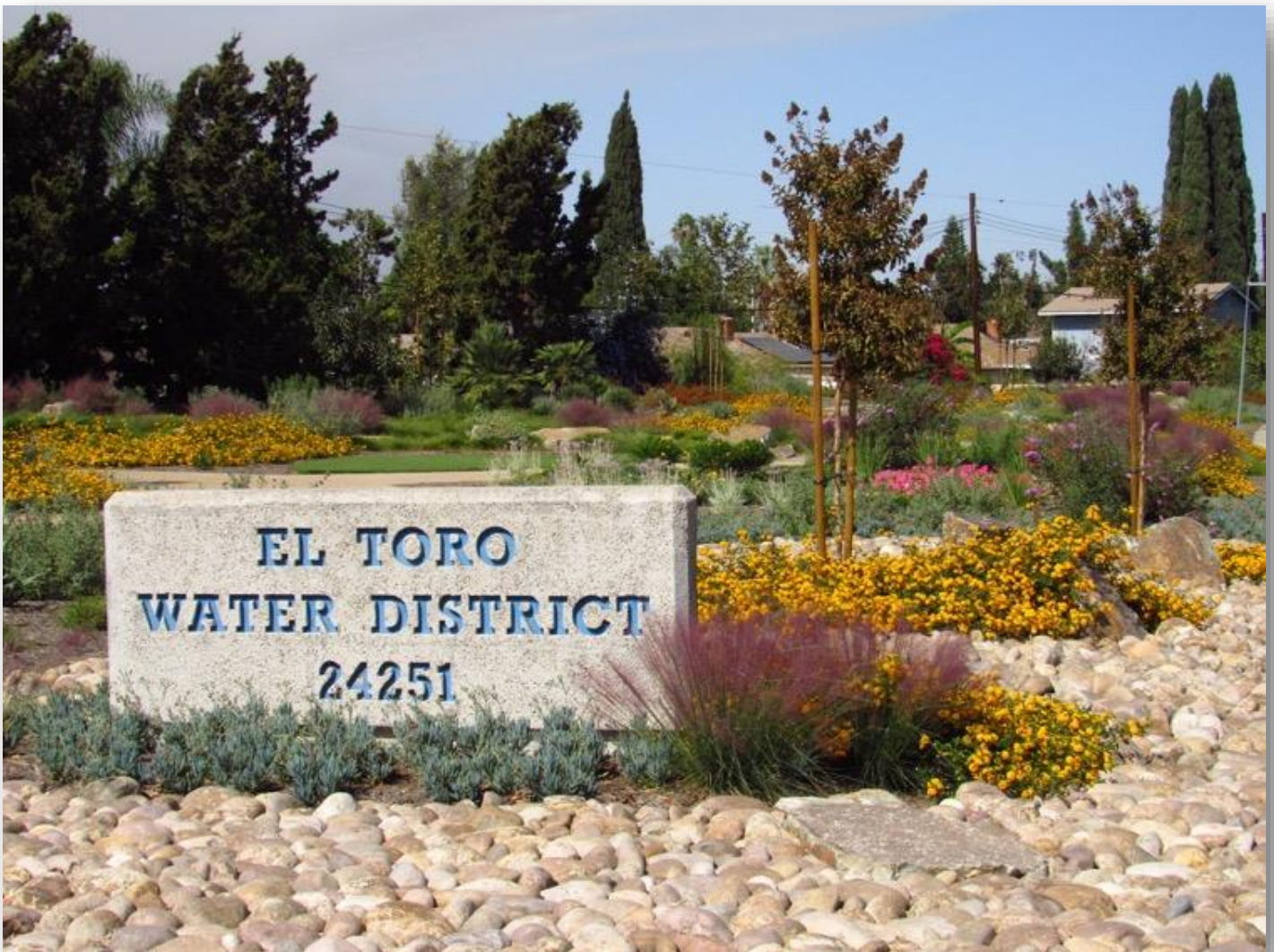


# 2020

El Toro Water District

## 5-YEAR STRATEGIC PLAN



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# MESSAGE FROM THE BOARD PRESIDENT

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On behalf of the Board of Directors (Board) of the El Toro Water District, welcome to our 2020-2024 Strategic Plan. The Board and staff have created this 5-Year Strategic Plan to guide the agency in providing vital water, sewer, and recycled water service to our community in the coming years.

