

Staff Report

for the Board of Directors Special Meeting of March 5, 2020

TO: Board of Directors
FROM: Remleh Scherzinger SCDM, MBA, P.E., General Manager
DATE: February 28, 2020
SUBJECT: 2020 Strategic Plan

ADMINISTRATION

RECOMMENDATION:

Review the draft 2020 Strategic Plan.

BACKGROUND:

The fundamental purpose of the strategic planning process is to define the actions in the next three years, which are necessary to reliably meet the District's mission now and into the future. The process is designed to assess the environment and respond to short and long term challenges.

To broaden involvement in updating the Strategic Plan, the Board of Directors engaged the public and conducted a series of meetings to provide opportunities to discuss the District's strategic direction.

Four public workshops took place on September 3rd and 17th and on December 9th and 10th. Through this process, the Board reaffirmed the District's core mission, vision, and values and established six strategic goals to drive organizational alignment and priorities for the next three years.

Staff compiled the information gained from the prior four workshops into a draft Strategic Plan that was presented to the Board of Directors for review on January 8, 2020. During this meeting, the need for specific action items with measurable key performance indicators, (KPI) was discussed. The consensus of the Board of Directors was to schedule an additional Strategic Planning workshop with Senior Staff.

On February 5th, in preparation for the workshop, Staff reviewed and considered all input received and updated the draft Strategic Plan to include goals, strategies, objectives, and KPI's as a tool to assist the Board of Directors in the advanced development of the Strategic Plan.

BUDGETARY IMPACT:

None at this time.

RS

Attachments (7):

- Workshop Outline
- 2020 Draft Strategic Plan
- Governor's Draft 2020 Water Resilience Portfolio
- Letter from Karen Hull dated January 13, 2020
- Original Chart of Goals and Actions
- Redline Chart of Goals and Actions
- Revised Chart of Goals and Actions



NEVADA IRRIGATION DISTRICT

1036 W. Main Street
Grass Valley, California 95945

The District will provide a dependable, quality water supply, strive to be good stewards of the watersheds and conserve the available resources.

Board of Directors Strategic Planning Workshop

OUTLINE

Thursday, March 5, 2020 – 9:00 a.m.

Dutch Flat Power House

* * * *

1. Review Mission/Vision/Value Statements
2. Review of the [Governor's Draft 2020 Water Resilience Portfolio](#)
3. Review Goals From Previous Workshops
 - Goals define what the District wants to achieve
4. Staff SWOT Presentation
 - Strengths, Weaknesses, Opportunities, and Threats
5. Review and Discuss Strategies and Objectives
 - Strategies define which actions to take to reach each goal
 - Objectives reflect what is needed to be accomplished in the near term
6. Set Key Performance Indicators
 - KPI's measure the success of achieving set goals
7. Schedule Strategic Plan Adoption

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Strategic Plan

1st Edition




NID

March 2020



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February 20, 2020

Welcome to Nevada Irrigation District's Strategic Plan.

The District continues to build on many years of experience providing high-quality water, power, and recreation services to Nevada, Placer, and Yuba counties. Navigating the challenges of providing high quality, reliable services in highly regulated and dynamic environments requires careful planning and a clear vision for the future. The Strategic Plan is a blueprint for excellence, defining how we respond to and prioritize challenges and evolving priorities.

Our mission, vision, and values are critical as we operate as a public utility dedicated to high-quality service, cost control, and the preservation of our precious natural resources. The Strategic Plan outlines the specific goals, strategies, and indicators we will pursue to move us from where we are to where we want to be. Further, it establishes a set of criteria to measure our progress. It incorporates the values of safety, fiscal responsibility, environmental health, community engagement and organizational sustainability.

We are in a period of vast opportunities and challenges. In the three years we will forge ahead in many operational areas such as managing the impacts of reinvesting in aging infrastructure, adapting to a changing environment, and addressing organizational changes presented by regulatory uncertainty. Proactively responding to these conditions requires careful planning to ensure long-term organizational and financial resilience and sustainability.

This is our roadmap that will guide NID's progress for years to come and continue to demonstrate our long-standing commitment to the customers of Nevada, Placer, and Yuba counties.

Remleh Scherzinger, SCDM, MBA, P.E.
General Manager

History

In 1917, Munson B. “Bert” Church and his wife, Kate, drove their cattle from parched dry pasture in western Nevada County eastward and up to the green mountain meadows of the Sierra Nevada.

On this cattle drive, Bert and Kate first envisioned a water system where the tumbling and abundant waters of the high mountains could be carried to the fertile but dry farms and ranches of the Sierra foothills.



Soon, the Churches joined with other Nevada County residents to pursue this dream. The Nevada County Farm Bureau and visionary leaders such as Aubrey L. Wisker, Herman Graser, and Guy N. Robinson Jr. set out to convince Nevada County residents and voters they should form their own irrigation district.

These men knew that a reliable, year-round water supply was key to building a better community. They envisioned a true partnership of people, land, and water.

Through the early 1900s, many of the old reservoir and canal systems built during the California Gold Rush had become under-utilized and were falling into disrepair. Community leaders were determined to acquire these invaluable assets, make improvements, and recreate them as the backbone of a new public water system.

From 1917-1921, engineering studies were completed, new water rights were negotiated, and a local campaign was mounted to build support for this dream of a new irrigation district.



On March 15, 1921, local organizers presented petitions carrying 800 signatures of irrigation district supporters to the Nevada County Board of Supervisors. On August 5, 1921, a public election was held with voters favoring the new district by a margin of 536-163.

Nevada County Supervisors authorized the new district and 10 days following the election, on August 15, 1921, NID was officially formed. The district’s first board meeting was held that day in Grass Valley’s Bret Harte Hotel.

At its formation, NID included 202,000 acres in Nevada County. Five years later, in 1926, residents of Placer County chose to join the district, and another 66,500 acres were added. Today, NID includes more than 287,000 acres.

Following its formation, the district achieved rapid progress in laying the groundwork for the new public irrigation system. During the 1920s, many important water rights were obtained, key water rights the district retains to this day. The acquisition of land to store and deliver water was a very important step in the district’s development.



NID began to deliver irrigation water to local farms in 1927. At that time, irrigation water was priced at about 10 cents per day.

By the late 1950s and early 1960s, it had become apparent that the future would bring more demand for water in NID service areas. Demand for NID water was beginning to transition from canal water to piped and treated drinking water. At the same time, California was embracing the development of hydroelectric power to meet the state's growing energy needs.

District leaders once again took their campaign to the electorate, and in a 1962 election, 97 percent of NID voters supported a \$65 million bond issue to construct the Yuba-Bear River Power Project.



