

# **GOLETA SANITARY DISTRICT**

## **Board of Directors Annual Strategic Planning Workshop**

**February 18, 2010**

**Prepared by  
Rauch Communication Consultants**

## **1. ISSUES TO ADDRESS**

**The annual Board of Directors Strategic Planning Workshop was held on February 18, 2010, attended by the whole Board, the General Manager and in the afternoon by the District's general counsel. Bob Rauch of Rauch Communication Consultants facilitated the workshop.**

The workshop opened by listing the issues that would form the agenda for the meeting. The following was the list compiled by the participants. Included are the principal issues identified by the General Manager in his Annual Report:

- Financing the Treatment Plant
- Status of the Treatment Plant Upgrade Project
- Potential Reorganization of Public Agencies
- Retention of Employees and Succession Planning
- Public Scrutiny of Public Agency Compensation and Benefits
- Increases in Regulation and Associated Fees
- Renewal of the NPFES Permit
- Communications with the Public and District Customers

These topics were covered in the sequence requested by the group.

## **2. POTENTIAL REORGANIZATION OF PUBLIC AGENCIES**

The first topic chosen for discussion was the issue of potential reorganization of public agencies, in particular Goleta West Sanitary District and the City of Goleta. Some historical mention was made that included Goleta Sanitary District and Goleta Water District.

With respect to the LAFCO application made by the City of Goleta to detach the portion of Goleta West Sanitary district that lies within City limits and annex that area to the City, Goleta Sanitary District has taken a position of complete neutrality. This matter has not yet been resolved; the District is staying abreast of events but is taking no action. It was noted that a representative of Goleta West Sanitary would be the speaker at an upcoming meeting of the Santa Barbara County CSDA chapter meeting, and everyone was encouraged to attend.

A discussion of the issue noted that the City of Goleta was experiencing some financial shortfalls. Since the proposed reorganization had many political overtones, it was felt that the District's position of neutrality was the most appropriate position. The aspect that is of direct concern to the District is to assure that the commitment made by Goleta West Sanitary District to fund its share of the treatment plant upgrade cost be fulfilled. It was uncertain whether the public was fully aware of the situation.

The long history of a possible merger between the two sanitary districts was briefly reviewed. While this issue is very much on the back burner, it was felt that any reopening of this issue rests with Goleta West Sanitary. Such a reopening, if it were to occur, should be in the form of a resolution or other formal statement by the Board of Goleta West Sanitary. It was also noted that the discrepancy between the sewer service charges of the two sanitary districts is an important issue that would need resolution.

**Action:**

- **Review the two financial reports prepared by the City and Goleta West related to a City detachment proposal.**
- **Stay abreast of developments in the reorganization issue, collect information on what is going on.**
- **Take no actions until circumstances change.**

### 3. EMPLOYEE RETENTION AND SUCCESSION PLANNING

Many employees of the District are approaching retirement age. Virtually every senior member of management can be expected to retire within 3 to 5 years, and the same is true of some of the District's senior workers.

To address this situation, it was recommended by the General Manager that some recruitment of new employees to fill those spots begin in advance of the actual retirements, to assure an adequate overlap for training to take place. It was emphasized that all current employees would be invited to apply for such openings.

- The General Manager then reviewed the situation for each key employee and identified the succession planning for each position. It was noted that many sanitary districts are coping with the technical changes called for by current regulations. Because of the growing complexity of current regulations, more sophisticated candidates for senior positions may be called for in the future.

**Action:**

- **Maintain the Succession Plan prepared by the General Manager, as it is working satisfactorily.**
- **The Personnel Committee will review the entire Succession Plan, the likely retirements and the candidates proposed for those positions.**
- **Assure that all employees be kept informed and knowledgeable of the design, construction and operation of the new upgraded treatment plant.**

## 4. RENEWAL OF THE NPDES PERMIT

The Permit application by the District has already been submitted to the Regional Board and a hearing on it will be held on May 12, 2010. The Regional Board staff has recommended no changes to the current Permit.