There are significant broad trends shaping how these vital services are provided. El Toro Water District (ETWD) was formed in 1960. Some of our facilities are reaching the end of their useful life and must be refurbished or replaced. Another significant trend is the impending retirement of a significant number of our workforce. Insuring these skills are maintained/replaced in a competitive job market will be a challenge. We also must manage the rising costs of providing these services while maintaining reasonable rates and operating consistent with prudent environmental, social and governance (ESG) criteria.

These and other trends underpin the importance of thinking strategically about our future and ensuring we are positioned properly to continue our long and successful history of supporting our community with these services.

With a dedicated Board, a professional staff, and a supportive community, we look forward to achieving the strategic goals.



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Mark Monin, President

# MESSAGE FROM THE GENERAL MANAGER

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It is an exciting time in the water community. The Board has identified the District's strategic goals and staff are committed to achieving them. As General Manager, I have the privilege and responsibility to manage a talented and dedicated staff to bring this plan to life and meet our commitments to the community we serve.

Several significant challenges face the El Toro Water District (ETWD). These include defining and pursuing higher levels of water reliability. The droughts of recent years have demonstrated to all utilities that adequate dry year storage supplies are the difference between manageable cutbacks for residents/customers and cutbacks that affect the local landscape and economy. ETWD has opportunities to participate in a variety of potential regional water supply and storage projects including ocean desalination, storage in surface reservoirs, possible groundwater opportunities, additional recycled water and other regional projects. The District's Board will set this course and staff will pursue the appropriate opportunities.



Providing water, wastewater, and recycled water services is capital intensive. Rising costs of imported purchased water, water and wastewater treatment, energy, and labor place upward pressure on water and wastewater rates. Accordingly, operating the District's systems efficiently and effectively while maintaining outstanding customer service are key priorities in the coming years. Delivery of these services rely on having expert and dedicated staff. Maintaining internal skills and knowledge as the baby boomer generation retires will be a challenge for all utilities.

Water and wastewater technologies are constantly improving and infrastructure is constantly aging. A significant portion of the ETWD infrastructure will need to be modernized in the coming years. Managing the maintenance and replacement of facilities while maintaining high levels of service will be a significant engineering and financial challenge. New technologies can help reduce costs and improve service and will be considered as we move forward.

Finally, treating and moving water and wastewater is very energy intensive. Key questions regarding improving ETWD's energy reliability include how we can be more efficient and what role alternative sources like solar and wind should play and how new technologies like battery storage can provide value to our customers.

I am confident ETWD is up to the task and am proud to have the opportunity to manage this organization to meet these challenges

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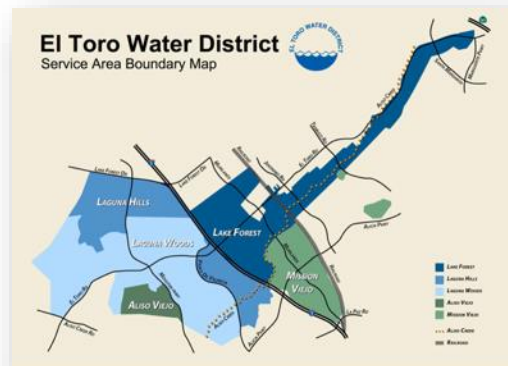
Dennis Cafferty PE, General Manager

# INTRODUCTION

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The El Toro Water District (ETWD) was formed in September 1960 as a special district under the laws applicable to California water districts. At the time of its inception, the total population of the ETWD was only 125 people, and it encompassed 4,750 acres. Of that, 750 acres were devoted to citrus groves and other agricultural uses.

ETWD is a constituent agency of the Municipal Water District of Orange County, which entitles the District to receive imported water from the Colorado River and Northern California through the Metropolitan Water District of Southern California.



