



# EL TORO WATER DISTRICT 2017 STRATEGIC PLAN



Prepared by: Rauch Communication Consultants Inc.

## **BOARD OF DIRECTORS**

M. Scott Goldman, Board President  
William H. Kahn, Vice President  
Mark Monin, Board Member  
Frederick J. Adjarian, Board Member  
Jose Vergara, Board Member

## **CHIEF EXECUTIVE OFFICER**

Robert R. Hill, General Manager  
Dennis P. Cafferty, Assistant General Manager/District Engineer

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Jose Vergara, Board Member

## **MANAGEMENT**

Robert R. Hill, General Manager

Dennis P. Cafferty, Assistant General Manager/District Engineer

## **GENERAL COUNSEL**

Gil Granito

## **CONSULTANT**

Martin Rauch, Managing Consultant

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## From the President of the Board and General Manager

**Strategic Direction for the Future: Continuing to Raise the Bar Through Financial Stability, High Quality Customer Service, Cost-Effectiveness, Operational Excellence, and Proactive Planning.** El Toro Water District (ETWD) is a mature organization with a long-history of operational, customer service, and financial excellence. This strategic plan provides for a continuation of the District’s focus on long-term planning and continuous improvement. Some of the long-standing areas of focus for the District that are continued in this plan, include:

**Financially Prudent and Stable.** The District maintains a balanced budget, operates on a pay-as-you-go basis. It also maintains strong reserves to cover operating and emergency needs, the cost of employee retirements, as well as to upgrade and replace capital facilities.

**Cost Control.** The district regularly seeks out opportunities for cost savings and implements them.

**Excellent Customer Service.** Putting the customer first is a long-standing priority for the District. ETWD prides itself on recognizing and serving customer needs promptly and thoroughly. This customer focus permeates all aspects of the District, from direct one-on-one service, to the quality of its services, to its extensive communication programs, transparency, work with its Community Advisory Group (CAG) and every other aspect of the organization.

**Proactive Planning.** The District undertakes proactive planning for virtually all aspects of its finances, operations, capital facilities, and personnel. From succession planning, to long-range financial planning, to emergency preparedness, capital facilities planning and more, we are always looking to the future and preparing.

**Collaborative Regional Partner.** One key to the District’s success is its extensive collaborative partnerships. We have long fostered partnering between the District and local/regional water agencies, environmental and regulatory groups, local municipalities, community associations, and the residential and commercial customers that we serve. This opens many new opportunities, provides economies of scale, and cost-sharing.



M. Scott Goldman  
Board President



Robert R. Hill  
General Manager

## DEVELOPING THE STRATEGIC PLAN

Planning is strategic when it helps move an organization forward from its current situation to its desired future, and anticipates new challenges and conditions.

### About Strategic Planning

The Strategic Plan is El Toro Water District's (ETWD's) highest level planning document, and represents the Board's direction for the future. It is developed through a step-by-step process that includes understanding the District's situation and operating environment, while identifying the highest priority issues, strengths and weaknesses, as well as its opportunities and threats.

The Strategic Plan defines the agency's mission and vision, while providing a framework of goals and objectives that becomes a basis for all decision-making.

The Strategic Plan is also a practical working tool that provides clear direction to the staff about the Board's goals and objectives. The District staff will develop and implement a practical work plan or implementation plan to guide them in carrying out the Board policy-level goals and objectives.

Given its importance, the Strategic Plan should be referred to regularly as a guide to agency actions during the period covered.

To keep it fresh, it should be updated periodically as new factors enter the picture, and rolled forward so that there is always a multi-year guide to the future.

# How the Strategic Plan was Developed

The strategic planning process was carried out in the series of steps outlined below.

## INITIAL RESEARCH

**Research.** The consultant began by holding discussions with the General Manager, and by reviewing background documents, including agendas and minutes, documents and reports, the budget, and other pertinent information.

