

# STRATEGIC BUSINESS PLAN 2011



## Mission

*To efficiently collect sewage from homes and businesses within the Sacramento area.*

## Vision

*To provide the best value of any sewage collection utility in California, as measured by cost and level of service.*

## Goals

- 🕒 **Service Provision** – SASD provides services desired by its customers at a competitive price.
- 🕒 **Efficiency and Effectiveness** – SASD continually reviews and implements tools and processes to be effective, gain efficiencies, and maximize employee performance.
- 🕒 **Regulatory Advocacy and Compliance** – SASD advocates for reasonable regulations and complies with regulatory requirements.
- 🕒 **Sustainability** – SASD is a conscientious steward of assets and manages them effectively without placing an undue financial burden on future generations of ratepayers.

## Business Practices

*SASD uses the following principles to manage assets at the optimal cost of ownership while delivering the level of service customers desire, and considering risk and impacts to future generations.*

Principle	Description
<b>Service levels drive SASD decision making.</b>	<ul style="list-style-type: none"><li>🕒 SASD uses service levels as a gauge when making decisions regarding staffing, operational, and capital investments.</li><li>🕒 SASD utilizes performance measures to support service levels and provide focus and direction for leadership and staff.</li><li>🕒 SASD sets realistic and measurable goals through service levels, performance measures, and staff evaluations.</li></ul>
<b>Asset management as a business practice is integrated and supported District-wide.</b>	<ul style="list-style-type: none"><li>🕒 SASD trains and coaches staff about integrating and implementing asset management principles in day-to-day activities and long term planning.</li><li>🕒 SASD utilizes program-based budgeting to quantify and educate staff, customers, and the District Board on spending, while allowing flexibility, focus, and transparency.</li><li>🕒 SASD ensures that programs, projects, and services are delivered in the most effective way available. SASD sets standards to provide efficiency, flexibility, and consistency across the District.</li><li>🕒 SASD incorporates risk into decision making to ensure the best choice for the community/customers.</li><li>🕒 SASD takes into account sustainability and long term impacts when making decisions and planning for the future.</li><li>🕒 SASD makes well informed decisions based on quality information and analytic tools.</li></ul>
<b>Customer outreach &amp; education is a key to success.</b>	<ul style="list-style-type: none"><li>🕒 SASD seeks input from its customers and stakeholders to ensure service levels are appropriate and reflect the desired level of service.</li><li>🕒 SASD provides information on its business practices in various ways to educate customers, such as Internet, social media, printed outreach materials, etc.</li><li>🕒 SASD collaborates with stakeholders and partners in the region to do what is best overall for its community and customers.</li></ul>

## Performance Management

Currently there are two key methods used to measure the performance of SASD.

### Service Levels with Targets

Service levels measure how well SASD is achieving expectations of its customers. It also serves as a tool to communicate SASD's performance to the Board and to the Director of Operations to monitor performance and make adjustments if needed.

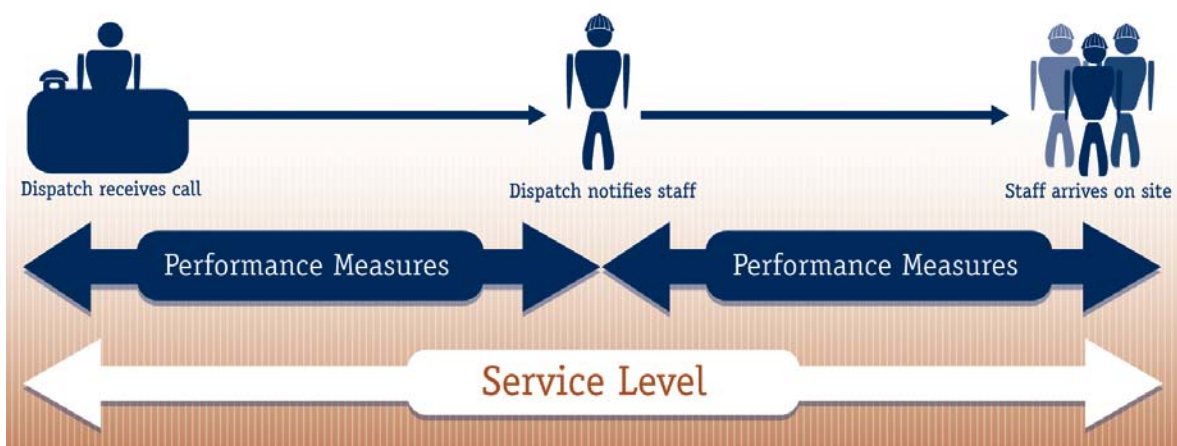
Service Level	Measurement	Target
<b>Service Call Response Time</b>	<i>How frequently staff arrives on-time while responding to a customer service request call.</i>	95%
<b>Service Restoration Time</b>	<i>Percentage of customers whose sewer service is restored within the on-time window with no use limitations for customer.</i>	90%
<b>Development Submittal Review Time</b>	<i>Percentage of submittals reviewed and returned to developer within time standards set by SASD.</i>	90%
<b>Main Line Overflow Rate</b>	<i>Number of sewer overflows originating within SASD's system per 100 miles of sewer main lines in any calendar month (<b>target reduces annually</b>).</i>	0.53
<b>Lower Lateral Overflow Rate</b>	<i>Number of sewer overflows originating within SASD's system per 100 miles of sewer main lines in any calendar month (<b>target reduces annually</b>).</i>	8.5
<b>Customer Satisfaction</b>	<i>Percentage of positive responses submitted by customers in an anonymous survey.</i>	90%
<b>Backups Into Structures Rate</b>	<i>Number of times, per 10,000 connections, that a stoppage in SASD's system causes sewage to back up into a structure in any calendar month (<b>target reduces annually</b>).</i>	0.8