ETWD operates a potable water distribution system, a 275 million gallon potable water reservoir and a water testing laboratory. On the wastewater side ETWD operates a sewer collection system, a Water Recycling treatment plant in Laguna Woods, and owns capacity in the SOCWA Regional Wastewater Treatment Plant and Aliso Creek Ocean Outfall. ETWD also operates a recycled water Tertiary Treatment Plant and recycled water distribution system. Today, ETWD is a fully integrated water, sewer and recycled water retail operation. By producing more recycled water, ETWD saves precious imported drinking water (potable) for household consumption and sanitary uses.

The Board and staff of ETWD have created this 5-Year Strategic Plan to guide the agency in the coming years. The Strategic Plan is designed to support the District's vision: "Maintaining excellence in water, sewer, and recycled water services". This vision will be accomplished by fulfilling the mission of ETWD to provide its customers safe, adequate, and reliable water, sewer, and recycled water services in an environmentally and economically responsible manner. Six goals have been established to accomplish the mission and achieve the vision:

**Goal A: Water, Sewer, and Recycled Water Reliability** - Provide the physical facilities and supply to meet the needs of the community

**Goal B: Water Quality and Environmental Compliance** - Ensure ETWD meets or surpasses all water quality and environmental requirements.

**Goal C: Finance** - Prudently and transparently manage for long-term stability and affordability

**Goal D: Organizational Effectiveness** - Maintain a high-quality workforce and systems to foster excellence

**Goal E: Relationships** - Communicate and collaborate with customers, stakeholders, neighbors, and peer agencies in the region to further the water and wastewater interests of our community

**Goal F: Operations** - Provide safe, cost-effective, and reliable operations while protecting the environment

This 5-year Strategic Plan establishes the framework for maintaining reliable and high-quality water, sewer, and recycled water service to the District's customers.



# THE STRATEGIC PLAN PROCESS

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The Strategic Plan was developed through a collaborative process with the Board of Directors, management and staff. The planning consultant interviewed each of the five Board members regarding their perspectives on the future challenges for ETWD. A Board workshop established the Vision, Mission, and Goals which were subsequently adopted at a regular meeting of the Board. Four workshop sessions were then held with the employees and supervisors to mine key strengths, weaknesses, opportunities, and challenges facing the agency. The management team then developed strategies, objectives, and key performance indicators for each of these goals. The draft plan was presented to the Board and, following revisions, finalized on November 9, 2020. The Strategic Plan will be funded through the budget process and progress tracked, reevaluating the plan regularly to adjust as conditions warrant.