**Confidential Interviews.** The research phase was followed by a series of confidential interviews carried out by the consultant. The goal was for the interviewees to candidly express their interests and perspectives on the District. Interviewees included the Board of Directors, General Manager and Assistant General Manager/District Engineer, and General Counsel.

## PLANNING WORKSHOPS

The Board of Directors, senior management staff and general counsel participated in two strategic planning workshops facilitated by Rauch Communication Consultants.

**The first workshop.** During the first workshop, the participants reviewed the results of the interviews, undertook exercises to examine the current state of the District, and identified critical issues and opportunities expected to confront the District in the future. They also undertook initial development of vision and values statements.

**The second workshop.** During the second workshop, the group reviewed the progress to-date and provided additional direction on the mission, vision, goals and objectives.

### Additional Information from the Planning Process

During the planning process, a number of exercises and discussions were undertaken to review.

They provide useful additional information and ideas.

Expectations of the Participants.

Summary of the Interviews.

Current questions, challenges and open issues needing direction.

What is Coming Down the Road: Challenges and Opportunities.

# MISSION, VISION, AND VALUES

## Mission

A mission statement describes the reason an organization or program exists, services it exists to supply, who it serves, and how it measures excellence. The District's existing mission statement is reproduced below.

*"The mission of the El Toro Water District is to provide its customers a safe, adequate, and reliable supply of water and wastewater service in an environmentally and economically responsible manner."*

## Vision

A clear vision provides a guide for an agency. The clearer the vision, the easier it is for the Board, Staff and stakeholders to picture what the Board is trying to achieve and then achieve it. The following is the Vision of El Toro Water District:

*Recognizing that the fundamental purpose for the District is to serve its customers, El Toro Water District will:*

- *Systematically increase the region's water supply independence through development of a cost-effective balance of conservation, new supplies, reuse, and locally controlled storage.*
- *Continually improve in the responsiveness to customer needs and in the services that we deliver to them, while continuing to develop and support our excellent and productive workforce.*
- *Continue to work as a trusted and collaborative partner throughout the region.*

## District Values

Effective organizations identify and develop clear shared values, beliefs, priorities and direction so that every employee understands and can contribute by implementing their work in line with the organization's values. The values can be written as simple statements or posed as questions to help make difficult decisions.

### FORMULATED AS STATEMENTS

#### **Focus on Customers**

*We exist only to serve our customers, who must be considered first and foremost in all decisions or actions of the District.*

#### **Act with Transparency, Accountability, and Integrity**

*We strive to earn and maintain our customers' trust by maintaining high ethical standards.*

#### **Be Environmentally Responsible**

*We recognize that serving our customers well means being responsible stewards of the environment.*

#### **Support and Promote Staff Excellence**

*Our work depends on maintaining a well-trained, motivated, and professional staff.*

#### **Be a Collaborative Partner**

*Working productively with our neighbors provides mutual benefits.*

### FORMULATED AS QUESTIONS

***Is it Customer Focused?*** *Does it result in our customers' needs being placed first and foremost?*

***Does it Enhance Transparency, Accountability and Integrity?*** *Is it in line with our high ethical standards?*

***Is it Environmentally Responsible?*** *Does this allow us to be responsible stewards of the environment?*

***Does it Promote Staff Excellence?*** *Does it allow us to ensure our staff remains well-trained, motivated, and professional?*

***Does it Support our Value of Being a Collaborative Partner?*** *Does it result in mutual benefits for partners, including ETWD?*



# GOALS, OBJECTIVES AND IMPLEMENTATION APPROACH

## About Goals and Objectives

The goals and objectives are presented on the following pages. They, along with the mission, vision, and values represent the core strategic direction provided in this plan.

**Goals** are intentions that are directed at meeting the mission of the District. They describe broad, primary areas of management, operations, and planning that need to be addressed to ensure optimum progress. Goals are not connected to timelines.

**Objectives** are more specific directions that expand upon and refine the goals. They are set by the Board. There may be multiple objectives for each goal. They are SMART: Specific, Measurable, Attainable, Related to Goals, and Time Certain.