### Performance Measures

Performance measures are a management tool to help ensure staff is efficient and effective. Staff must focus on work that supports SASD in achieving its vision and goals.

#### Example:

SASD uses two performance measures to manage the Service Call Response Time service level. One measures the time between the dispatcher receiving a call to the time the dispatcher notifies the inspector; the other measures the amount of time between an inspector being notified and the time an inspector arrives on site (this is illustrated in the diagram below).



## Factors Influencing the District

There are many factors that may affect SASD's ability to achieve its Mission and Vision over the next several years. SASD reviews the customer, competitor, economic, technology, social, political, legal, physical and regulatory environments for these influencing factors, and responds accordingly.

### Sustained Economic Difficulties

The local economy in the Sacramento Area is struggling and is expected to remain challenged for at least the next one to three years. If future operating costs increase, the difficult economic conditions will make it a very challenging environment for increasing monthly user rates to keep pace. However, SASD's main existing revenue source, monthly user rates, is secure because bad debt is ultimately moved to Sacramento County tax bills. Additionally, SASD is not adversely affected by a drop in sewer impact fee revenue because developers are required to initially fund the construction of new trunk sewers, and are only reimbursed as impact fee revenue becomes available.

### Tightening Regulations

SASD is regulated by the State Water Resources Control Board (State Board) and the Central Valley Regional Water Quality Control Board. In 2011 the State Board will be reopening the regulations governing SASD's operations, the General Waste Discharge Requirements for Sanitary Sewer Systems (WDR). One proposal that is likely to gain approval is mandatory reporting of private sanitary sewer overflows (SSOs). This activity will require additional resources to perform.

SASD is reliant on its fleet of vehicles and generators, which are heavily regulated by the California Air Resources Board (CARB), and are subject to numerous Rules and Programs implemented by CARB. SASD carefully monitors proposed regulations for their potential impact.

### Third Party Lawsuits

In addition to being regulated by the State of California, SASD is also subject to the federal Clean Water Act, which prohibits SSOs that reach a water of the United States. If enforcement actions have not been taken by a regulator, the Clean Water Act allows third parties to sue the discharger, and recover attorney and expert fees. From time to time SSOs from the SASD system reach waters of the US, and there have not been enforcement actions in every instance.

### Customer Demand for Information

SASD is expected to properly manage its ratepayers' money, and to remain a good steward of public health and the environment. Stakeholders will demand that SASD continue to increase its "transparency" to even higher levels in communicating relevant financial and performance information. At the same time information technology advances are increasing the general public's expectations for rapid and convenient availability of information and services. There will be greater demand for communication and service delivery through non-traditional means such as the internet, e-mail, text messaging, and PDA and cell phone applications.