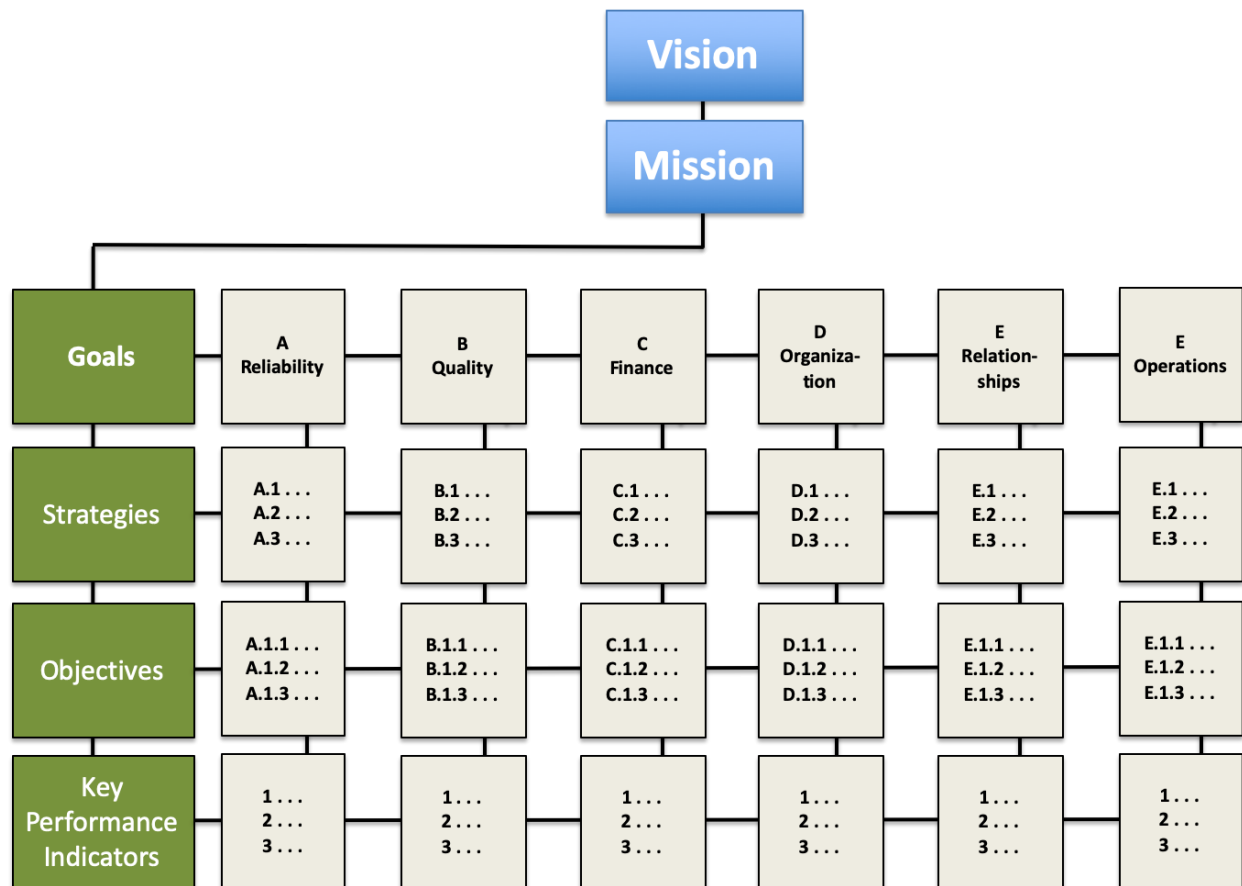
The Strategic Plan is structured in a supporting fashion: the Objectives support the Strategies and the Strategies support the Goals, which support the Mission and achievement of the Vision as depicted in Figure 1. Key performance indicators (KPIs) are used to track progress towards the goals.

**Figure 1: Hierarchy of Strategic Plan Elements**



The structural approach for goals, strategies, objectives and key performance indicators is depicted in Figure 2. Objectives are generally measurable and support the strategies which, in turn, support the goals, and so forth. Key Performance Indicators track general progress against the goals.

**Figure 2: Goals/Strategies/Objectives Nomenclature**



# EL TORO WATER DISTRICT VISION AND MISSION

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The District's Vision statement outlines what ETWD wants to be in the future. It reflects a legacy of service and establishes a high bar for continuing this service. The Vision statement represents the aspirations of ETWD as follows:

**“Maintaining excellence in water, sewer, and recycled water services.”**

ETWD has established the following Mission statement to describe the purpose of the organization and to frame decision making on behalf of the customers and communities ETWD serves:

**“The mission of the El Toro Water District is to provide its customers safe, adequate, and reliable water, sewer, and recycled water services in an environmentally and economically responsible manner”.**





# EL TORO WATER DISTRICT VALUES

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*"Our Values provide a basis for our every action."*

Dennis Cafferty, General Manager

The District's values are:

## *Be Environmentally and Fiscally Responsible*

ETWD recognizes that serving customers well means being responsible stewards of the environment and the resources entrusted to ETWD.



## *Focus on Customers*

ETWD exists to sustainably serve its customers, who must be considered first and foremost in all decisions or actions of the District.

## *Be a Collaborative Partner*

Collaboration provides mutual benefits for the community, neighboring agencies, employees, the Board, and other stakeholders.



## *Support and Promote Staff Excellence and Innovation*

ETWD's work depends on maintaining a well-trained, motivated, innovative, and professional staff.

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

ETWD strives to earn and maintain customer trust by maintaining high ethical standards.



# GOALS, STRATEGIES, AND OBJECTIVES

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ETWD's strategic planning focuses on six goals that provide direction for achieving the District's Vision and Mission. The goals are in no order of priority.