The major project, completed from 1963-66, remains a very important milestone in NID history. It brought not only power generation capability, but new reservoirs and canal systems and, most importantly, created an additional 145,000 acre-feet of water storage for district residents.

No longer would foothill reservoirs run dry in the long hot summers. Bert and Kate Church would be proud.

Today, as NID has grown and matured into a multi-faceted water and power agency, the district continues to take great pride in its Gold Rush roots and important place in California water history.

Strategic Plan Overview

The Strategic Plan incorporates the District’s mission, vision, and values. It identifies its goals, strategies, objectives, and key performance indicators. The Plan influences and guides staff in the management and allocation of resources and assets.

Our **Mission** is to provide a dependable, safe, sustainable, and resilient water supply; while being good stewards of the watershed.

Our **Vision** is to promote healthy watersheds and reliable infrastructure that support our environment, treated and raw water customers, power reliability, and recreation to sustain our quality of life, now and in the future.

Our **Values** are:

- 💧 Safety is integrated into our culture and is the first priority among all aspects of our work
- 💧 Operate the District Finances with strong fiscal responsibility and transparency to ensure that NID's finances are spent on those activities that support the mission and vision of the District
- 💧 Maintain healthy watersheds through the implementation of Best Management Practices in collaboration with our strategic partners
- 💧 Make decisions that serve the best interests of District ratepayers
- 💧 Maintain and foster a viable workforce through fair compensation packages and a stable work environment
- 💧 Inform, educate, listen to and collaborate with our communities in our endeavors and activities with honesty and integrity



Our **goals** define what the District wants to achieve; they explain ‘what’ not ‘how’ and tell where we are going rather than how we will get there. **Strategies** define which actions to take to reach each goal and may take several years to implement. **Objectives** reflect what we need to accomplish in the near term. **Key performance indicators** (KPIs) measure how well we are doing in achieving our goals.

Planning & Implementation

The fundamental purpose of the strategic planning process is to define the actions in the next three years, which are necessary to reliably meet the District's mission now and into the future. The process is designed to assess the environment and respond to short and long-term challenges.

To broaden involvement in updating the Strategic Plan, the Board of Directors engaged the public and conducted a series of meetings to provide opportunities to discuss the District's strategic direction.



Four public workshops took place on September 3rd and 17th and on December 9th and 10th. Through this process, the Board reaffirmed the District's core mission, vision, and values and established six strategic goals to drive organizational alignment and priorities for the next three years.

Staff compiled the information gained from the prior four meetings into a draft Strategic Plan that was presented to the Board of Directors for review on January 8, 2020. During this meeting, the need for specific action items with measurable key performance indicators, (KPI) was discussed. The consensus of the Board of Directors was to schedule an additional Strategic Planning workshop with Senior Staff.

On February 5, 2020, in preparation for the workshop, Staff reviewed and considered all input received and updated the draft Strategic Plan to include goals, strategies, objectives, and KPI's as a tool to assist the Board of Directors in the advanced development of the Strategic Plan.

The Strategic Planning workshop with Senior Staff and the Board of Directors was held on March 5, 2020. Actions to implement the Strategic Plan, as well as KPI, were defined providing an overall high-level direction to prioritize resources to achieve future success. By developing actions that are linked to the Strategic Plan, the District can ensure that resources are focused on the highest priorities.

The Strategic Plan was adopted by the Board of Directors on...XXXXX The Strategic Plan guides the development of the **budget** and the **five-year capital improvement program** to ensure that necessary resources are provided to implement the strategies and objectives.

The plan includes a series of KPIs that are measurable, comprehensive, and reflect the various strategies contained within the six Strategic Plan goals. **KPI results** will be measured against targets annually to enable the District to evaluate progress. KPI reports will be presented to the Board of Directors annually and available for review on the website.



A critical component of the strategic planning process is the element of continuous improvement, which is an ongoing effort to **assess and evaluate** performance and use the results to guide the update of the next Strategic Plan. The principal objective for this assessment and evaluation is to identify improvements, maintain gains achieved, and ensure consistency in planning, operations, and results across the District.

Draft



Goals

1. District Health:

The continued health of the District is dependent upon the proactive management of our physical, natural, financial, and human resources.

2. Collaborate & Build Relationships:

Develop relationships with our community stakeholder groups to inform, educate, and collaborate in support of District activities.

3. Management of Resources:

Develop and manage our resources for local control of our community's most valuable assets.

4. District Efficiency & Reliability:

Integrate established practices and technologies that enhance efficiency and reliability throughout the District.

5. Financial Health:

Maintain a financially healthy District by having a sustainable and resilient budget.

6. Sustainability & Reliability:

Improve and protect the District's water supply, ensuring sustainability and reliability, given the uncertainty of climate change.

District Health

Goal 1: The continued health of the District is dependent upon the proactive management of our physical, natural, financial, and human resources.

Strategy 1.1

Enhance and develop the current and future workforce of the District

Objectives:

- 💧 Promote NID locally and in selected candidate markets/channels where qualified and underserved applicants are encouraged to apply
- 💧 Analyze and recommend current workforce development opportunities that will result in enhanced support of NID strategic goals and increase job satisfaction, safety, and retention
- 💧 Continue to seek and expand opportunities to partner with high school level students and community colleges to offer internship and other training opportunities at NID
- 💧 Continue to encourage a supportive and rewarding work environment that utilizes staff strengths, promotes career development and contributes to a respectful workplace



Strategy 1.2

Consistent maintenance and management of NID's physical and financial resources.

Objectives:

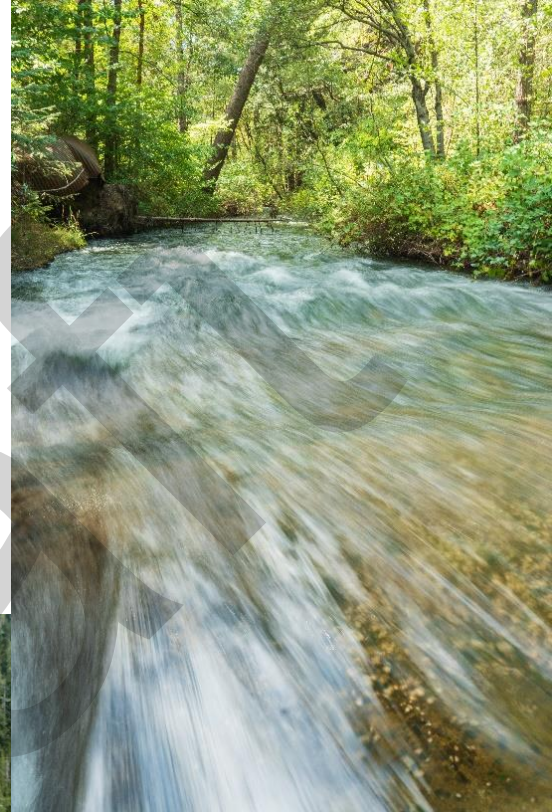
- 💧 Maintain a 10-year capital plan
- 💧 Annually coordinate master plans and capital projects to optimize operational efficiency
- 💧 Consider risk, community and stakeholder concerns, workforce and technology trends, and the potential impacts of climate change as part of the planning process. Involve stakeholders in the project planning and development stage.
- 💧 Lead the industry in water loss control by using new and innovative technology, effective maintenance practices, and efficient operations.

