



2017 STRATEGIC PLAN

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INTRODUCTION

Goal of Strategic Planning

Strategic planning is an organization's process of defining its strategy, or direction, and making decisions on resource allocation, including its staff and capital, to pursue this defined strategy. It is a formal consideration of an organization's future direction. The Mission Springs Water District (District) has embarked on development of a new Strategic Plan for 2017.

Strategic planning is intended to achieve several objectives:

1. Clearly define the purpose of the organization
2. Create a roadmap for aligning activities and resources to achieve an agreed upon purpose
3. Build consensus within the organization through enhanced communication
4. Allow the agency to convey long-range plans to its customers, stakeholders, elected officials and other constituencies

Past Planning Activities

The Mission Springs Water District (District) has developed a Mission Statement and an accompanying Vision Statement. In 2014 the District undertook a formal strategic planning process that resulted in an approved Strategic Plan. This 2014 planning effort was taken into consideration when developing the 2017 Strategic Plan. Over the past few years the District has also developed a Capital Improvement Plan, a Financial Master Plan as well as Water and Wastewater Master Plans. Each has been used effectively as a blueprint for the development and management of the District's water and wastewater infrastructure and financial planning activities. Each year the District adopts an annual budget that takes into consideration elements of these plans.

The Need for Strategic Planning

The water industry in California, in particular southern California, is experiencing challenges that are unprecedented in its history. Drought, unreliable imported water supply sources, escalating costs for imported water supply, State mandated water use efficiency standards, climate change, increased regulatory constraints and growth related pressures are creating barriers to conducting business in the manner and fashion the industry has been accustomed to. Water supply reliability, including the cost of providing high quality water and wastewater services, requires that water agencies such as the District operate more efficiently and with increased public transparency and accountability. These are a few of the factors that support the need for a new strategic planning process for the District. Additionally, the 2017 Strategic Plan is intended to provide expanded opportunities to identify and consider other water related service functions, increased public participation and to identify potential cooperative relationships with other agencies.

This strategic planning effort represents several months of conscientious work by the Board of Directors and staff of the District, resulting in a planning document that will serve as a valuable tool to guide the District's activities over the next five years.

MISSION SPRINGS WATER DISTRICT OVERVIEW

The District

The Mission Springs Water District located in Riverside County was formed in 1953 to provide water service to an area that now encompasses 135 square miles with a population of approximately 36,000. The District is a County Water District under Sub-section 30000 et seq. of the California Water Code. The District has statutory authority over water supply and provides water services to residential and commercial customers through a series of three independent distribution systems. The District also operates a sewer collection system and two wastewater treatment plants. The District is governed by a five member Board of Directors with a General Manager responsible for the day-to-day functional management of the District. The General Manager organizes the staffing structure consistent with the needs of the District.

The District's primary water supply is groundwater from three separate underground aquifers. 14 production wells located throughout the District produce an average annual yield of 9,000 acre-feet. As of January 2017 the District has approximately 9,000 connected water customers and approximately 7,200 connected sewer customers. There are over 276 miles of water transmission lines and 89 miles of sewer piping. The District operates two separate wastewater treatment plants which currently treat approximately 2.3 millions gallons per day.

THE MISSION SPRINGS WATER DISTRICT PLANNING PROCESS

The Board of Directors and the General Manager retained the services of DELOACH & Associates Inc. (Consultant), to facilitate and coordinate the preparation of a Strategic Plan. The strategic plan when complete will serve as a guidance document for the District for the five years, 2017 – 2022. A strategic planning team comprised of members of the District's management staff was created to assist in the plan development process and provided valuable input on various planning elements. The Board of Directors reviewed a set of proposed strategic planning objectives and agreed on a series of Strategic Planning Goals.

Purpose of the Strategic Plan

1. Clarify the role and function of the District
2. Create a "roadmap" of the next five years based on strategic goals for achieving the mission and vision of the District
3. Communicate this information to employees, board members, partner agencies and key stakeholders affected by the District

Strategic Planning Matrix

A Strategic Planning Matrix was developed to guide the planning process and consists of five separate action steps as follows:

Step 1 – Data collection and review. Conduct a review of the District's Mission Statement, General Manager's Vision Statement and District Values.

Step 2 – Conduct a workshop with the Board of Directors and the Strategic Planning Team. Conduct Influence Modeling exercise with the Board and staff.

Step 3 – Identify with the Board of Directors and staff planning objectives and new planning or vision goals. Establish levels of service and clarify future role.

Step 4 – Conduct a SWOT Analysis and Gap Analysis with the strategic planning team. Create new strategic planning objectives and priorities.

Step 5 – Prepare a final Strategic Plan document with an action plan.

