3,387,031

I delivered my first annual GM report to the Board on September 24, 2015, to summarize the end of fiscal year financial status. It was useful to narrow down the “big picture” that is reviewed by the auditor each year and provide a financial snapshot of the MPWD.

Staff did a really good job this year managing claims and litigation. All claims were minor (resulting from water main breaks) and settled. Two lawsuits were dismissed without any payment by the MPWD to the plaintiffs.

Loss prevention was ZERO:

- NO measurable property losses;
- NO employee on-the-job injuries or accidents; and
- NO Worker’s Compensation claims.

The Board has seen the PARS OPEB trust account managed well, and FY 2015/2016 is the first year that the full ARC (Annual Required Contribution) is being funded. That means that liability is being responsibly managed as the Board directed.



I'd like to recognize cost savings achieved:

- 2015 is the first benefits year that the MPWD will experience the reduction in active employee and Director healthcare costs as a result of transitioning to the Consumer Driven Health Plan (CDHP) and HSA (Health Savings Account). Almost \$30K per year will be realized.
- FY 2015/2016 transition to ACWA/JPIA property/liability/worker's compensation insurance programs. Approximately \$40K per fiscal year will be realized. Candy Pina deserves the credit because she did the majority of the hard work in getting this accomplished.
- FY 2015/2016 estimated power cost savings around \$30K-\$40K as a result of a thorough analysis by Michael Anderson, Field Operations Supervisor of the MPWD's annual power costs, and an increased shift in pumping operations from peak to off-peak hours.

#### **6. POSITIVE REORGANIZATION EFFECTIVE JUNE 29, 2015**

The June 29, 2015 reorganization approved by the Board was a significant accomplishment for the MPWD. It better organized the Operations team and created an Operations management position for enhanced leadership and opportunities for succession planning.

Rene Ramirez was hired as Operations Manager and has integrated well within our organization. The Operations team is very responsive to him and his management style. I'm proud to have him as a member of my executive team.