Strategy 1.3

Proactively manage our natural resources to provide our communities a sustainable and resilient watershed.

Objectives:

- 💧 Develop an inventory of all District lands and enter them into the CMMS system
- 💧 Develop the necessary maintenance plans to manage natural assets
- 💧 Develop recovery plans for natural resources in the event of damage



District Health Key Performance Indicators

Key Performance Indicator	FY21 Target	FY22 Target
Enhance & Develop the Current & Future Workforce of the District		
Identify and utilize community and regional applicant sources and increase job postings and District visibility using media and methods that are likely to increase the number of qualified and underserved applicants. Add 2 new electronic media resources, partner with 1 local agency, and attend 1 job fair.	50% of all qualified external applicants are sourced from new resources	10% of qualified external applicants sourced through new methods are selected for hire
Employee and supervisor survey of skills inventories, certifications, and career goals, deploy by the end of Q3	Document all responses by Q1	All data in employee profiles in ERP
Develop career development and safety curriculum for departments/job classifications. Validate framework with department managers	Curriculum with current employee profiles issued	Set time and benchmarks for all classifications to complete curriculum
Reduce turnover rate (voluntary, resigning for reasons other than retirement, relocation, or personal). Develop an exit questionnaire for separating employees, and collect data, set a benchmark turnover rate.	Report turnover rate quarterly and address any trends or key factors	≤ 5% turnover
Develop in house supervisory training and identify an outside consultant to develop the course.	Deploy course to all supervisors	Refine course
Develop in house “NID Way” training and identify an outside consultant to develop the course	Deploy to +/- 50% of the workforce	Deploy to remaining workforce
Employee Survey, develop the survey and deploy, prioritize workforce needs, agreement on focus areas	Plan and budget as necessary to address focus areas	Execute plan
Continue to improve HR communications with employees to educate them about training, employment, and benefits matters so that they have multiple resources of information.	Develop a monthly HR newsletter that is electronically delivered to all employees electing to receive that highlights one or two specific topics Host at least one CalPERS retirement seminar and one 457 Plan seminar	Develop a quarterly HR “Lunch and Learn” about topics of interest to employees based on survey results by the end of Q1 Host at least 2 by the end of Q4
Continue to assess compensation for benchmarking against comparable agencies, market forces, and economic drivers. Recommend adjustments to select classifications as identified by salary survey	Assess all classifications after new wage schedule against progression	Complete all classification range adjustments
Establish job progression range differentials in classifications		



Capital Planning Program

(Long-Range Goal)

Prioritization of Projects

(Long-Range Goal)

Draft

Collaborate and Build Relationships

Goal 2: Develop relationships with our community stakeholder groups to inform, educate and collaborate in support of District activities.

Strategy 2.1

Collaborate with our community groups on methods to support District activities.



Objectives:

- 💧 Conduct bi-annual stakeholder round tables to discuss District activities and community issues
- 💧 Attend and participate in ongoing stakeholder meetings
- 💧 Collaborative sharing of information across platforms

Strategy 2.2

Re-established NID's Ambassador Programs

Objectives:

- 💧 Partner with K-12 schools and other educational institutions
- 💧 Promote the Ambassador Program through community-wide events

Strategy 2.3

Develop and maintain an ongoing communication and outreach strategy for a more informed and engaged community

Objectives:

- 💧 Implement Communication Plan
- 💧 Promote customer satisfaction through brand campaign management
- 💧 Update the website with greater accessibility



Collaborate and Build Relationships

Key Performance Indicators

Key Performance Indicator	FY21 Target	FY22 Target
Collaborate With Community Groups		
Create a stakeholder roundtable annual matrix and conduct a roundtable meeting	One stakeholder roundtable per quarter	One stakeholder roundtable per quarter
Create a stakeholder meeting matrix and conduct a stakeholder community meeting	One stakeholder community per quarter	One stakeholder community per quarter
Establish quick links with local and State municipalities	Develop information sharing procedures for ICS events Develop quick links for stakeholder partners	
Re-established NID's Ambassador Programs		
Create a matrix of K-12 schools and other educational institutions, adopt the curriculum, and select employee ambassadors	Train and implement program Select two schools/groups to partner with	
Create a matrix of youth groups and curriculum, select employee ambassadors	Train and implement program Select two schools/groups to partner with	
Create a matrix for community events	Annual Watershed Open House and one additional event	
Ongoing Communication and Outreach Strategy		
Create an outreach channel matrix	Promote monthly campaigns	year over year 5% customer approval increase
Conduct an annual survey and implement NID brand guidelines	year over year 5% customer approval increase	
Develop an upgraded NID website	Create a web updating procedure	

Management of Resources

Goal 3: Develop and manage our resources for local control of our community's most valuable assets.

Strategy 3.1

Protect and defend the District's water rights.

Objectives:



💧 Proactively pursue completion of all water right filings

💧 Collaborate with local water purveyors, state and regulatory agencies in the development of mutually beneficial agreements in an effort to minimize a future unimpaired flow vulnerability

💧 Update and utilize the RWMP results to demonstrate full utilization of District current and future water rights

Documents & Reference Materials

Public Workshops

- December 1, 2018 Community Workshop Meeting Notes
- December 10, 2018 Community Workshop Meeting Notes

NID Planning Documents

- Raw Water Master Plan (RWMP)
- RFP for RWMP Process Design

Archive

- Community Representatives Group (CRG) Process Description
- Board Resolution and Detailed SOW for The Kolbe Company and HDR

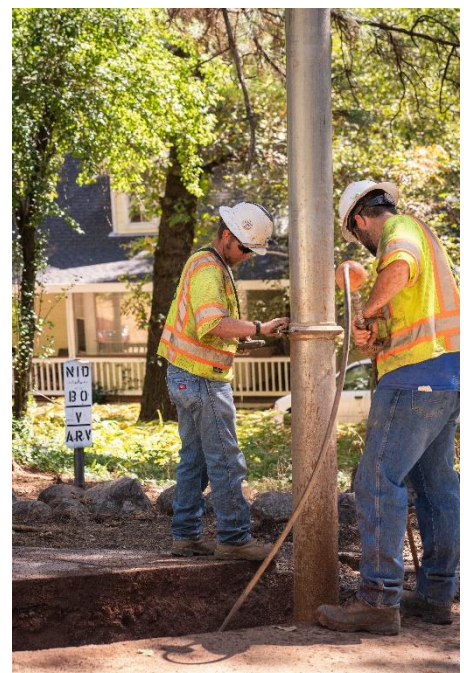
Strategy 3.2

Improve Community Investment Opportunities.