## Business Initiatives

Goal: Efficiency & Effectiveness	
Focus Areas	Initiatives
<p>Ⓢ <b>Ancillary Services</b></p> <hr/>	<ul style="list-style-type: none"> <li>- Evaluate costs and levels of service received from external service providers               <ul style="list-style-type: none"> <li>o Review the cost and level of service provided to SASD from external departments, and develop a report that presents alternatives to maximize efficiency and cost effectiveness for these services.</li> </ul> </li> </ul>
<p>Ⓢ <b>Decision &amp; Work Processes</b></p> <hr/>	<ul style="list-style-type: none"> <li>- Establish best value measures and benchmarking with similar California agencies               <ul style="list-style-type: none"> <li>o Establish performance indicators to measure how SASD's cost and level service measure up to other similar wastewater utilities in California.</li> </ul> </li> <li>- Roles and responsibilities – Permit Services and Dispatch               <ul style="list-style-type: none"> <li>o Identify Permit Services and Dispatch roles and responsibilities. Develop a plan to improve communication between these two units to increase efficiencies where possible and enhance internal and external customer service.</li> </ul> </li> <li>- Develop service level target bands               <ul style="list-style-type: none"> <li>o Evaluate targets that will trigger corrective action, and develop the roles and responsibilities for taking corrective action.</li> </ul> </li> </ul>
<p>Ⓢ <b>Employee Development</b></p> <hr/>	<ul style="list-style-type: none"> <li>- Develop and initiate annual performance evaluations for all M&amp;O management staff               <ul style="list-style-type: none"> <li>o Provide M&amp;O management performance expectations and measurement criteria, and incorporate into new evaluation forms.</li> </ul> </li> <li>- Agency-wide brown bag lunch information sharing sessions               <ul style="list-style-type: none"> <li>o Create a 2-3 person team that will present topics of interest to share with the Departments of SASD Operations, SRCSD Operations, and Policy and Planning.</li> </ul> </li> <li>- Leadership development program               <ul style="list-style-type: none"> <li>o Identify the core leadership skills that will help SASD management achieve its vision and goals. Develop a leadership training program for the leadership team and a process to carry it out to staff.</li> </ul> </li> </ul>
<p>Ⓢ <b>Organizational Structure &amp; Governance</b></p> <hr/>	<ul style="list-style-type: none"> <li>- Sanitation District Agency reorganization               <ul style="list-style-type: none"> <li>o Within SDA numerous administrative type services are distributed among the Departments. Centralization of certain internal services offers an opportunity for streamlining work, improving cost efficiency, and improving consistency in business practices.</li> </ul> </li> <li>- Create 5-Year M&amp;O staffing plan               <ul style="list-style-type: none"> <li>o Evaluate staffing needs for SASD M&amp;O staff. The plan will maximize efficiency by accounting for daily and weekly peak customer demand, and incorporate any necessary programs to meet service levels.</li> </ul> </li> </ul>
<p>Ⓢ <b>Technology</b></p>	<ul style="list-style-type: none"> <li>- Review USA ticketing software               <ul style="list-style-type: none"> <li>o Review Underground Service Alert ticketing software and determine if current software is appropriate for the District.</li> </ul> </li> <li>- Create District GIS strategic plan               <ul style="list-style-type: none"> <li>o Develop a District GIS Strategic Plan, including staff positions, roles and responsibilities, policies and procedures, and goals for the next 3-5 years.</li> </ul> </li> <li>- Implement mobile GIS upgrade</li> </ul>

	<ul style="list-style-type: none"> <li>○ Gather requirements, and build and test a GIS software solution for field laptops.</li> <li>– IT systems security vulnerabilities evaluation <ul style="list-style-type: none"> <li>○ Evaluate existing security systems for vulnerabilities. Identify areas that need to be secured, the level of security, and the vulnerability priorities. Create follow on projects to address the security vulnerabilities identified and develop a plan for continuous assessment.</li> </ul> </li> <li>– Data applications upgrade process <ul style="list-style-type: none"> <li>○ Develop and document the guidelines to determine when an SASD application should be reviewed for upgrade.</li> </ul> </li> <li>– Evaluate Maximo mobile options and plan Maximo interface upgrade <ul style="list-style-type: none"> <li>○ Develop a 5-year system stability and optimization plan, including an upgrade plan.</li> </ul> </li> </ul>
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**Goal: Regulatory Advocacy & Compliance**



Focus Areas	Initiatives
<ul style="list-style-type: none"> <li>④ <b>Health &amp; Safety</b></li> </ul>	<ul style="list-style-type: none"> <li>– Spills to collection system contingency plan <ul style="list-style-type: none"> <li>○ Develop a plan to respond to hazardous waste spills that may enter the SASD collection system. The plan will include roles and responsibilities, communications protocols, identification of outside emergency responders, and procedures for containment, diversion, dilution, or removal of the hazardous materials.</li> </ul> </li> </ul>

**Goal: Service Provision**

Focus Areas	Initiatives
<ul style="list-style-type: none"> <li>④ <b>Community Input &amp; Education</b></li> </ul>	<ul style="list-style-type: none"> <li>– Communication methods and future strategies <ul style="list-style-type: none"> <li>○ A document outlining current, successful communication methods and practices as well as future communication strategies for the next five years.</li> </ul> </li> <li>– Multi-user survey form <ul style="list-style-type: none"> <li>○ Create a more comprehensive survey form to better measure the customer satisfaction service level. Evaluate other methods of delivery and receipt.</li> </ul> </li> </ul>