Board of Directors Workshop

The first workshop was held with the Board of Directors and members of the District's management staff and focused on the following Strategic Planning Principles:

1. Vision – It is the responsibility of MSWD leadership to craft a vision of the desired future state of the organization.
2. Alignment – MSWD leadership builds alignment towards the future desired state of the organization by communicating with clarity, engaging staff at all levels of the organization, and providing inspiration so everyone is focused and moving in a unified manner and direction.
3. Execution – MSWD leadership is responsible for the execution of the planning strategy through momentum, structure and feedback, enabling the team to capitalize on its talents and turning vision into reality.

The agenda for the workshop also included a review of the District's current Mission, Vision and Value Statements, conducting an influence Modeling Exercise and developing new Strategic Planning or Visioning Goals.

I. Mission Statement

“The Mission of the Mission Springs Water District is to provide, protect, and preserve our most natural resource . . . Water.”

II. General Managers Vision Statement

- *MSWD has a demonstrated history of innovation and leadership in the water industry.*
- *MSWD Employees are highly qualified, innovative and continuously functioning at the highest levels of teamwork and performance excellence.*
- *MSWD maintains a culture of responsibility while providing the highest levels of customer service.*
- *MSWD has the foresight to anticipate the future and is adaptable and resilient to overcome any challenge it faces.*

III. District Culture and Values

- *Professionalism*
- *Accountability*
- *Respect*
- *Integrity*
- *Servant Attitude*
- *Excellence*
- *Stewardship*

After careful consideration, the Strategic Plan Workgroup agreed that the current Mission Statement, General Managers Vision Statement, and Core Values accurately reflected the core mission, purpose and role of staff, the Board of the District and the District.

- ### IV. Influencing Modeling - Influencing Modeling analyzes which agencies or stakeholders have the capability to influence the outcomes or processes by which the District conducts its core mission of providing water and wastewater services, and which agencies or stakeholder groups potentially impact the implementation of the Strategic Plan. Conversely, the exercise also explores which agencies or groups

would potentially be impacted by the actions of the District. The attendees identified the following agencies and stakeholders that should be considered in developing this Strategic Plan:

- City of Desert Hot Springs
- City of Palm Springs
- City of Coachella
- Coachella Valley Water District
- Desert Water Agency
- Indio Water Authority
- Morongo Band of Mission Indians
- Local developers
- State Department of Public Health
- State Department of Water Resources
- California State Legislature
- United States Congress
- County of Riverside
- Regional Water Quality Control Board
- District customers

Strategic Vision Goals

All aspects of the District's operations need to be focused on achieving agreed upon strategic objectives and/or vision goals. After careful consideration the Board of Directors approved five Strategic Vision Goals. Each goal is defined to reflect the future state of the organization.

1. **WATER SUPPLY** – MSWD meets the current and future water supply needs of its customer base. Implementation of this goal will include strategies and programs designed to develop new water resources and conserve existing resources.

Examples of achieving this goal include:

- a. Acquire new water rights
- b. Expand existing water rights
- c. Expand the recycled water system
- d. Develop conjunctive use/storage and recovery

2. **INFRASTRUCTURE** – MSWD provides continuous investment in its infrastructure systems to ensure the treatment and distribution of existing and future water and wastewater supplies as well as maintaining and improving its facilities and operational support systems.

Examples of achieving this goal include:

- a. Expand existing or build new treatment facilities
- b. Invest in existing or new infrastructure including production facilities, transmission piping and storage
- c. Invest in upgrading or replacing metering technology
- d. Manage existing facilities, equipment and rolling stock
- e. Invest in operational support equipment such as computers, printers and furniture

3. **FINANCIAL MANAGEMENT** – MSWD practices stewardship of its financial resources in a responsible manner to ensure the current and future reliability of its operations.

Examples of achieving this goal include:

- a. Improved records management, budgets and accounting
 - b. Enhanced financial modeling
 - c. Enhanced management of rates, fees and charges
 - d. Enhanced management of the District’s investment portfolio, maximizing returns, maintain liquidity and safeguarding customer resources
 - e. Utilization of creative capital financing
4. **PUBLIC AND POLITICAL OUTREACH** – Develop opportunities to positively influence outcomes favorable to MSWD. Developing strategic alliances and partnerships as well as fostering better relationships with other political entities and members of the public accomplish this goal.

Examples of achieving this goal include:

- a. Enhancing existing and developing new interagency relationships
 - b. Developing comprehensive communication strategies
 - c. Providing public education and conservation programs
 - d. Enhancing the ability to influence decisions at the State legislature as well as in the US Congress
 - e. Assuming a larger regional leadership role
5. **ORGANIZATIONAL DEVELOPMENT** – MSWD is committed to hiring, training and retaining the highest quality employees while providing them with the tools and organizational structure to grow in their personal and professional development.