Objectives:

💧 Prioritize funding for District Financed Water Line Extensions (DFWLE's)

💧 Continue implementation of waterline extension projects that support system redundancy and supply unserved areas





Strategy 3.3

Protect our environmental resources and facilities by developing the necessary plans to protect and enhance them.



Objectives:

- 💧 Develop a Watershed Master Plan in support of protection of water quality and natural
- 💧 Ensure that all system improvements and capital projects, improve resilience to climate change, and incorporate sustainable practices
- 💧 Work with land-use planners to ensure District planning is consistent with their plans

Strategy 3.4

Acquire assets that support, enhance, and/or add system redundancy to the District’s business lines.

Objectives:

- 💧 Establish list of land and water assets that would enhance the District portfolio



Management of Resources

Key Performance Indicators

Key Performance Indicator	FY21 Target	FY22 Target
Protect and Defend the District's Water Rights		
Request bi-monthly status updates from the state		
Confer with legal regarding the pursuit of legal options to expedite the hearing process		
Quarterly meetings with local water purveyors		
Identify common goals amongst entities		
Complete VSA draft prior to state deadline		
Complete data analysis for RWMP		
Tie urban and ag water management plan data to RWMP		
Improve Community Investment Opportunities		
Increase annual DFWE budget		
Sustain budget for BEP projects		
Continue community outreach and support along key alignment routes		
Reestablish master planning of domestic systems for strategic future pipeline alignments		
Develop Necessary Plans To Protect Environmental Resources		
Develop a watershed master plan by 2021		
Projects will refer to appropriate strategic plan goals in documentation		
Complete biannual meetings with land use authority agencies with jurisdiction in the District boundaries		
Acquire Assets To Support & Enhance Business Lines		
Purchase backup generators to support system through PSPS		
Pursue acquisition of PG&E facilities		
Continue collaboration with PCWA on JPA		

District Efficiency and Reliability

Goal 4: Integrate established practices and technologies that enhance efficiency and reliability throughout the District.

Strategy 4.1

Engage in innovations that support best management practices

Objectives:

- Establish and exceed State water quality goals
- Invest in technologies to encourage customers to use water wisely
- Evaluate herbicide application practices to identify opportunities to optimize usage



Strategy 4.2

Implement technologies that improve the efficiency and effectiveness of business processes.



Objectives:

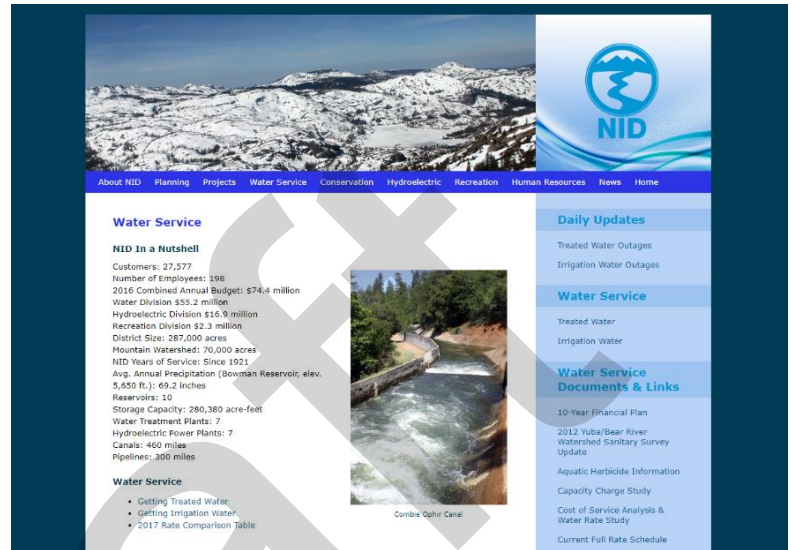
- Develop and maintain a long-term plan to guide the evolution of Information/Operational Technology (IT/OT) infrastructure
- Proactively ensure the security of physical and cyber infrastructure to protect District business processes
- Ensure employees have access to the tools and data they need to effectively and efficiently accomplish their mission

Strategy 4.3

Develop and enhance sustainable and resilient communications to support all operations of the District

Objectives:

- Develop tools to allow viewing of operational and administrative applications from centralized and strategic locations throughout the District
- Enhance the website to improve the flow of communication to internal and external customers



District Efficiency and Reliability

Key Performance Indicators

Key Performance Indicator	FY21 Target	FY22 Target
Best Management Practices		
Publish a water quality report demonstrating 100% compliance		
Identify capital and maintenance projects to improve water quality		
Develop an outreach program to educate customers on available technologies to conserve water		
Develop a schedule to replace all meters with smart meters. Incorporate into budget planning		
Owner access to smart meter flow data		
Trimble unit to track application. Electronic reporting thing		
Develop an electronic treatment tracking system		
Technologies that Improve the Efficiency and Effectiveness Processes		
Identify goals, needs, and constraints and develop an RFP for study development	Hire a consultant and complete study. Incorporate into the 5-year capital budget	Implement study recommendations
Identify key infrastructure to analyze	Update vulnerability assessment	Implement measures to mitigate security risks
Develop asset hierarchies and workflows in CMMS	Rollout CMMS to District staff	Evaluate the effectiveness of CMMS and identify opportunities for improvement. Provide a report to the Board of Directors
Identify metrics for unplanned outages	Meet metrics and report out	Meet metrics and report out
Sustainable and Resilient Communications		
Biannual review of systems	100%	100%
Communication Network		
Identify data needs, technological, business, and regulatory constraints		
Identify opportunities for website improvement and report at the end of year	Complete website upgrades	Complete annual review of website
Improve the organization and usage of NID Portal		

Financial Health

Goal 5: Maintain a financially healthy District by having a sustainable and resilient budget.