Key strategies and objectives to address each of these goals are described in the following section. Key Performance Indicators (KPIs) were also developed to make judgments about the effectiveness and efficiency of operations as well as to drive improvements, which successfully translate strategies into action. Key Performance Indicators will be reported as part of the annual budget process. A measurement system serves many vital purposes, including focusing attention on key issues, clarifying expectations, facilitating decision-making, and most importantly, learning and improving.

## GOAL A

### Water, Sewer, and Recycled Water Reliability

Provide the physical facilities and supply to meet the needs of the community.

ETWD will plan for and build the necessary facilities to meet the water, wastewater and recycled water needs of the community. The strategies below define the approach the organization will take to achieve the goal. Objectives are the measurable actions that track progress towards execution of the strategy.

#### Strategy A.1 Conduct planning to ensure long-term water infrastructure/demands are met.

- |                 |  |
|-----------------|--|
| Objective A.1.1 | Evaluate level and adequacy of emergency water supply reliability  |
| Objective A.1.2 | Evaluate opportunities to maintain or improve water system operations  |
| Objective A.1.3 | Complete the 2020 Urban Water Management Plan  |
| Objective A.1.4 | Continue Moulton Niguel collaboration regarding South County Pipeline turnout to facilitate supply for Baker Water Treatment Plant |
| Objective A.1.5 | Evaluate merits of a well in the Sespe formation   |
| Objective A.1.6 | Provide periodic Board reports on water consumption and water use efficiency   |



#### Strategy A.2 Expand use of recycled water as appropriate

- |                 |   |
|-----------------|---|
| Objective A.2.1 | Evaluate potential recycled water projects to determine cost effective options for a Phase 3 recycled water expansion project |
| Objective A.2.2 | Evaluate recycled water supply options to facilitate recycled water distribution system expansion                             |
| Objective A.2.3 | Pursue grant funding and other appropriate funding mechanisms for recycled water projects                                     |



**Strategy A.3 Advance demand management and achieve State mandated water use efficiency targets**

- |                 |   |
|-----------------|---|
| Objective A.3.1 | Continue to promote drought tolerant and water efficient landscapes in the community                |
| Objective A.3.2 | Maintain water use efficiency programs  |
| Objective A.3.3 | Phase implementation of Automated Meter Infrastructure to better manage demands as resources permit |



**Strategy A.4 Implement the Capital Improvement Program to maintain water, sewer, and recycled water service**

- |                 |  |
|-----------------|--|
| Objective A.4.1 | Complete updated Water and Sewer Master Plan with an asset management component to better inform future capital planning |
| Objective A.4.2 | Maintain and reinvest in the wastewater treatment and collection system to ensure reliable service                       |
| Objective A.4.3 | Develop strategy for replacing R-6 Reservoir cover and/or liner  |

## KEY PERFORMANCE INDICATORS

1. Annual major Capital Improvement Program actual expenditures against planned
2. Progress to develop and implement an Asset Management Program
3. Sewer overflows and violations

## GOAL B

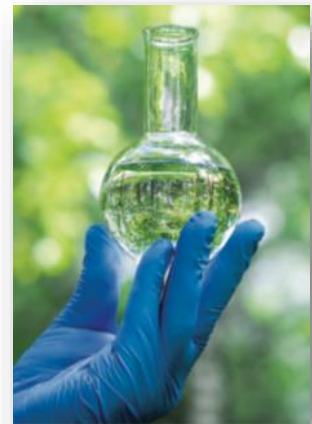
### Water Quality and Environmental Compliance

Ensure ETWD meets or surpasses all water quality and environmental requirements.

The strategies below define the approach the District will take to achieve the goal. Objectives are the measurable actions that track progress towards execution of the strategy.

#### Strategy B.1 Achieve 100% compliance with all environmental regulations and standards

Objective B.1.1	Meet all applicable water quality and environmental regulations
Objective B.1.2	Maintain licensing
Objective B.1.3	Track regulatory and statutory changes at both the federal and State levels pertaining to the Safe Drinking Water Act, the Clean Air Act, the Clean Water Act and other applicable requirements
Objective B.1.4	Operate the laboratory to provide reliable and timely information to support operations



## KEY PERFORMANCE INDICATORS

1. Completion of required Division of Drinking Water monitoring, sampling and analyses
2. Maintain compliance with Safe Drinking Water Act
3. Complete annual Consumer Confidence Report
4. Measure and report budget vs. expenditures
5. Provide quarterly review of compliance activities and licensing status



## GOAL C

### Finance

Prudently and transparently manage for long-term stability and affordability.