Examples of achieving this goal include:

- a. Maintaining a constructive and positive workplace culture
- b. Continuous employee development, training and knowledge transfer
- c. Developing leadership skills (Employees are the District’s competitive advantage)
- d. Creating a self-directed workplace environment
- e. Evaluating and recognizing employee performance

Strategic Planning Team Workshop

The Strategic Planning Team met with the consultant to further define and analyze the five Strategic Vision Goals in greater detail. Development of Strategic Vision Goals is a critical component of any strategic planning process. Once goals have been established the District is in a position to analyze its current condition as compared to these goals. This is typically called a “Gap Analysis”. The methodology used to conduct the Gap Analysis was a S.W.O.T. exercise identifying the Strengths, Weaknesses, Opportunities and Threats accompanying each strategic goal. The Strategic Planning Workgroup conducted the S.W.O.T. exercise for each of the five Strategic Planning Goals. The specific Strengths, Weaknesses, Opportunities and Threats identified for each Planning Goal are identified and shown on Exhibit A attached.

In order to adequately plan for the financing or implementation of the various projects and programs identified during the planning process, it is important to prioritize each project or program associated with each Strategic Planning Goal. For planning purposes, projects that

need to be initiated or completed within the next 1-2 years were assigned an “A” priority ranking. Projects that will be initiated or completed within 2-5 year were assigned a “B” priority ranking. Projects extending beyond 5 years were assigned a “C” priority ranking. The Strategic Planning Team reviewed each program or project and assigned a priority ranking to each. After the projects were assigned a priority ranking, the General Manager along with members of the Strategic Planning Team reviewed the project listing and ranking for accuracy and context with existing planning documents and action(s) previously taken by the MSWD Board of Directors. A summary of the priority ranking of all identified projects is shown on Exhibit B attached. It will be important that the District’s Board of Directors and executive leadership team carefully analyze the identified projects in conjunction with their annual operating and capital budgeting process.

Management of the Strategic Plan

The Strategic Planning objectives defining the purpose and direction of the District along with aligning planning activities with resources, requires an ongoing commitment to manage the Plan. The Plan as designed has a 5-year planning horizon. Strategic Planning is an ‘Active Process’ requiring continuous management and focus. Several factors may disrupt or interrupt the scheduling and implementation of key projects, some of which may not be entirely within the District’s control. These include continuous investment of financial resources, regional and local political influence and reprioritization of goals and objectives by the Board of Directors or staff. It is recommended that the District appoint a Strategic Planning Team consisting of staff members from each department to monitor and update implementation of the plan. A progress report on implementation of the various planning objectives should be prepared and submitted to the Board of Directors at least annually for their review. It is very likely that the Plan will be updated or amended from time to time.

Consideration should be given to distributing the Plan to key stakeholders of the District once approved by the Board of Directors. An alternative to distribution of the entire Plan is to highlight critical projects within the Plan for specific targeted audiences as part of a broader public relations and communications strategy.

Exhibit A

S.W.O.T. ANALYSIS

Goal # 1 – WATER SUPPLY – MSWD meets or exceeds the current and future water supply needs of its customer base. Implementation of this goal will include strategies and programs designed to develop new water resources and conserve existing resources

<p>Strengths</p> <ol style="list-style-type: none">1. Overall the District has outstanding water quality.2. The District has an adequate water supply for the foreseeable future.3. The District’s water conservation programs are extending the life of current water supplies.4. The District is very aggressive with protecting existing groundwater supplies from issues such as leaking septic tanks.
<p>Weaknesses</p> <ol style="list-style-type: none">1. The District does not have dedicated or adjudicated water rights and is dependent on the Desert Water Agency for its water supply.2. There are future concerns with water quality due to increasing levels of Total Dissolved Solids (TDS) from imported water supplies from the Colorado River Aqueduct.3. There is a lack of operational coordination between the Desert Water Agency and the District on when and where the District can access water for its customers.4. There is insufficient hydrological data available on the groundwater aquifers or basins that the District relies on for groundwater production.5. The District is limited to one primary source of potable water supply, which in the event of a catastrophic emergency would severely limit the District’s ability to meet the water supply needs of its customers.6. The District is limited in its ability to manage and control the exporting of water by the Coachella Valley Water District from the various sub-basins in its service area.7. The water supply master plan is in need of updating based on current and future conditions.
<p>Opportunities</p> <ol style="list-style-type: none">1. A comprehensive Water Supply Plan would assist the District in identifying and developing opportunities to diversify its water supply portfolio.2. There is a potential opportunity to access the Morongo and Whitewater Basins for additional groundwater supplies.3. The District has the ability to purchase water on the open market and develop agreements with the Desert Water Agency to transport the water to the District.4. There is the ability to construct or participate in a regional water management structure similar to a Joint Powers Agency, which would include both retail and wholesale agencies. The entity would address issues such as production rights, import and exportation of water and specific fees and budget administration.5. There are opportunities for additional direct reuse and recharge of recycled water including any financial benefits that would directly benefit the District.6. The District has the ability to produce water from the upper Whitewater Basin directly into its distribution system.
<p>Threats</p> <ol style="list-style-type: none">1. There are unknown future regulatory and environmental regulations that may negatively impact operations of the District.2. There are potential threats of vandalism or terrorism to District facilities.