Strategy 5.1

Develop a financial plan that will ensure a sustainable budget by 2025



Objectives:

- 💧 Ensure the financial plan is based on Industry Standards, conservative assumptions, and required reserves
- 💧 Maintain and extend the Cost of Service Study framework to annually capture the true running cost of service
- 💧 Establish financial policies which support the development of a sustainable budget

Strategy 5.2

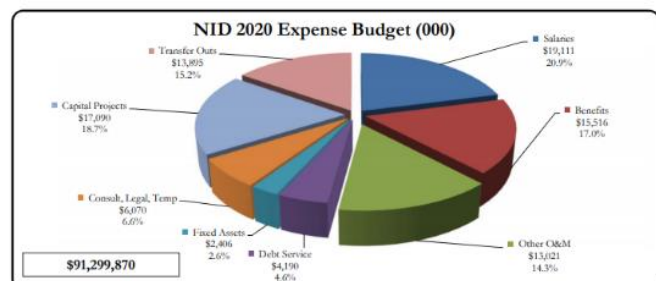
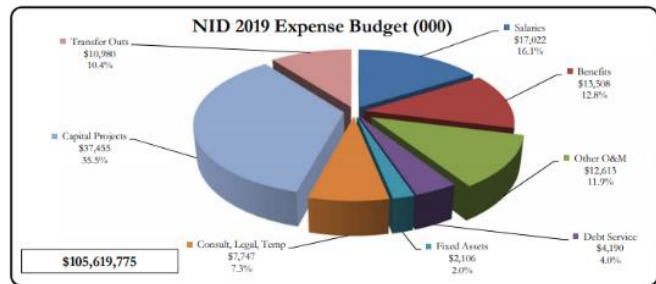
Provide an Annual Year-end review financial report.

Objectives:

- 💧 Review the necessary reserve levels and policy requirements
- 💧 Report out on financial efficiencies
- 💧 Maintain Review financial program accomplishments and reporting timeframes

Nevada Irrigation District
Fiscal Year 2020
Operating & Non Operating Budget

Adopted: 10-23-2019

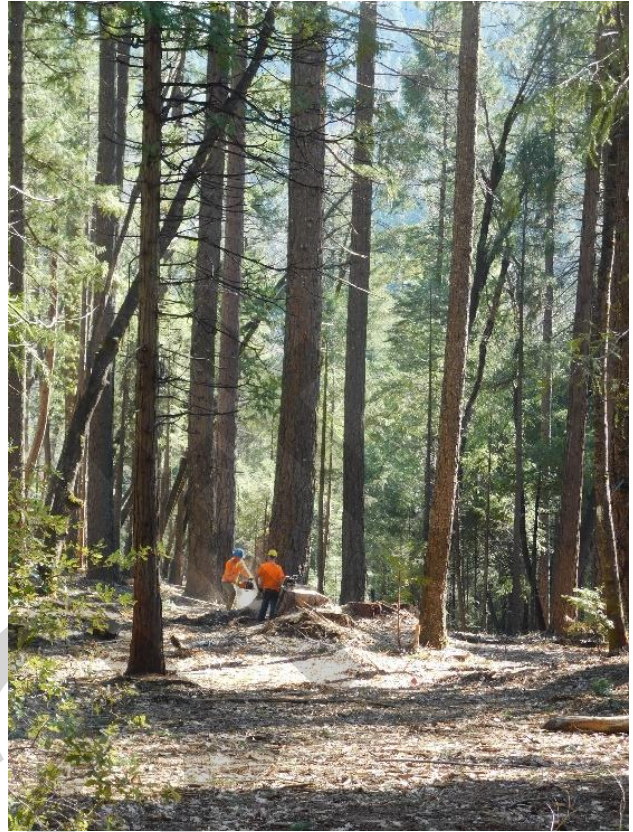


Strategy 5.3

Actively develop and expand other revenue sources.

Objectives:

- 💧 Expand timber and aggregate sales
- 💧 Increase grant activity
- 💧 Develop short term bulk water sales



Strategy 5.4

Continually review expense controls within the District's financial program.



Objectives:

- 💧 Maintain the Districts' existing service levels
- 💧 Maintain an ongoing review of expense control levels consistent with peer agencies
- 💧 Annually review all consulting services agreements to develop a better understanding of market trends

Financial Health

Key Performance Indicators

Key Performance Indicator	FY21 Target	FY22 Target
Sustainable Budget by 2025		
Annually ensure YOY reserve levels of increase by 20% of reserve policy		
Ensure the adopted rate increase is within 90% of the annual financial forecast based on Cost of service recommendation		
Collect and develop all current financial policies in a common policy set		
Annual Year-End Review Financial Report		
Complete the Enterprise Resource Program migration by June 2021		
Completion of financial reporting on schedule		
Completion of bank conversion platform by 1st quarter 2021		
Maintain auditor adjustments below 20		
Clear all auditor findings by fiscal year-end 2021		
Develop and Expand Revenue Sources		
Increase timber and aggregate sales over and above August CPI		
Submit 5 grant applications		
Establish environmental documents and delivery path by 2021		
Create partnership agreements for bulk water sales by 2023		
Continually Review expense controls withing the District's Financial Program		
Continue annual survey as a measure of customer service levels		
Discuss expense levels with no less than 3 peer agencies		
Annual comparison of NID's cost increases to consulting service agreements		

Sustainability and Reliability

Goal 6: Improve and protect the District's water supply, ensuring sustainability and reliability, given the uncertainty of climate change.

Strategy 6.1

Obtain/utilize downscale global climate change model and apply to the District

Objectives:

- Assess climate change science and develop scenarios that illustrate a range of potential impacts from key variables (temperature rise, sea-level rise, precipitation, snowpack, and runoff)
- Use the scenarios to identify infrastructure vulnerabilities and make cost-effective infrastructure investments, and operational changes, adaptable to a range of foreseeable conditions (i.e., “no regrets” investments)
- Educate the public and policymakers on District and industry climate change concerns and interests, participate in research, and advocate for reasonable legislation and regulatory changes



Strategy 6.2

Address the mandated allocations of water under the FERC re-licensure 2013



Objectives:

- Continue H&H modeling as conditions and requirements change
- Study feasibility of reopening 4E conditions due to ever evolving climate change and regulations

Strategy 6.3

Prioritize repair and replacement to promote efficiency, safety, and longevity of District infrastructure.