**Focus of the Plan is Key Areas of Change.** The Board of Directors and senior staff of El Toro Water District determined that this strategic plan should focus only on key areas where there is change or a desire for additional clarity of direction; and that during a future iteration of this plan there may be a decision to make it comprehensive.

**Implementation.** A summary of Staff's approach to implementing the plan is shown under each objective.

**Timing.** Staff will implement the goals and objectives as appropriate and report on all of them annually early in each budget season.



## Summary Timing and Status of the Goals and Objectives.

#	GOALS AND OBJECTIVES	TIMING	STATUS
<b>GOAL 1. WATER SUPPLY.</b> Decrease imported water supply dependence and increase reliability.			
1.1	Develop a long-range water resources plan to increase the diversity, reliability, and sustainability of the water supply.	December 2018	
1.2	Encourage continued reduction in demands through conservation.	Ongoing	
1.3	Monitor and provide an update on current and long-term water supply reliability.	Annually and as appropriate	
<b>GOAL 2. FINANCE.</b> Prudently and transparently managed for long-term stability and affordability.			
2.1	When considering funding for programs, projects, or facilities, utilize a broad-based customer focus.	Ongoing	
<b>GOAL 3. INSTITUTIONAL RELATIONSHIPS.</b> Collaboration with neighbors and peer agencies in region.			
3.1	Periodically consider where it can most beneficially be engaged in regional collaborative opportunities.	Ongoing	
3.2	Monitor Municipal Water District of Orange County (MWDOC) activities and provide input as appropriate.	Ongoing	
3.3	Evaluate district's operational relationship and participation in South Orange County Wastewater Authority (SOCWA); consider changes to promote operational and administrative efficiencies.	Ongoing	
<b>GOAL 4. PERSONNEL.</b> Develop, train, support, and retain a high-quality workforce.			
4.1	Ensure effective staff succession and development.	Ongoing	
4.2	Evaluate and optimize retirement investments.	Ongoing or every 5 years	
<b>GOAL 5. BOARD OF DIRECTORS.</b> Self-assess norms and procedures to maintain effectiveness.			
5.1	Self-assess Board effectiveness and take any appropriate actions.	Annually in Jan/Feb	
<b>GOAL 6. OPERATIONS.</b> Provide safe, cost-effective, and reliable operations; modernize as appropriate.			
6.1	Update District policies for contracting and purchasing.	By April 2018	
6.2	Consider opportunities to increase energy efficiency and improve environmental stewardship.	Ongoing	

**GOAL 1. WATER SUPPLY.** Recognizing the impacts of climate change, growing environmental needs, and increased competition for limited water supplies statewide, the District will continue working to cost-effectively decrease imported water supply dependence and increase reliability.

- 1.1 Develop a long-range water resources plan to increase the diversity, reliability and sustainability of the District’s water supplies.** The plan will provide principles for making decisions that balance competing factors such as cost, affordability, environmental impact, reliability, regulations, contribution to water supply independence, customer benefit, etc. The decision-making guiding principles are meant to be used flexibly and updated as appropriate for various projects over time.

IMPLEMENTATION: Staff will develop a long-range Water Resources Plan that incorporates a variety of information, including: projected long-term customer demands, conservation, recycled water expansion opportunities (local and regional), Baker baseloaded capacity, current projects under review such as water banking opportunities for emergencies, and information from the Orange County Water Reliability Study. (December 2018)

- 1.2 Encourage continued reduction in demands through conservation.**

IMPLEMENTATION: The District has adopted and implemented a comprehensive conservation program that has substantially reduced water use. Continued implementation and updates to this plan over time will ensure that conservation remains an important contributor to water supply sustainability. (Ongoing)

- 1.3 Monitor and provide an update on current and long-term water supply reliability.** Consider trends and projections on reliability; threats; costs, including from Metropolitan Water District of Southern California (MWD), etc.

IMPLEMENTATION: (Annually and as appropriate)

**Goal 2. FINANCE.** As a customer-focused organization, our finances must always be prudently and transparently managed for long-term financial stability and affordability.