3. The potential exists for unknown water quality issues in the future.
4. The potential negative impacts related to new development and increased demand for water supply.
5. The continuation of the existing drought or a new future long-term drought is likely to impact the District's water supply.
6. The District has no legal means of preventing exportation of groundwater by the Coachella Valley Water District from sub-basins critical to the Districts water supply.
7. Local and regional politics and policies may impact the future management and administration of the District.

Goal # 2 – INFRASTRUCTURE – MSWD provides continuous investment in its infrastructure systems to insure the treatment and distribution of existing and future water supplies as well as its facilities and operational support systems.

<p>Strengths</p> <ol style="list-style-type: none"> 1. The District owns or controls sufficient land for current or future facility expansion. 2. There is available capacity within the distribution system that could be used in the future as needed. 3. The Districts current wastewater collection system is in very good condition. 4. The District has a Water and Wastewater Master Plan for planned future infrastructure improvements. 5. The water and wastewater system facilities are well maintained. 6. The current water supply is reliable for the foreseeable future. 7. Existing technology to manage the Districts production, distribution and administrative support needs exceeds industry standards. 8. Investments in the Districts “rolling stock” of truck, cars, tractors and other mechanized equipment have resulted in lower operating costs. 9. The District has a knowledgeable and experienced staff with a wealth of operations experience with the Districts water and wastewater systems.
<p>Weaknesses</p> <ol style="list-style-type: none"> 1. The District needs additional wastewater treatment capacity to meet its current and future needs. 2. Portions of the current distribution system are physically located in areas that are not conducive to proper infrastructure maintenance. This potential presents an increased risk to the District and its customers. 3. Galvanized piping in certain areas of the District requires removal and replacement. 4. A number of projects within the current Water and Wastewater Master Plans are outdated with some having never been constructed. 5. There is an independent improvement district within the District, which is underfunded and no longer self-supporting as designed. The Districts water and wastewater general funds are required to maintain the system to protect against system failure. Most of the infrastructure within this area needs to be replaced. 6. The current administrative facility is aging and has a number of issues such as inadequate public parking, Americans with Disability Act (ADA) compliance issues, public access and security, customer service and engineering department access, and limitations on future growth or expansion. 7. The inventory management system for purchasing, receiving and warehouse operations is not automated and is labor intensive. 8. The cost of operation of the Desert Crest Wastewater Treatment Plant exceeds acceptable standards.

<ol style="list-style-type: none"> 9. The growth in staffing has not kept pace with the growth and expansion of the water and wastewater distribution and collection systems. Ongoing maintenance of these systems at industry-accepted levels is a concern. 10. The current water and wastewater systems are fragmented and isolated from one another. There are three separate water systems and two separate wastewater systems with a lack of connectivity and redundancy between the individual systems. 11. Utility easements for water and wastewater infrastructure are lacking in isolated areas of the District.
<p>Opportunities</p> <ol style="list-style-type: none"> 1. The District has the ability to interconnect the separate water and wastewater systems in a coordinated manner creating increased operational control and redundancy within its overall system. 2. The District can decommission the Desert Crest Wastewater Treatment Plant and combine existing flows with the Horton Treatment Plant. 3. A water and wastewater system inventory and condition survey would create an opportunity to assess the current condition, age and size of District infrastructure and prioritize critical infrastructure needs. 4. The opportunity exists to utilize the idle capacity within the water production and distribution system for future growth demands. 5. Development of a technology master plan would allow the District to forecast and manage future technology needs as well as future financial investments in technology. 6. The benefits of new development including added revenue and increased utilization of existing infrastructure capacity. 7. There are numerous opportunities for alternative energy source development for District facilities. 8. There are opportunities for increased utilization and growth within the current administrative facility and grounds through planned improvements and modernization. 9. There are opportunities for increased utilization of the District's Geographic Information System (GIS).
<p>Threats</p> <ol style="list-style-type: none"> 1. Much of the current water and wastewater distribution and collection systems are aging and in need of replacement. 2. Unanticipated seismic activity could result in service interruption, infrastructure damage and potential major financial exposure. 3. The threat exists for potential legal action against the District for Americans with Disabilities Act (ADA) compliance issues at District facilities. 4. The Districts service area demographics may threaten the Districts rate capacity for future revenue growth. 5. Potential unanticipated changes in water quality may threaten the current treatment plant treatment processes. 6. The lack of understanding and acceptance of District programs and policies may result in negative political reactions and fallout from ratepayers. 7. The lack of continued reinvestment in technology may result in increased inefficiency and interruptions in workflow productivity. 8. Threats related to the Districts current security and technology systems related to external cyber attacks. 9. Potential threat of the loss of SCADA control and communication with District production and distribution facilities resulting in service interruptions or complete