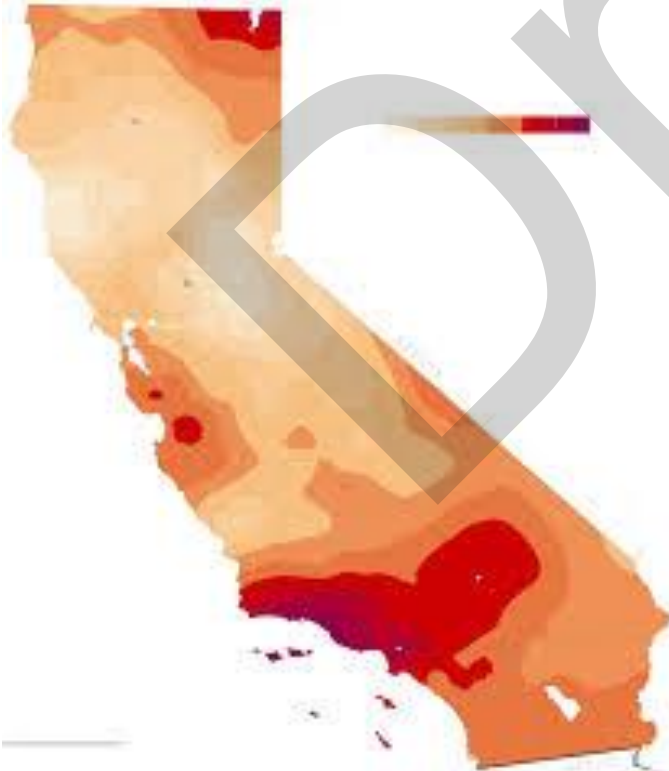
Objectives:

- Expand and refine the use of cost-effective methods and practices to determine the need for maintenance or replacement.
- Implement preventive, predictive, and corrective maintenance plans that improve safety, service reliability, and efficiency.



Strategy 6.4

Comply with state climate change regulations.



Objectives:

- Ensure that all system improvements and capital projects meet or surpass environmental and regulatory requirements, improve resilience to climate change, and incorporate sustainable practices.

Sustainability and Reliability

Key Performance Indicators

Key Performance Indicator	FY21 Target	FY22 Target
Global Climate Change Model		
Develop a contract with consultants with and analyze the downscale model		
Integrate model results into planning and water supply documents		
FERC Re-Licensure 2013		
Run models annually to assess changes: Study feasibility of reopening 4E conditions to address evolving climate change and regulation		
Hire a consultant that assisted the District in the 4E condition negotiations		
Prioritize Repair and Replacement		
Implement CMMS		
Prioritize repair and replacement to promote efficiency, safety, and longevity of District infrastructure KPI: Automate 5 gaging stations per year		
State Climate Change Regulations		



January 13, 2020

To: NID Board of Directors

cc: Remleh Scherzinger, NID General Manager

Kris Stepanian, NID Board Secretary

Dear NID Board Members,

Thank you for giving me the opportunity to provide comments about the NID strategic plan. As I mentioned at the January 8 Board meeting, I believe strategic planning when done well is directly correlated to organizational success. I appreciate the significant time, thought, and effort that have gone into the process to date. I also commend your next step of having a conversation between the Board and NID senior managers to define measurable goals and actions. In this letter, I am providing additional perspective and suggestions regarding your strategic planning process.

I would start by saying that the quality of strategic planning outcomes is dependent on the quality of the input. All strategic planning models include an environmental scan. This is an analysis and discussion of the internal and external environments in which the organization operates. Data and information serve as an essential foundation for discussion and this is augmented by Board and NID management expertise about the most critical issues facing the organization.

My initial observation about the strategic planning process to date is that it is founded upon the strategic plan that was developed in 2015 for fiscal years 2016 through 2018. Clearly, a lot has happened since then. In looking at the goals for the current plan and the goals in the 2016-2018 plan, the first four are almost identical. In reviewing the process, it does not appear that current data and information was used in forming goals. It also appears that NID management provided the additional two goals from which actions were developed by the Board, NID senior management and the general public.

To underscore the importance of data serving as a foundation for the planning process, I am providing you with some areas where data and information could enrich future conversations. These are areas typically considered in an organization of NID's size, complexity, budget, and mission.

Internal Perspective:

- Finance:
 - Revenue and expense summaries broken down by program area for the past 10 years.
 - Identification of expense/revenue trends that create risk for the organization.
 - Analysis of deferred maintenance. Expenditures for the past 5 years and projection of needs for the next 3 to 5 years, and beyond if appropriate.
 - Analysis of reserves including 5 to 10 years of history and future year targets, if available. This should be broken down by program area if this is how administration records this.
 - Rate analysis, including history for 5 to 10 years, annual percentage increases and competitor pricing comparison.
 - Specific financial risk areas as identified by NID management.
- Technology:
 - Age, efficiency and effectiveness of current technology systems and infrastructure.
 - Technology investment requirements in the coming 3 to 5 years.
 - Existing manual processes that could/should be automated.

- Because NID has such a large and complicated infrastructure, specific information about projected infrastructure requirements in each program area, infrastructure vulnerabilities, and existing regulatory and/or compliance issues should be specifically described.
- Human Resources:
 - Employee satisfaction trends.
 - Turnover trends and how this compares to the national and/or regional averages.
 - Time to recruit. This information reflects the time it takes from the moment a position is vacated until the time a new employee is in place. Excessive time in this area can significantly impact organizational productivity and may be indicative of other issues.
 - Workforce demographics and retirement risk areas.
 - Competitiveness of the compensation and benefits program compared to other like organizations.
- Customer satisfaction metrics where they exist. What does this tell us about the internal operation and/or relationships with customers?

External Perspective:

- Summary of overarching water issues within California that create vulnerabilities for NID. What are the important trends that are likely to impact the organization?
- Summary of the regulatory environment. What existing and/or pending regulations are likely to impact NID operations and/or budget in the future?
- Summary of environmental issues that will impact NID's business and/or customers.
- General socio-economic issues that may impact NID e.g. rise or decline of average household income in the service territory (e.g. ability to pay higher rates).
- Trends in the agricultural community (e.g. growth/decline, trends in operational size, etc.).
- Projections for population growth in the service territory and where this growth is likely to occur (e.g. treated versus raw water, south Placer County versus Nevada County, etc.).

Information about all of these areas need not be collected. What is presented should reflect those issues the Board believes are most important to the organization moving forward. Based on my experience with NID and with common business practices, I believe NID has a lot of this type of information though it may need to be pulled together for a meaningful conversation.

From a discussion of these and other areas of importance, the key strategic issues for the organization are identified. Strategic issues are broad concerns that have major impact on the mission, course, and direction of the business. They are critical challenges that have strategic, long-term performance and operational significance. In an organization of NID's size and complexity, it would be typical to identify three or four strategic issues as they tend to be complex, multi-faceted issues that require significant organizational time to address. Strategic plans often fail because organizations take on too many issues making it impossible for management to accomplish this work within a reasonable time while also managing existing responsibilities.