Provision of ETWD services is capital intensive. Managing the financial resources entrusted to ETWD in a prudent manner ultimately reduces the cost of service to the community. The strategies below define the approach the organization will take to achieve the goal. Objectives are the measurable actions that track progress towards execution of the strategy.

#### Strategy C.1 Improve financial risk management.

- |                 |  |
|-----------------|--|
| Objective C.1.1 | Evaluate opportunities to improve the relationship between fixed costs and fixed revenues in rate and fee structures |
| Objective C.1.2 | Continue to monitor 401(k) investments   |

#### Strategy C.2 Ensure that adequate financial capacity exists to maintain District assets.

- |                 |  |
|-----------------|--|
| Objective C.2.1 | Evaluate reserve policy                                      |
| Objective C.2.2 | Develop and operate within an annual budget                  |
| Objective C.2.3 | Evaluate implementation of a 2-year budget and or rate cycle |
| Objective C.2.4 | Fund OPEB to reduce liability                                |



#### Strategy C.3 Maintain transparency of financial activities

- |                 |   |
|-----------------|---|
| Objective C.3.1 | Publish and disseminate financial documents |
|-----------------|---|

## KEY PERFORMANCE INDICATORS

1. Meet reserve fund targets
2. Actual costs compared to year to date budget
3. Return on investments
4. Continue to receive an unqualified audit outcome each year

## GOAL D

### Organizational Effectiveness

Maintain a high-quality workforce and systems to foster excellence.

The strategies below define the approach the District will take to achieve the goal. Objectives are the measurable actions that track progress towards execution of the strategy.

#### Strategy D.1 Implement training programs.

- Objective D.1.1 Review training programs (evaluate cross-training program, evaluate training approach for future supervisors, seminars, mentorship, supervisor and management training)
- Objective D.1.2 Assess key succession vulnerabilities and develop/implement actions to improve staff transitions
- Objective D.1.3 Review financial incentives for certifications and/or licenses



#### Strategy D.2 Improve administrative systems.

- Objective D.2.1 Assess and implement opportunities, as appropriate, to streamline procurement system
- Objective D.2.2 Develop Standard Operating Procedures for key District procedures
- Objective D.2.3 Work with staff to review and improve performance evaluation process



#### Strategy D3 Implement integrated technology and applications across the organization.

- Objective D.3.1 Develop an Information Technology Master Plan to improve technology and data risk management processes
- Objective D.3.2 Continue to analyze and evaluate network vulnerabilities

- Objective D.3.3 Evaluate appropriateness (considering security and efficiencies) associated with providing remote Supervisory Control and Data Acquisition access for on-call responders
- Objective D.3.4 Maintain computer replacement program and management of technology through an asset management approach
- Objective D.3.5 Evaluate implementing a Laboratory Information Management System
- Objective D.3.6 Evaluate options to update Supervisory Control and Data Acquisition infrastructure and communications

**Strategy D.4 Promote an open and professional work environment.**

- Objective D.4.1 Continue to provide employees with “bottom-up” communication through all employee meetings (All Employees meetings, etc.)
- Objective D.4.2 Evaluate and implement an appropriate innovation program to encourage, capture, and deploy new ideas/suggestions



**Strategy D.5 Maintain a safe and secure work environment.**

- Objective D.5.1 Continue to provide all required and recommended safety training
- Objective D.5.2 Continue to emphasize safety through weekly tailgate and safety meetings
- Objective D.5.3 Continue to conduct live confined space entry and rescue drills
- Objective D.5.4 Evaluate current chemical spill response training
- Objective D.5.5 Develop protocol for dealing with phone and in-person threats



**Strategy D.6 Ensure the District operations are efficient and effective.**

- Objective D.6.1 Continue to manage overtime use
- Objective D.6.2 Manage staffing to optimize performance
- Objective D.6.3 Continue to review manual processes for automation opportunities