10.	failure. The potential for vandalism to District facilities including terrorist activity.
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Goal # 3 – FINANCIAL MANAGEMENT – MSWD practice stewardship of its financial resources in a responsible manner to ensure the current and future reliability of its operations.

Strengths	
1.	The District has received excellent audited financial statements for over 25 years.
2.	The District utilizes a Financial Master Plan to guide and manage its financial decisions and budgeting.
3.	The District has completed a 5-year comprehensive rate analysis.
4.	The District developed and utilizes a water rate model to forecast future revenue needs.
5.	The Board of Directors has an active role in providing fiscal oversight of various financial reports and budgets as well as overseeing the Districts overall financial performance from a policy perspective.
6.	The District has developed and implemented an investment policy to guide current and future investments of District funds.
7.	The District has developed and implemented a records management and retention policy. The District has converted its records management procedure to a digitized format.
8.	The Finance Department has acquired and is utilizing specialized accounting software to manage the Districts finances.
9.	The Districts current fiscal management processes have improved customer and public confidence in its ability to manage public funds.
Weaknesses	
1.	The current Board of Director approved Reserve Policy has not been fully funded.
2.	Employees do not easily understand the current payroll process including the merit increase plan. The number of individual merit increases appears excessive and does not correlate to employee performance.
3.	The District does not have a fixed asset management plan to allow staff to adequately manage, budget and plan for depreciation and future expenditures.
4.	The current check signing process is inefficient requiring multiple “wet” signatures on all checks. The current requirement for signature authorization limits processing of payments efficiently.
5.	Communication to the public and customers about the Districts financial principles, rate setting process, and budget management is lacking in many areas.
Opportunities	
1.	Implementation of the Financial Master Plan would provide guidance to District staff on matters of financial policies and procedures.
2.	Development of an alternative wage and payroll process modifying or eliminating the current merit increase program.
3.	The current finance and accounting staff have enhanced the Districts ability to manage key components of its financial processes such as rate modeling and forecasting, revenue forecasting, cash flow management and debt management.
4.	An opportunity exists to develop an asset replacement component to the current Financial Master Plan.
5.	Updating the current accounting software interface will provide expanded staff capabilities to manage the Districts accounting needs.
6.	There is an opportunity to develop a policy and procedure for authorization of

<p>electronic signatures on all District payment obligations. Additionally, revising the approval and authorization authority process will improve internal efficiency.</p> <p>7. There is an opportunity to conduct a customer experience and needs assessment to evaluate and enhance the overall customer experience with the District.</p> <p>8. Improvements to the budget document preparation process with expanded financial detail would improve the public’s knowledge and confidence in the Districts financial management programs.</p> <p>9. There is an opportunity for enhanced customer education related to the current financial management practices and how revenue from water and sewer rates are used to the benefit of all District customers.</p>
<p>Threats</p> <p>1. Potential changes in economic conditions may limit the Districts future rate setting and revenue capacity.</p> <p>2. The impact of natural disasters on the Districts ability to manage its water and wastewater operations including financial management systems.</p> <p>3. The relevancy of using utility rate comparisons and the need to justify current and future revenue needs based on other jurisdictions.</p> <p>4. The public’s perception of public employee salaries and benefits.</p> <p>5. The lack of understanding by the public on how the District manages its finances.</p>

GOAL #4 – PUBLIC AND POLITICAL – MSWD fosters and develops opportunities to positively influence political outcomes in support of its mission. MSWD has developed strategic alliances and partnerships as well as fostered better relationships with other political entities and members of the public.