From the strategic issues, goals affiliated with each issue are identified. Goals are defined as a specific target, an end result or a desired state. Goals are framed in a manner that supports measureable outcomes. These measures are typically quantitative in nature so that you can determine whether the goal was achieved.

The current goals in the plan are problematic in the following ways:

- The first four goals are essentially the same as those in the 2016-18 strategic plan.
- The first goal is not a goal but a statement.
- Some of the goals are actions, not goals.

- The language in some of the goals is vague and open to interpretation. For example, goal three references local control of "our community's most valuable assets." Presumably this means our community's water resources, but it could be any number of things.

As mentioned, it is critical that goals have a measurable outcome so that you know a goal has been achieved. The measurement is quantitative wherever possible. Without measurement actions by themselves simply reflect work that can be checked off a list.

In summary, strategic planning is a process of learning and conversing deeply about the organization with leaders who can appreciate the complexity of the challenges facing them and identify the most important issues to address. Once this important work is done an action plan and implementation process is developed to ensure progress is made on the plan.

I hope these comments are helpful as you move forward with your next steps in your strategic planning process. I wish you the best in this important work and look forward to seeing the outcomes. If I can support your effort in any way, please let me know.

Sincerely,

A handwritten signature in black ink that reads "Karen Hull". The signature is written in a cursive, flowing style.

Karen Hull

ORIGINAL CHART OF GOALS AND ACTIONS

Strategic Goal 1

The continued health of the District is dependent upon the proactive management of our physical, natural, financial, and human resources.

Action Items

- Enhance succession planning
- Develop a recruitment and retention program
- Capital planning for reliability and redundancy

Strategic Goal 2

Actively seek collaborative and responsive relationships with our local and regional communities to conserve, protect and enhance District resources.

Action Items

- Develop a Watershed Assessment of natural resources within the District
- Develop resource maintenance plans for District resources
- Collaborate with our agriculture community to enhance fire protection, wildlife habitat, and food security
- Collaborate with land-use planners in investigating water resource storage options
- Engage with supportive partners to manage and enhancement our natural resources
- Work with schools Community's and conservation

Strategic Goal 3

Develop and manage our resources for local control of our community's most valuable assets.

Action Items

- Protect and defend the District's water rights
- Continue the Community Investment Program
- Protect our environment and facilities developing the necessary plans to protect and enhance them
- Acquire assets that support or enhance the District's business lines
- Ensure coordinated, consistent, and integrated planning documents

Strategic Goal 4

Integrate established practices and technologies that enhance efficiency and reliability throughout the District.

Action Items

- Engage in innovations that develop best management practices
- Reduce herbicide use to the extent possible
- Develop necessary applications to allow the integration of SCADA and administrative applications from a centralized location
- Continue to enhance field operations
- Develop and enhance a sustainable and resilient communication network for all operations of the District

Strategic Goal 5

Maintain a financially healthy District by having a sustainable and resilient budget.

Action Items

- Set a time for a sustainable budget to a 5-year period
- Set up a mechanism for a measurement and correction period, 6 & 12 months, use a 10% threshold as a benchmark
- If 10%+, use revenue / expense leverages
- Annual Year-End review and report, as well as the sustainability % to goal
- Remain flexible in property tax revenue spending
- Define Board Reserve Policies
- Actively increase other revenue sources i.e., grants, timber, water sales, and aggregate sales
- Review criteria in which the District prioritizes projects

Strategic Goal 6

Improve and protect the District's water supply, ensuring sustainability and reliability, given the uncertainty of climate change.

Action Items

- Obtain/utilize downscale global climate change model and apply to the District
- Address the mandated allocations of water under the FERC re-licensure 2013
- Prioritize the safety and longevity of the District infrastructure
- Achieve and surpass the state-mandated climate action plan targets

REDLINED CHART OF GOALS AND ACTIONS

Strategic Goal 1

The continued health of the District is dependent upon the proactive management of our physical, natural, financial, and human resources.

Action Items

- Enhance ~~succession planning~~ and develop a recruitment and retention program
- ~~Develop a recruitment and retention program~~
- Develop a Capital Planning program to address ~~for~~ reliability and redundancy
- Review criteria in which the District prioritizes projects

Strategic Goal 2

Actively seek collaborative and responsive relationships with our local and regional communities to conserve, protect and enhance District resources.

Action Items

- Collaborate with our agriculture community to enhance fire protection, wildlife habitat, and food security
- ~~Develop a Watershed Assessment of natural resources within the District~~
- ~~Develop resource maintenance plans for District resources~~
- Collaborate with land-use planners in investigating water resource storage options
- Engage with supportive partners to manage and enhance ~~ment~~ our natural resources
- Work with schools ~~and re-establish~~ to expand the ~~NID's~~ Community's Ambassador Program resource and conservation awareness

Strategic Goal 3

Develop and manage our resources for local control of our community's most valuable assets.

Action Items

- Protect and defend the District's water rights
- ~~Expand funding for Continue~~ the Community Investment Program
- Protect our ~~watersheds~~ environment and facilities by developing the necessary plans to protect and enhance them
- Acquire assets that support or enhance the District's business lines
- Ensure coordinated, consistent, and integrated planning documents

Strategic Goal 4

Integrate established practices and technologies that enhance efficiency and reliability throughout the District.

Action Items

- Engage in innovations that develop best management practices
- Reduce herbicide use to the extent possible
- Develop necessary applications to allow ~~the~~ integration viewing of SCADA and administrative software applications from a centralized location
- Continue ~~to look for~~ opportunities to enhance and support field operations
- Develop and enhance a sustainable and resilient communication network for all operations of the District

Strategic Goal 5

Maintain a financially healthy District by having a sustainable and resilient budget.