It was noted that the Permit, if issued, applies until 2015, but the new treatment plant will already be in operation in 2013. This raises the question of whether it is desirable to reopen the permit to take account of this fact.

### **Action:**

- **Seek a possible change to the Permit that accommodates the new treatment plant. Wait until the plant is fully operational, say in 2014.**
- **All Board members are encouraged to be present at the hearing on May 12.**

## 5. REGULATION AND INCREASED FEES

There is a continuing cycle of new regulations being applied to sanitary districts along with increased fees from the state and federal governments. While this is a concern, there is little the District can do about the situation by itself.

On another level, County regulatory requirements and fees are also rising. They cause significant additional cost and loss of time

### **Action:**

- **Maintain a strong support position for the work that CASA does in this arena. CASA is in a position to address issues at the federal and state levels.**
- **The problem with County regulations and fees remains. The General Manager will do what is possible to mitigate the effects of this situation.**

## 6. FINANCING THE TREATMENT PLANT

The current arrangement for financing the upgraded treatment plant is a hybrid structure consisting of pay-as-you-go for the early parts part of the program and some kind of loan arrangement for the major expense of design and construction. The District has been actively seeking a low interest State Revolving Fund loan, but to this date there has been no word on whether we will be successful in obtaining the loan.

So far, the District has been using money from several of its funds to accommodate the pay-go portion of the program. Rates have been adjusted upward twice in order to build up revenue for these funds. But a loan will be needed if construction is to start in 2011 as presently planned, with completion anticipated in 2013. The rates are planned to rise to meet financing needs and then fall when construction costs fall off.

If we obtain a SRF loan, the debt service will continue for 20 years, A shadow on this arrangement is the question of whether there will be SRF funds available when we need them, given the poor economic conditions of both the federal and state governments. Notwithstanding, we are proceeding on our financing plan.

It was noted that there are other financing options available should the SRF plan not be implemented: either through a pay-go arrangement with steep rate hikes or by a COP that the Board could approve. Both the SRF and the COP options have less impact on the sewer service charge, and spread the costs to both current and future customers. Another alternative is an Assessment District but for a variety of reasons, this is the least feasible solution,

### **Action:**

- **Continue with the current financing plan as proposed.**
- **Urge the State Board to release SRF funds as soon as possible.**

## 7. STATUS OF THE UPGRADE PROJECT

In response to Board requests, the Manager provided a detailed update on the status of the treatment plant upgrade project:

- Currently there is minor cleanup of the documentation package
- A series of interviews with potential construction management firms is underway, with a selection expected by the end of March
- The progress on obtaining a County permit is very slow, particularly in the archaeological area and some geological issues related to earthquake faults. As a result, costs are continuing to climb

### **Action:**

- **General Manager and attorney should work intensively with County Planning staff to resolve the problem of growing costs and delays**
- **Board members should consider attending Planning Commission meetings to lend weight to the District's positions**
- **If necessary, contact our local Supervisor to gain additional support.**

## 8. COMMUNICATIONS WITH THE PUBLIC

A number of significant issues are currently facing the District: rate changes, facility construction, possible political reorganizations. Such issues directly affect the public. On the other hand, there are also many benefits to be derived from the work of public agencies such as ours.

To make the situation clear to the public, we must explain the issues and inform the public about what we are doing about them, and justify our actions.

Where there is criticism of public agencies for the excellent benefits that public employees receive, for example, we should point out that trained, qualified employees

doing the very specialized jobs required by an operation such as ours, are hard to find and hard to keep on the job. In short, we have reasonable explanations for the actions we take with respect to employees and these need to be explained.

**Action:**

- **Develop reasonable and persuasive for our employment compensation and benefits.**
- **Point out that we maintain the standards of the industry we are in.**
- **The services we provide are essential to the health and safety of the public as well as the environment.**
- **Maintain the regular publication of our newsletter as well as the rest of our public outreach program.**