<p>Strengths</p> <p>1. The District has a strong Mission Statement accompanied by a new Vision Statement and Corporate Values.</p> <p>2. The perception of the District and its role in the community by its current customer base is positive.</p> <p>3. The District has a proven track record as a public agency dedicated to public service.</p> <p>4. The District has a knowledgeable staff with a wealth of industry experience.</p> <p>5. The District is highly involved in the local community and the Board of Directors is well respected locally and regionally.</p> <p>6. The District has developed excellent relationships with media outlets in the Coachella Valley.</p> <p>7. Transparency and public access are key strengths of the District.</p> <p>8. The Districts relationship with the City of Desert Hot Springs is built on mutual respect resulting in a positive business relationship.</p> <p>9. The Districts public outreach, school education and conservation programs are widely accepted as models for public interaction.</p> <p>10. The District has developed and takes advantage of strong political relationships in Sacramento and Washington, D.C.</p> <p>11. The District has cultivated excellent relationships with the local business community including vendors and professional service companies conducting business with the District.</p>
<p>Weaknesses</p> <p>1. The District does not have a public relations master plan outlining the goals and objectives of the District’s public relations efforts.</p> <p>2. There is backlog of public relations and public outreach projects that cannot be managed efficiently with the current resource allocation.</p> <p>3. The District does not have a protocol or system in place to manage crisis</p>

<p>communications.</p> <ol style="list-style-type: none"> 4. The Districts current website is outdated. 5. The District does not have published guidelines or performance and behavioral expectations for the Board of Directors or the General Manager. 6. Continuous training and increased personal involvement is needed for the Board of Directors to stay abreast of regional and statewide issues affecting the District.
<p>Opportunities</p> <ol style="list-style-type: none"> 1. Develop a Public Relations Master Plan that identifies goals for the District locally, regionally, statewide and nationally. The Plan will address program priorities, needed resources as well as expected roles and responsibilities for Plan implementation. 2. The Strategic Plan should be communicated to all District employees. 3. The District has the opportunity to position the Board of Directors and staff to be regional influence leaders, increasing their public and professional profile as well as position the District to influence legislation beneficial to the District. 4. There are opportunities to provide continuous training to all District staff to development engagement at all levels. All employees are advocates and ambassadors for the District.
<p>Threats</p> <ol style="list-style-type: none"> 1. Outside interests will begin to redefine the Districts role if it is not vigilant and loses its focuses on its core mission and objectives. 2. The lack of constructive relationships with regional agencies will minimize the role of the District and potentially jeopardize its future effectiveness. 3. The publics trust and confidence can be easily eroded as a result of actions taken by the District. This includes the Cities of Desert Hot Springs and Palm Springs. 4. There is the potential for regional interference in the Districts water policy and management decisions.

GOAL # 5 – ORGANIZATIONAL DEVELOPMENT – The MSWD is committed to hiring, training and retaining the highest quality employees and providing them with the tools and organizational structure to grow in their personal and professional development.

<p>Strengths</p> <ol style="list-style-type: none"> 1. The Districts Mission Statement, Vision and Corporate Values. 2. The reorganization of 2017 has increased staff's overall capability and expertise. 3. There is a renewed sense of teamwork at all levels of the organization. 4. There is increased emphasis on employee training and professional development – an investment in human capital. 5. There is a new emphasis on professionalism and total quality management at all levels of the organization. 6. The District has developed and implemented a 'value-based' hiring system that evaluates a prospective employees alignment with the Districts core values as well as technical skills and experience.
<p>Weaknesses</p> <ol style="list-style-type: none"> 1. The General Manager's Vision and the 2017 organizational restructuring has not been completely accepted by all District employees', which has caused morale issues and negativity from a few employees. 2. The employee performance evaluation process is not efficient lacking meaningful and constructive feedback from employees. The process is also time consuming and supervisors often fail to develop meaningful performance objectives for employees.

<p>3. There is no organizational succession plan in place.</p>
<p>Opportunities</p> <ol style="list-style-type: none"> 1. There is an opportunity to develop a comprehensive training and development program for supervisors and employees to increase their technical skills and performance capabilities. 2. There is an opportunity to develop an internal leadership training program for supervisors which would include such items as conducting employee performance evaluations, setting measurable goals, administrative and budget processes and procedures, developing individual employee development programs, administration of the employee progressive discipline process and expectation of supervision and leadership. 3. There is an opportunity to develop a new employee performance evaluation process that provides meaningful benefits to the employee and to the supervisor. 4. An organizational succession plan, which includes cross training and knowledge transfer opportunities, would ensure the continued and uninterrupted transition of business. 5. The role of the Board of Directors in supporting and promoting the Districts core values would increase the overall professionalism of the District. 6. There is an opportunity to develop a Board of Directors Handbook with performance guidelines identifying and clarifying the respective roles of the Board, General Manager, Board officers and performance expectations.
<p>Threats</p> <ol style="list-style-type: none"> 1. The continued negative influence of a few staff will impact moral and progress if not addressed and/or corrected. 2. The lack of a succession plan or a cross-training program may negatively impact operations of the District. 3. The lack of consistency in modeling behaviors consistent with the Districts vision and values by the Board and District leadership will impact moral and performance. 4. Without consistent leadership from the General Manager and senior management staff the potential exist of the District returning to the previous organization style and negative culture.