Action Items

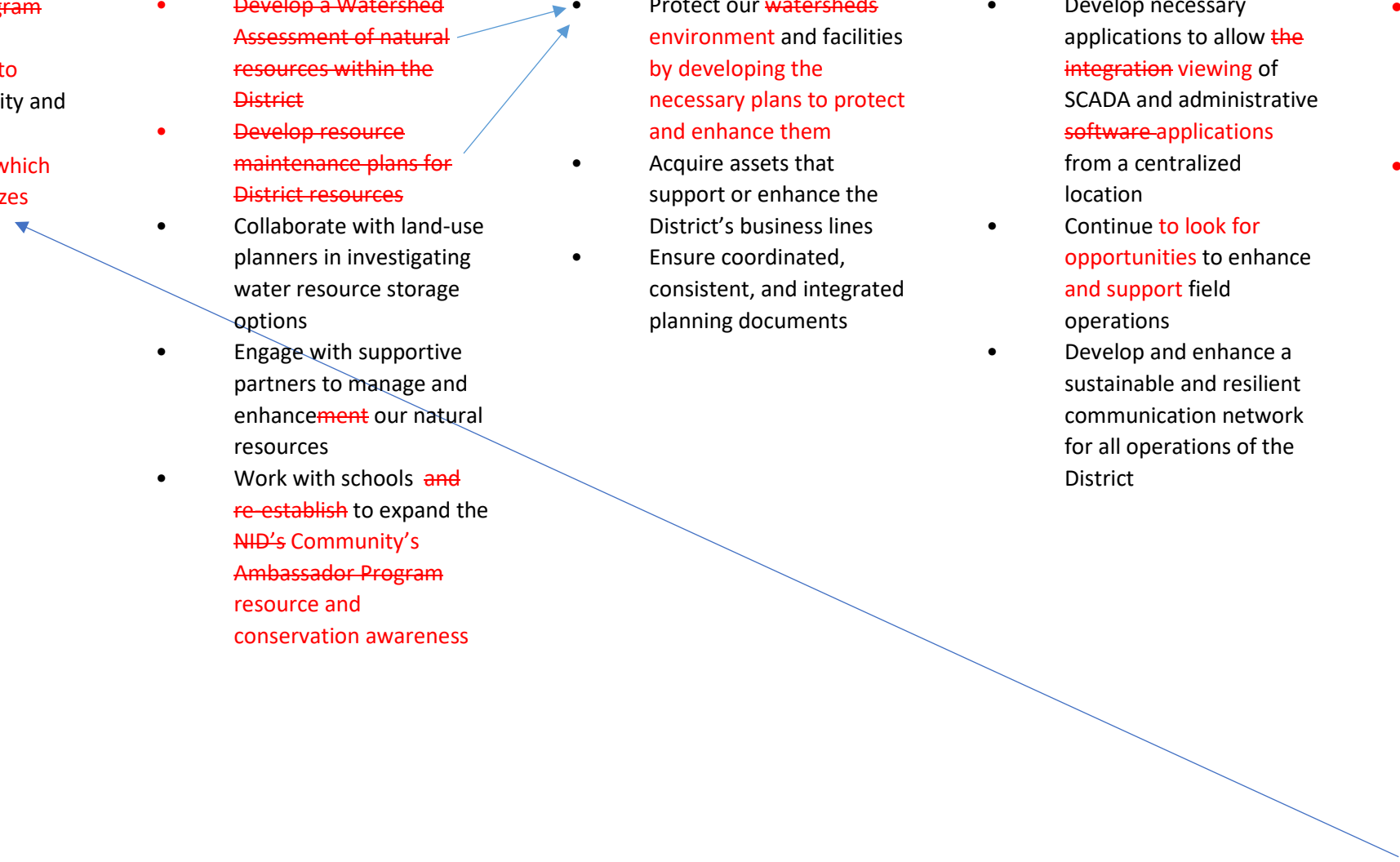
- ~~Set a time for~~ Develop a financial plan that will ensure a sustainable budget ~~by 2025 to a 5-year period~~
- ~~Set up a mechanism for a measurement and correction period, 6 & 12 months, use a 10%+ threshold as a benchmark if 10%+. Use revenue/expense leverages mechanism to correct~~
- ~~Define Board Reserve Policies~~ Establish financial policies which support the development of a sustainable budget
- Annual Year-End review and report and our sustainability % to goal
- ~~Remain flexible in property tax revenue spending~~
- Actively increase other revenue sources i.e., grants, timber, ~~other assets,~~ water sales, and aggregate sales
- ~~Explore out-of-District water sales~~
- ~~Review criteria in which the District prioritizes projects~~

Strategic Goal 6

Improve and protect the District's water supply, ensuring sustainability and reliability, given the uncertainty of climate change.

Action Items

- Obtain/utilize downscale global climate change model and apply to the District
- Address the mandated allocations of water under the FERC re-licensure 2013
- Prioritize the safety and longevity of the District infrastructure
- Achieve and surpass the state-mandated climate action plan targets



REVISED CHART OF GOALS AND ACTIONS

Strategic Goal 1

The continued health of the District is dependent upon the proactive management of our physical, natural, financial, and human resources.

Action Items

- 1.1** Enhance and develop a recruitment and retention program
- 1.2** Develop a Capital Planning program to address reliability and redundancy
- 1.3** Review criteria in which the District prioritizes projects

Strategic Goal 2

Actively seek collaborative and responsive relationships with our local and regional communities to conserve, protect and enhance District resources.

Action Items

- 2.1** Collaborate with our agriculture community to enhance fire protection, wildlife habitat, and food security
- 2.2** Collaborate with land-use planners in investigating water resource storage options
- 2.3** Engage with supportive partners to manage and enhance our natural resources
- 2.4** Work with schools to expand the Community's resource and conservation awareness

Strategic Goal 3

Develop and manage our resources for local control of our community's most valuable assets.

Action Items

- 3.1** Protect and defend the District's water rights
- 3.2** Expand funding for the Community Investment Program
- 3.3** Protect our environment and facilities by developing the necessary plans to protect and enhance them
- 3.4** Acquire assets that support or enhance the District's business lines
- 3.5** Ensure coordinated, consistent, and integrated planning documents

Strategic Goal 4

Integrate established practices and technologies that enhance efficiency and reliability throughout the District.

Action Items

- 4.1** Engage in innovations that develop best management practices
- 4.2** Reduce herbicide use to the extent possible
- 4.3** Develop necessary applications to allow viewing of SCADA and administrative applications from a centralized location
- 4.4** Continue to look for opportunities to enhance and support field operations
- 4.5** Develop and enhance a sustainable and resilient communication network for all operations of the District

Strategic Goal 5

Maintain a financially healthy District by having a sustainable and resilient budget.

Action Items

- 5.1** Develop a financial plan that will ensure a sustainable budget by 2025
- 5.2** Establish financial policies which support the development of a sustainable budget
- 5.3** Annual Year-End review and report, as well as the sustainability % to goal
- 5.4** Actively increase other revenue sources i.e., grants, timber, water sales, and aggregate sales

Strategic Goal 6

Improve and protect the District's water supply, ensuring sustainability and reliability, given the uncertainty of climate change.

Action Items

- 6.1** Obtain/utilize downscale global climate change model and apply to the District
- 6.2** Address the mandated allocations of water under the FERC re-licensure 2013
- 6.3** Prioritize the safety and longevity of the District infrastructure
- 6.4** Achieve and surpass the state-mandated climate action plan targets