Objective D.6.4	Continue to proactively budget and manage expenses to maintain efficient operations
Objective D.6.5	Pursue and document awards and recognition

**Strategy D.7 Implement the Strategic Plan.**

Objective D.7.1	Track and report progress to the Board
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## KEY PERFORMANCE INDICATORS

1. Number and types of certified and licensed staff
2. On-time completion of annual performance evaluations
3. El Toro Water District staff use of education reimbursement program (\$/employee)
4. Number of days lost to workplace injuries
5. Measure staff turnover (% annual turnover)
6. Track staff training hours (annual hours/employee)

## GOAL E

### Relationships

Communicate and collaborate with customers, stakeholders, neighbors, and peer agencies in the region to further the water and wastewater interests of our community.

This goal establishes a commitment on the part of ETWD to align with the values of the customers and the community in fulfilling the organization's mission. ETWD will collaborate with our stakeholders, neighbors and peer agencies. The strategies below define the approach the organization will take to achieve the goal. Objectives are the measurable actions that track progress towards execution of the strategy.

#### Strategy E.1 Provide “best in class” customer service.

- |                 |  |
|-----------------|--|
| Objective E.1.1 | Standardize customer service procedures across ETWD              |
| Objective E.1.2 | Consider phased implementation of Automated Meter Infrastructure |



#### Strategy E.2 Proactively communicate with and engage the community on water, sewer and recycled waters matters of importance to the region positioning ETWD as a leading resource and reliable authority on water issues.

- |                 |  |
|-----------------|--|
| Objective E.2.1 | Increase public understanding of water issues (e.g. water quality, emergency preparedness, value of water, regulatory challenges, etc.)  |
| Objective E.2.2 | Develop engagement tools to receive feedback from stakeholders (e.g. Customer Service Survey)  |
| Objective E.2.3 | Continue to participate in community events  |
| Objective E.2.4 | Maintain conservation programs (e.g. public and school educational programs, participation at public events, ETWD web site, newsletter, social media, and self-guided demonstration garden tour, etc.) |
| Objective E.2.5 | Continue engagement in South Orange County Wastewater Authority (SOCWA) matters  |
| Objective E.2.6 | Educate customers to protect source sewer water quality  |
| Objective E.2.7 | Refresh the website (including featuring Key Performance Indicators & awards)  |





- Objective E.2.8 Engage in Local Agency Formation Commission (LAFCO) proceedings as required
- Objective E.2.9 Continue to engage customers through the quarterly Community Advisory Group meetings

**Strategy E.3 Work with local, regional, State and federal agencies, industry associations, and organizations to influence water policy for the benefit of our service area customers.**

- Objective E.3.1 Engage in local, state and federal activities to further the interests of ETWD and its customers
- Objective E.3.2 Maintain strong working relationships with local agencies (water agencies, special districts, city, and local governments)
- Objective E.3.3 Continue coordination with local, state, and federal elected officials and their staffs on legislative and policy issues



## KEY PERFORMANCE INDICATORS

1. Complaint log statistics
2. Number of ETWD scheduled and unscheduled emergency shut-offs
3. Public awareness and opinion of ETWD
4. Number of Community Advisory Group participants

## GOAL F

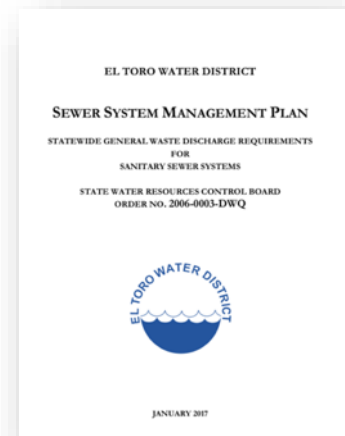
### Operations

Provide safe, cost-effective, and reliable operations while protecting the environment.

ETWD will provide reliable service while conducting operations with a focus on safety and cost-effectiveness. The District's operations will be sensitive to the environment and in compliance with environmental requirements. The strategies below define the approach the District will take to achieve the goal. Objectives are the measurable actions that track progress towards execution of the strategy.