Exhibit B

2017 STRATEGIC PLAN PROJECT PRIORITY LISTING

STRATEGIC GOAL # 1 – WATER SUPPLY

NO.	PRIORITY	PROJECT DESCRIPTION	DEPARTMENT ASSIGNED
1	A	Develop an integrated water supply plan to identify and evaluate alternatives to diversifying the Districts existing water supply and decrease reliance on imported water. The plan should include a financial impact analysis and delivery options.	Administration
2	A	Conduct a feasibility study and cost analysis providing additional treatment options for imported water supplies from the Colorado River to alleviate future concerns with increased levels of Total Dissolved Solids (TDS).	Engineering
3	A	Coordinate with the Coachella Valley Water District and Desert Water Agency on an evaluation to enhance existing hydrologic studies of the ground water basins the District relies on for current and future production. The evaluation will consider issues such as aquifer storage potential, groundwater quality, and the location of geologic faults, storage capability and groundwater movement. Approval of the evaluation study is contingent on completion of the SGMA process.	Administration/Engineering
4	A	Evaluate opportunities with the Agua Caliente Indian Reservation to access groundwater within the Indio and San Gorgonio Pass basins.	Administration
5	A	Initiate discussions with the Desert Water Agency and other wholesale and retail water providers, as well as private parties of interest to formulate a regional groundwater management structure and strategy. Options include: formulation of a joint powers agency, adjudication or other management/political body. Identify strategies and agreements for imported water, production rights, enhancing ground water quality, and fees and budget administration.	Administration
6	B	Modify existing water distribution system to incorporate production of groundwater from the Indio and San Gorgonio Pass Sub-Basins directly into the Districts system.	Engineering
7	B	Review and update the Districts Urban Water Management Plan to include additional analysis of multiple dry-year drought conditions.	Engineering/Conservation
8	C	Evaluate opportunities for expanded use of recycled water including direct reuse and recharge into existing aquifers.	Engineering
9	A	Participate on negotiations for final determination of the Ground Sustainability Agency for basins within the District's service area, which include the San Gorgonio Pass Sub-Basin, the Mission Creek Sub-Basin, the Indio Sub-Basin and the Desert Hot Springs Sub-Basin.	Administration

STRATEGIC PLAN PROJECT PRIORITY LISTING

STRATEGIC GOAL # 2 – INFRASTRUCTURE

NO.	PRIORITY	PROJECT DESCRIPTION	DEPARTMENT ASSIGNED
1	A	Conduct project design and construction to expand wastewater treatment capacity at the MSWD Regional Wastewater Treatment Plant by 1.5 million gallons per day (mgd).	Engineering
2	A	Update existing water and wastewater master plans.	Engineering
3	A	Conduct an analysis of staffing and workload allocation for infrastructure and maintenance operations to determine staffing needs based on industry standards. Identify opportunities for privatization of specific routine maintenance functions to augment staffing levels.	Engineering/Operations
4	A	Identify and record easements for water and sewer utility purposes in those areas where they are currently missing.	Engineering
5	A	Develop a Technology Plan that incorporates all aspects of the Districts internal and external technology including, field operational technology.	Administration Operations
6	A	Conduct a financial and operational analysis of the impact of future residential and commercial development based on the Cities of Desert Hot Springs' and Palm Springs' General Plan.	Finance/ Engineering
7	A	Conduct an evaluation of alternative energy opportunities including cost and feasibility for each alternative.	Engineering
8	A	Conduct an evaluation and cost analysis for renovation of the current administration and annex facilities. The evaluation should include space planning and opportunities for internal growth, public access and accessibility, ADA compliance, office ergonomics and furniture.	Finance/Engineering Administration
9	A/B	(A) Expand utilization of the current Geographic Information System for operational and facility use. (B) The system can be expanded to also include a customer database utilized by the Customer Service Department.	Engineering (A) Customer Service (B)
10	B	Conduct an analysis of the infrastructure needs and financial cost impacts to operate and maintain the Improvement District and develop a separate water rate structure for this area.	Engineering/Finance
11	B	Conduct analysis of available capacity within the current water system with future water demand projections to forecast time of demand need. Incorporate results in UWMP updates and Water Master Plan update.	Engineering
12	C	Evaluate options for relocation of existing water infrastructure within inaccessible areas of the District for ease of maintenance.	Engineering/Operations
13	C	Pipeline replacement project for all galvanized piping within the water distribution system. Incorporate project in Master Plan update.	Engineering/Operations
14	C	Evaluate vendor options for automating the inventory management system for purchasing, receiving and warehouse operations. Develop cost estimates for future capital budget allocation.	Finance