- 2.1 When considering funding for programs, projects, or facilities, utilize a broad-based customer focus.** In making recommendations that impact costs, the staff and Board will identify and consider a wide range of cost and benefit tradeoffs, including: impacts on affordability for essential needs, environmental impacts, effect on service quality and reliability, equitably serving customers across geographical and demographic areas, and other factors as appropriate.

IMPLEMENTATION: A broad-based customer focus will be integrated into project planning documents and recommendations. (Ongoing)

**Goal 3. INSTITUTIONAL RELATIONSHIPS.** The District will continue to focus on being an active and collaborative partner with its neighbors and peer agencies around the region.

**3.1 The District will periodically consider where it can most beneficially be engaged in regional collaborative opportunities.** At the same time, it will also determine where it should just monitor issues in order to utilize its limited resources wisely.

IMPLEMENTATION: Both the staff and Board will monitor engagement across the region and, as appropriate, identify areas to consider increased or decreased engagement. (Ongoing)

**3.2 The District will monitor Municipal Water District of Orange County (MWDOC) activities and provide input as appropriate.**

IMPLEMENTATION: Same as implementation for 3.1. (Ongoing)

**3.3 The District will evaluate its operational relationship and participation in South Orange County Wastewater Authority (SOCWA), and consider changes to promote operational and administrative efficiencies.**

IMPLEMENTATION: Same as implementation for 3.1. (Ongoing)

**Goal 4. PERSONNEL.** Our employees are the most critical assets in achieving the District's goal of serving our customers with excellence. The District will continue to prioritize excellence in hiring and focus on developing, training, supporting, and retaining a high-quality workforce.

**4.1 Ensure Effective Staff Succession and Development.** Staff will continue to ensure effective recruitment, retention, and succession planning, and adapt its management practices to meet the evolving needs of employees.

IMPLEMENTATION: (Ongoing)

**4.2 Evaluate and optimize retirement investments.** Utilize a third-party to periodically evaluate the performance of the underlying employee retirement plan investments as well as the current and potential providers of retirement investment services.

IMPLEMENTATION: An evaluation is currently underway and will be undertaken as needed or at minimum every five years. Adjustments to the benefits will be made if appropriate. (Ongoing or every five years)

**Goal 5. BOARD OF DIRECTORS.** The board will self-assess its norms and procedures to maintain its effectiveness and efficiency.

- 5.1 Annually self-assess Board effectiveness and take any appropriate actions.** As part of this effort, determine if changes should be made in agendas, meeting times, meeting structure and content, committees, the relationship between Board members and between the Board and General Manager, and any other relevant topic.

IMPLEMENTATION: The President of the Board will initiate a Board review annually near the beginning of the calendar year on any Board-related topic, with the goal of optimizing Board effectiveness. Examples of potential topics include: committees, the agenda packet, number and timing of meetings per month, enhancing deliberation, and incorporating additional rules of order into the meeting process. This would be conducted in a workshop format and include an opportunity to openly discuss District issues beyond the Board itself. (Annually in January/February)

**Goal 6. OPERATIONS.** Provide safe, cost-effective, reliable operations, and research and implement updated operational methods and technologies as appropriate.

- 6.1 Update District policies for contracting and purchasing.** The goal is to document defensible, transparent, justifiable contracting and purchasing practices that are practical to implement.

IMPLEMENTATION: Staff will bring proposed, updated contracting and purchasing policies to the Board for review. (By April 2018)

- 6.2 Consider opportunities to increase energy efficiency and improve environmental stewardship.** Make all energy efficiency improvements that are cost-effective. The Board is open to projects and/or equipment updates and improvements that provide environmental benefits beyond strict cost considerations.