#### Strategy F.1 Implement improved planning tools.

- |                 |  |
|-----------------|--|
| Objective F.1.1 | Develop and implement an ETWD-wide asset management program with end user/operations level asset management tools to enhance performance |
| Objective F.1.2 | Assess current maintenance intervals on infrastructure and implement industry best practice as appropriate                               |
| Objective F.1.3 | Continue to maintain as-built drawings   |



#### Strategy F.2 Operate and maintain facilities.

- |                 |   |
|-----------------|---|
| Objective F.2.1 | Maintain all facilities and appurtenances in a consistent fashion to achieve operational efficiency and functionality |
| Objective F.2.2 | Periodically exercise / replace water system valves as appropriate  |
| Objective F.2.3 | Continue to operate within the parameters of the Sewer System Management Plan   |
| Objective F.2.4 | Conduct an evaluation of system security  |
| Objective F.2.5 | Manage system to minimize water losses  |
| Objective F.2.6 | Complete the annual Water Loss Audit  |

Objective F.2.7	Assess use of automatic system flushing devices
Objective F.2.8	Evaluate building maintenance program and contract
Objective F.2.9	Evaluate opportunity to repurpose the filtration plant site
Objective F.2.10	Implement preventative maintenance program on the recycled water system
Objective F.2.11	Evaluate alternative solutions for root intrusion and fats, oil, and grease control
Objective F.2.12	Consider efficient and sustainable wastewater solids handling options



### **Strategy F.3 Plan and prepare for emergencies.**

Objective F.3.1	Update the Emergency Response Plan
Objective F.3.2	Evaluate materials needs for emergency response
Objective F.3.3	Coordinate emergency response planning efforts with the regional water agencies, county, and cities
Objective F.3.4	Conduct periodic emergency preparedness planning and training for all staff
Objective F.3.5	Continue to implement the network, cybersecurity, and threat response plan
Objective F.3.6	Evaluate need for additional diesel tank(s) and portable generator(s)

### **Strategy F.4 Actively manage natural resource use consistent with environmental, social and governance (ESG) criteria**

Objective F.4.1	Conduct energy assessment to identify opportunities to reduce energy use
Objective F.4.2	Optimize facility operations to most efficiently use power, supplies, chemicals, and labor
Objective F.4.3	Evaluate opportunities for use of solar energy and other renewable energy sources
Objective F.4.4	Assess opportunities for electric fleet vehicles



# KEY PERFORMANCE INDICATORS

1. Compliance with applicable regulations
2. Compliance with state requirements to improve urban water use efficiency
3. Monthly monitoring of production and consumption compared to historic months
4. Water losses as defined in the annual Water Loss Audit

# GLOSSARY

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The following terms are used in this Strategic Plan:

**Action Plan** – A detailed set of tactical actions that will be developed in order for the strategies/objectives to be achieved.

**Values** – Non-negotiable standards that the staff and the Board believe in and embody how they will act individually and as an organization.

**Goal** – ETWD’s commitment to the community it serves.

**Key Performance Indicator** – Selected measure to indicate performance against a Strategic Plan Goal.

**Mission** – The primary reason(s) for the existence of the organization.

**Objective** – Measurable work activity that, when accomplished, will directly lead to the success of the strategy.

**Issue** – A problem or opportunity facing ETWD.

**Strategy** – How an issue is solved to achieve the goal.

**Strategic Plan** – A structured plan to drive ETWD’s to achieve its goals.

**SWOT Analysis** – Description of strengths, weaknesses, opportunities and threats to identify areas of focus in the Strategic Plan.

**Vision** – What ETWD aspires to become.

## **Board of Directors**

Mark Monin, President

Mike Gaskins, Vice President

Kathryn Freshley

Kay Havens

Jose Vergara



## **Executive Team**

Dennis Cafferty, General Manager

Jason Hayden, Chief Financial Officer

Judy Cimorell, Human Resource Manager

Polly Welsch, Executive Assistant/ Board Recording Secretary

Bobby Young, Principal Engineer

Scott Hopkins, Operations Superintendent

**Consultant Support** | Ed Means, President Means Consulting LLC