STRATEGIC PLAN PROJECT PRIORITY LISTING

STRATEGIC GOAL # 3 – FINANCIAL MANAGEMENT

NO.	PRIORITY	PROJECT DESCRIPTION	DEPARTMENT ASSIGNED
1	A	Convert the manual check signature process to an 'electronic' signature format including approval criteria established by the Board of Directors.	Administration/Finance
2	A	Automate the employee payroll structure and eliminate the manual entry of time and project numbers.	Finance/Administration Human Resources
3	A	Conduct a review of the employee performance evaluation process and the number of individual pay-range step increases allocated to employees based on employee tenure and the correlation to the evaluation process. Options include reducing the number of steps or establishing a median pay scale for each job classification.	Finance/Accounting
4	A	Update current accounting software interface.	Finance/Accounting
5	A	Modify the vendor contract and material procurement and approval process to include authorization at the executive staff level (Director of Finance and Administration and Director of Engineering and Operations).	Finance/Administration
6	A	Conduct a customer experience and needs assessment to gauge customer interaction and service level experience.	Finance/Customer Service
7	A	Modify the budget document preparation process to include additional financial detail designed to increase customer confidence and knowledge of the Districts financial management practices.	Finance
8	A	Develop and implement a customer education program designed to educate customers on water and sewer rates, capital spending requirements and budgeting.	Finance/Public Relations Customer Service
9	B	Implement changes to budget and revenue management to fully fund the reserve policy by 2020.	Administration/Finance
10	B	Develop an asset management and replacement component of the Financial Master Plan.	Finance/Accounting

STRATEGIC PLAN PROJECT PRIORITY LISTING

STRATEGIC GOAL # 4– PUBLIC AND POLITICAL OUTREACH

NO.	PRIORITY	PROJECT DESCRIPTION	DEPARTMENT ASSIGNED
1	A	Develop a comprehensive public relations strategy and master plan of activities and programs. Components of the plan shall include the overall goal of the program, staffing and resource needs, budget requirements and role and responsibility of the Board of Directors and staff for implementation.	Administration/Public Relations
2	A	Develop a crisis communication protocol for use in natural disasters, emergencies and interruptions in water supply. The protocol should include the role of the Districts Emergency Operations Center (EOC) and the role of the Board of Directors and staff in communicating with the public, the media and other elected officials.	Administration/Public Relations/Engineering Operations
3	A	Develop a staff engagement and training program to fully integrate the Districts Mission, Vision and Values throughout the organization. Employees as ambassadors of the organization are the program objectives.	Administration/Public Relations
4	A	Update the District website.	Administration/Public Relations
5	A	Develop a Board Handbook or Guidelines. Components to consider include: role, relationship and responsibility of the Board of Directors and staff, standards of performance and expectations of public office.	Administration
6	A	Communicate the goals and objectives of the 2017 Strategic Plan to all District employees. Provide updates on progress at least semi-annually.	Administration/Finance Engineering/ Public Relations
7	A	Develop a strategy to position the Board of Directors as regional water leaders including elevating their public and professional profiles within the region. The Board of Directors is a resource for the District and the water industry.	Administration/Public Relations

STRATEGIC PLAN PROJECT PRIORITY LISTING

STRATEGIC GOAL # 5 – ORGANIZATIONAL DEVELOPMENT

NO.	PRIORITY	PROJECT DESCRIPTION	DEPARTMENT ASSIGNED
1	A	Modify the employee performance evaluation process to incorporate employee input into performance measures and alignment with the Districts core values.	Human Resources/Administration Finance/Engineering
2	A	Develop an organization-wide succession plan allowing employees the opportunity for professional growth, cross -training, and preparation for succession and temporary assignments to maintain continuity and operational effectiveness.	Human Resources/Finance Engineering/Operations
3	A	Enhance and strengthen the existing organizational culture through promotion of District vision and core values. Develop individual employee development plans to promote personal and professional growth.	Administration Human Resources Engineering/Operations Finance
4	A	Develop a comprehensive employee development and training program that is initiated during the on-boarding process when first hired and continues throughout employment with the District. Create an individual professional growth program for each District employee. Department supervisors and managers will monitor the program.	Human Resources Finance Engineering/Operations Administration
5	A	Develop a comprehensive supervisor development and training program for existing managers and supervisors as well as employees aspiring to supervisory positions. The program will provide education and skill development in the following areas: conducting an employee performance evaluation, agency policies and procedures, expectations of leadership, administration of the employee discipline and development process and developing individual employee improvement plans.	Human Resources Finance Engineering/Operations Administration
6	A	Develop a program and role for the Board of Directors in supporting and enhancing the development of a professional staff. Program to include the allocation of resources for an employee recognition program in coordination with performance metrics and the Districts core values.	Administration Human Resources