**Goal: Sustainability**

Focus Areas	Initiatives
<ul style="list-style-type: none"> <li>④ <b>Cradle to Grave Planning</b></li> </ul>	<ul style="list-style-type: none"> <li>– Develop lower lateral maintenance strategy pilot sewer model <ul style="list-style-type: none"> <li>○ Determine the failure modes for lower laterals, evaluate the likelihood of failure modes occurring, and develop and implement a model to reduce lower lateral SSO's cost effectively.</li> </ul> </li> <li>– Develop condition assessment strategies for buildings and pump stations <ul style="list-style-type: none"> <li>○ Develop a building and pump station condition assessment program and methodology for repairing/replacing or extending their useful life.</li> </ul> </li> </ul>
<hr style="border-top: 1px dashed red;"/> <ul style="list-style-type: none"> <li>④ <b>Financial Stewardship</b></li> </ul>	<hr style="border-top: 1px dashed red;"/> <ul style="list-style-type: none"> <li>– Provide cost methodology and annual cost updates for CAFR and sewer ordinance <ul style="list-style-type: none"> <li>○ Establish an annual update process that uses consistent financially sound methods to determine cost for infrastructure and new service connections.</li> </ul> </li> <li>– Rate and fee study <ul style="list-style-type: none"> <li>○ Perform a rate and fee study to develop an equitable cost structure to the rate payer that reduces revenue volatility.</li> </ul> </li> <li>– Financial performance measures <ul style="list-style-type: none"> <li>○ Develop financial measures and key indicators for financial performance.</li> </ul> </li> </ul>

<p> <b>Regional Coordination</b></p> <hr style="border-top: 1px dashed red;"/> <p> <b>Risk Management</b></p>	<ul style="list-style-type: none"> <li>- Operating agreement with SRCSD <ul style="list-style-type: none"> <li>o Draft operations agreements between SRCSD and SASD to address how the operation of each District's system may affect the other, and to ensure good communication between the Districts.</li> </ul> </li> </ul> <hr style="border-top: 1px dashed red;"/> <ul style="list-style-type: none"> <li>- Risk and mitigation options related to groundwater contamination from SASD's collection system <ul style="list-style-type: none"> <li>o SASD will build on lessons learned, coordinate with County Counsel, and develop a response plan to follow if SASD is targeted as a Potential Responsible Party in future regulatory orders related to soil and groundwater contamination.</li> </ul> </li> <li>- Contractor multi employer liability training <ul style="list-style-type: none"> <li>o Implement a contractor liability control program.</li> </ul> </li> <li>- Strategy for Parallel Sewer Pipelines along Waterways <ul style="list-style-type: none"> <li>o Develop a strategy to address potential loss of support failure in sewer pipelines that parallel waterways.</li> </ul> </li> </ul>
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## Capital Projects

### Work anticipated to occur during the 2011 calendar year

Project Name	Description	Total Project Cost	Start Date	End Date	Status/Notes
<b>North Watt Sewer Improvements</b>	<i>Provides sewer system rehabilitation and relief of capacity deficiencies in the North Watt area.</i>	\$1.0 M	2010-11	2014-15	Study
<b>Marconi/Fulton Sewer Replacement</b>	<i>Fulton North area-Addresses predicted capacity deficiencies along Marconi Ave. and Pope Ave. near Fulton.</i>	\$4.3 M	2010-11	2013-14	Planning
<b>Maryal Easement Sewer Replacement</b>	<i>Arden Oaks area-Addresses predicted capacity deficiencies east of Watt Ave, north of Arden Way</i>	\$1.5 M	2010-11	2013-14	Planning
<b>Arden-Hurley Sewer Improvements</b>	<i>Addresses predicted capacity deficiencies along Arden from Wayland to Bell in the Arden Fair area</i>	\$0.7 M	2010-11	2014-15	Planning
<b>Random/Arden Creek Sewer Improvements</b>	<i>Addresses predicted capacity deficiencies along Random Lane, Arden Creek Road, and Watt Ave in the Arden Oaks area</i>	\$6.3 M	2010-11	2013-14	Planning
<b>Creek Protection Projects</b>	<i>Repair and replacement projects at various sewers that cross creeks</i>	\$5.0 M	2009-10	2013-14	Design
<b>Arden Gold Sewer Replacement</b>	<i>Addresses predicted capacity deficiencies southeast of Madison Ave near Main Street in Orangevale area</i>	\$0.6 M	2011-12	2013-14	Planning

<b>Morrison Creek Diversion</b>	<i>Address capacity deficiencies near Morrison Creek by diverting flows along 44th Street in the 47th Avenue and Hwy 99 area</i>	\$2.8 M	2011-12	2015-16	Planning
<b>Center Parkway Pump Station</b>	<i>Relocation and upgrade of pump station at Consumes Blvd. and Center Parkway for new RT alignment in the Consumes River College Area</i>	\$0.2 M	2010-11	2013-14	Design (Partial Reimbursement to Regional Transit)
<b>Annual Sewer Rehabilitation</b>	<i>Rehabilitation of various sewer facilities throughout SASD services area</i>	\$22.5 M	2010-11	2014-15	Construction \$4.5 M per year
<b>Estimated Capital Costs = 44.9 M</b>					