IMPLEMENTATION: Staff will be alert for cost-effective and practical opportunities to improve energy efficiency and environmental stewardship, and bring options to the Board for review. (Ongoing)

### Overseeing the Plan

To ensure that the Strategic Plan continues to be implemented and results achieved, the District plans to take the steps outlined below:

- Publish the Mission, Vision, Values, Goals, and Objectives in the newsletter and on the district website
- Incorporate the Mission, Vision, Values, Goals, and Objectives into the employee handbook, and/or orientation and training materials for new employees.
- Present the Strategic Plan to the entire staff so they are familiar with it and can better undertake their individual roles in fulfilling it.
- GM performance will be evaluated in part based on his implementation of the Strategic Plan Goals and Objectives.
- Staff will reference Strategic Plan items on Board meeting agendas as appropriate.
- The Board, with staff support, will review and update the Strategic Plan periodically and roll it forward.

# Appendix

## Expectations for the Strategic Planning Process

The first question asked in the first workshop was for each of the participants to share their initial expectations for the workshop by considering their own goals for the workshop, and what they hoped the outcome would be. The expectations are organized into topic headings below.

**Note:** the numbers in parenthesis indicate how many comments were made on that topic. E.G. BUILD CONSENSUS ON IMPORTANT ISSUES was commented on 7 times.

### **BUILD CONSENSUS ON IMPORTANT ISSUES (7)**

Gain consensus on important issues coming up in the next several years.

Identify our priorities and reality check them.

Identify goals and objectives to stay on track.

Foster a good discussion and hear from each other.

Team building and hear from others.

### **RELATIONSHIPS WITH STAFF (3)**

#### **WHERE DO WE GO NEXT? (2)**

Completed many projects, now what?

### **FUTURE INSTITUTIONAL RELATIONSHIPS (2)**

Consider institutional relationships in light of upcoming LAFCO MSR.

Determine how to deal with SOCWA moving forward (JPA Agreements, Representation, Cost Allocation and Management).

Identify how can we engage with neighbors more and more effectively.

### **BOARD AND STAFF ROLES AND RELATIONSHIPS**

#### **ROADMAP TO THE FUTURE**

Develop a roadmap to pave the way for new direction in a way that would be useful in the near term and to future directors and staff.

Think ahead and consider what actions may affect us - supply, technology, regulations, etc. -- so we can be prepared.

Conduct what-if exercises and scenarios, and provide clarity of direction.

#### **LOCAL WATER SUPPLY**

Consider more options.

Identify what is next with recycled water?

#### **SUCCESSION**



## Highest Priority Issues

Below are the initial priority issues for the coming years, identified during the first workshop of the strategic planning process. Priorities will be reviewed and finalized at the end of the process. The numbers in parenthesis at the end of each item represent “votes” by workshop participants with 1 being a highest-level priority, 2 a next-level priority, etc.

### FIRST-LEVEL PRIORITIES

**Water Supply – Be prepared for the next drought and increase water supply independence.**

Identify specific goals regarding how much water supply independence the District should develop from imported water. Also, identify specific goals for reliability under various scenarios, and the needed decision-making parameters that can be used to evaluate water supply opportunities as they become available and are identified. (1, 1, 1, 1, 2, 3)

**Update District policies for contracting and purchasing.** The goal is to develop a defensible, transparent, justifiable purchasing policy that is also practical, efficient, and understandable. (1, 1, 2, 3)

### SECOND-LEVEL PRIORITIES

**Clarify our institutional roles and relationships.** This includes a proactive participation in the upcoming MSR/SOI process, ensuring we are served effectively by SOCWA and that our role and level of effort in MWDOC is focused on only putting energy in areas where there is a return for our customers. (1, 2+, 2, 3)

**Develop processes, tools, or procedures to ensure the District meets its responsibility to serve customers first** by being efficient, controlling costs, maintaining affordability, and other actions. (2, 2, 2, 3, 3,)

### THIRD-LEVEL PRIORITIES

**Develop decision-making criteria for making significant decisions.** This will be used by both the Board and staff to consider relevant factors such as cost, environmental impact, reliability, regulations, contribution to water supply independence, customer benefit, etc. (2)

**Succession.** Ensure the District is prepared for succession of staff, especially the GM.



Prepared by:

