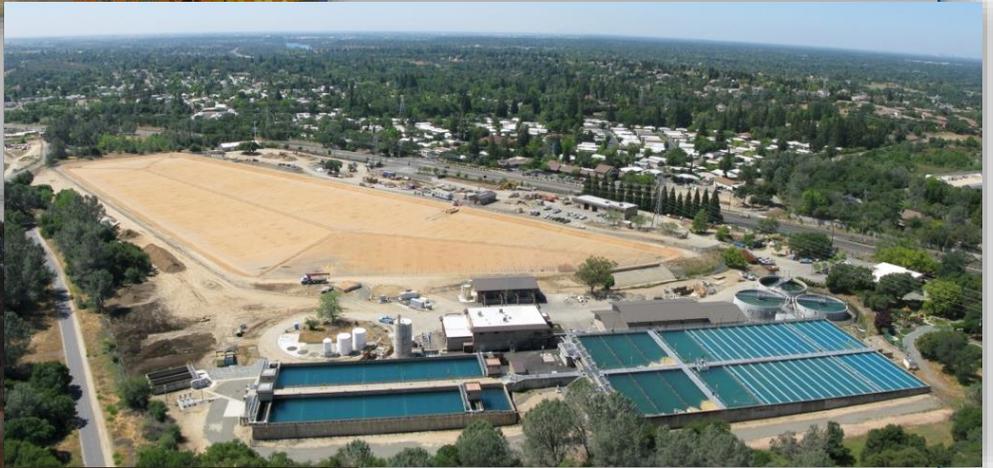


STRATEGIC PLAN

2018-2022



SAN JUAN WATER DISTRICT
Granite Bay, California

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FOREWORD

Welcome to the San Juan Water District’s Strategic Plan. With its 150+ year history and now more than 60 years of operation as San Juan Water District, the District continues to provide reliable water supply for communities in Sacramento and Placer Counties. Meeting the needs of our customers for reliable, high quality water supplies in an ever-changing regulatory and hydrologic environment can be challenging and requires thoughtful planning, as elucidated in this Strategic Plan.

Our mission, vision and values are the foundation for our operations and articulate our dedication to high quality service and environmental protection. The Strategic Plan encompasses these elements and outlines the goals and objectives that we will pursue to meet our mission and achieve our vision. The Plan incorporates the principles of fiscal responsibility, customer service and operational excellence.

This plan is our roadmap for the next two to five years, and will guide our decisions on annual budgets and operating plans. The Board of Directors and District management and staff will implement these plans to ensure efficient and effective operations that meet our commitment to our retail and wholesale customers, and our goal of protecting our water rights and supplies for years to come.



Martin Hanneman
President, Board of Directors



Paul Helliker
General Manager

STRATEGIC PLAN PARTICIPANTS

Ted Costa, SJWD Director
Marty Hanneman, SJWD Director
Ken Miller, SJWD Director
Dan Rich, SJWD Director
Pam Tobin, SJWD Director
Paul Helliker, SJWD General Manager
Donna Silva, SJWD Finance Director
Tony Barela, SJWD Operations Manager
Rob Watson, SJWD Engineering Services Manager
Lisa Brown, SJWD Customer Service Manager
George Machado, SJWD Field Services Manager
Greg Turner, SJWD Water Treatment Plant Superintendent
Greg Zlotnick, SJWD Water Resources Manager
Chris von Collenberg, SJWD IT Manager
Teri Grant, SJWD Board Secretary/Administrative Assistant
Marcus Yasutake, City of Folsom
Tom Gray, Fair Oaks Water District
Sharon Wilcox, Orange Vale Water Company
Joe Duran, Orange Vale Water Company
John Wingerter, Orange Vale Water Company
Dan York, Sacramento Suburban Water District
Einar Maisch, Placer County Water Agency
Tom Gohring, Water Forum
Ellen Cross, Strategy Driver, Inc., Facilitator

MISSION STATEMENT

Our mission is to ensure the delivery of a reliable water supply of the highest quality at the lowest reasonable price.



VISION STATEMENT

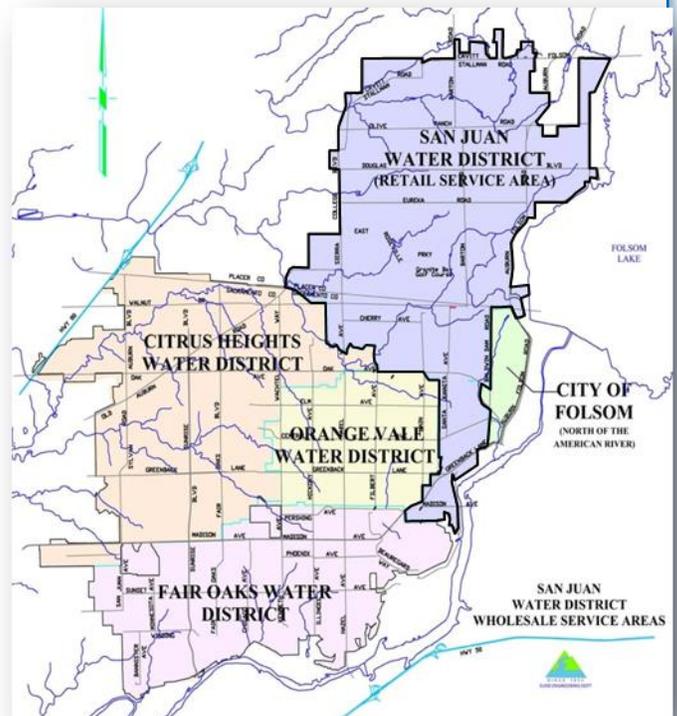
To be a recognized industry leader in the treatment and distribution of a reliable supply of safe and clean drinking water, while protecting and retaining the District's water rights and supply.

DISTRICT OVERVIEW

The San Juan Water District (District) began as the North Fork Ditch Company, which started providing water to the area in 1854. The San Juan Water District, as it exists today, was formed as the result of petitions being presented to the Board of Supervisors of Sacramento and Placer Counties by Citrus Heights Water District, Fair Oaks Water District, Orange Vale Water Company and a group of homeowners in South Placer County. An election was then held within the boundaries of the sponsoring petitioners on February 10, 1954. At this election, voters approved the formation of the San Juan Water District by nearly a two-thirds majority and elected five Directors. The District is a community services district formed under Section 60000 et seq., Title 5, Division 3 of the California Government Code.

The District provides both wholesale and retail water service. The wholesale area (which includes the District's 17 square mile retail area) covers approximately 46 square miles in northeastern Sacramento and southeastern Placer Counties. The District wholesales water to San Juan Retail, Citrus Heights and Fair Oaks Water Districts, Orange Vale Water Company, and to the City of Folsom for its customers north of the American River. The District serves a population of approximately 151,000 within its wholesale service area.

The District's existing water supply consists of three separate raw water contracts. The first source of water is a settlement contract with the U.S. Bureau of Reclamation (Reclamation) that provides, in perpetuity, for the delivery of 33,000 acre-feet of water from the American River based upon the District's water rights, which date from 1853 and 1928. The second source is a long-term contract with Reclamation for 24,200 acre-feet of Central Valley Project water that expires February 28, 2045, but which can be renewed. The third source is a contract with Placer County Water Agency for up to 25,000 acre-feet of water. All sources of surface water are either stored or flow through Folsom Lake and delivery is taken at Folsom Dam outlets, either by gravity or pumped by Reclamation's Folsom Pumping Plant.



SAN JUAN WATER DISTRICT TIMELINE

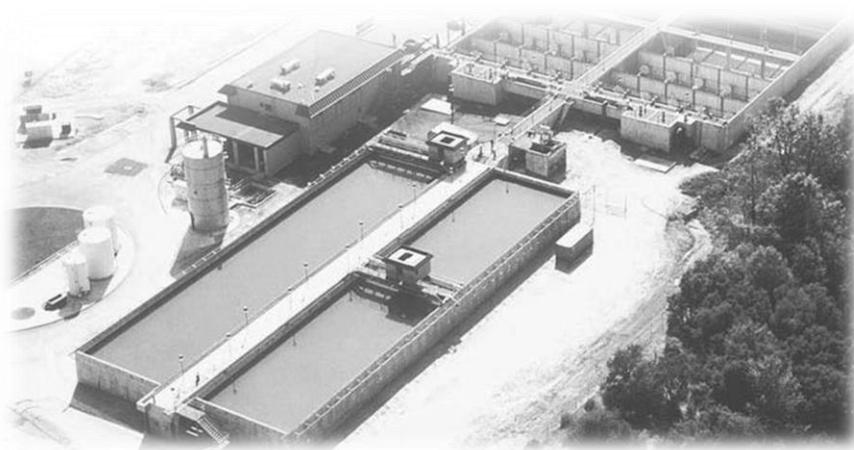
- 1853: Notice of appropriation of 3,000 miner's inches (about 60 CFS) from the North Fork of the American River for mining and agriculture posted at dam site by North Fork American River and Mining Company
- 1854: Construction of rock diversion dam on North Fork American River at Tamaroo Bar commenced; first water diversions
- 1889: Orange Vale Mutual Water Company signs a water supply contract with North Fork Ditch Company



- 1916: Hinkle Reservoir constructed on 15.4 acres of land purchased in 1902 from the Hinkle family
- 1917: Fair Oaks Irrigation District formed to irrigate 4,000 acres with water purchased from North Fork Ditch Company
- 1920: Citrus Heights Irrigation District formed to irrigate 3,157 acres with water purchased from North Fork Ditch Company
- 1928: Notice of appropriation of about 6,600 acre-feet filed in February. (This diversion right was limited to 15 cfs from June 1 thru November 1 when the final license was issued in the 1960's.)
- 1949: Congress authorizes Folsom Dam to create one-million acre foot reservoir
- 1954: Settlement agreement between Reclamation and North Fork Ditch Company: providing for Reclamation to deliver 33,000 acre feet per year at a maximum rate of 75 CFS from Folsom Reservoir
- Feb. 10, 1954: Voters create San Juan Suburban Water District
- May 25, 1954: New San Juan Suburban Water District acquires North Fork Ditch Company's water system and water rights

SAN JUAN WATER DISTRICT TIMELINE (con't)

- May 5, 1956: Folsom Dam dedicated
- 1957: First water deliveries from Folsom Reservoir to Hinkle Reservoir
- 1962: San Juan enters into Central Valley Project (CVP) water service contract with Reclamation for additional supplies
- 1967: San Juan and Reclamation agree to reduce the CVP water service contract entitlement
- 1972: San Juan enters into contract with Placer County Water Agency for supplemental water supply
- 1979: The water treatment plant constructed and begins operating, built with a portion of the \$4.2 million bonds issued in 1973



- 1992: Congress passes Central Valley Project Improvement Act, requiring water meters for San Juan customers
- 1996: San Juan enters into Warren Act Contract with Reclamation for delivery of PCWA contract water
- 1997: Cooperative Transmission Pipeline completed and operational, providing significant increased benefits for transmission capacity and reliability for San Juan, its wholesale customer agencies and other regional partners
- 2000: Water Forum Agreement signed
- 2001: Regional Water Authority established
- 2011: Solar Facility Project completed
- 2017: Water Treatment Plant renovated after permit upgrade in 2013 to 150 MGD

SAN JUAN WATER DISTRICT COLLABORATIONS

“Through Orange Vale Water Company’s collaborative relationship with San Juan Water District, the Wholesale Metering Project was a huge success. The new meters provided greater accuracy in monitoring water supply and demand for our customers, enhancing overall customer confidence.” – Sharon Wilcox, Former General Manager, Orange Vale Water Company

“Sacramento Suburban Water District [SSWD] has enjoyed a long and successful relationship with San Juan Water District [SJWD]. The districts have worked together on multiple fronts for many decades. With the construction of the Cooperative Transmission Pipeline [CTP] in 1996, and its extension, the Antelope Transmission Pipeline, the water transmission systems of both districts were connected. Since these transmission pipelines were built, SJWD has treated SSWD surface water and delivered it to SSWD as part of a successful SSWD conjunctive use program. In 2014 and 2015, a pump station on the CTP was constructed allowing SSWD’s groundwater supplies to be pumped into SJWD in extraordinary drought and emergency situations.” – Dan Bills, Finance Director, Sacramento Suburban Water District

“San Juan Water District was a founding member of the Regional Water Authority in 2001 and remains a valued partner to this day.” – John Woodling, Executive Director, Regional Water Authority

“Through our yearlong efforts, San Juan Water District and South Placer Fire Protection District managed a successful multi-agency effort to redefine how residential fire sprinkler systems are designed and installed to provide greater confidence in their life safety operation while reducing possible cross connection water quality concerns for all new developments.” –Chief Mike Ritter, South Placer Fire Protection District

GOALS

The District has adopted the following goals to guide its operations. Each of these goals tells us what we want to achieve and where we are going. The objectives that relate to each goal define what we need to accomplish in the near term. Each year, District staff prepare a budget and operational plan for approval by the Board, which allocate the resources and specify the tasks necessary to achieve these objectives. Finally, performance metrics define the quantifiable indicators which we will use to measure our progress in meeting these goals.

- ◆ **Ensure Water Supply Reliability**
- ◆ **Optimize Operations and Delivery for High Quality and Reliable Water**
- ◆ **Ensure Customer Service through Consistent Access and Timely Responsiveness**
- ◆ **Operate the District Sustainably and in a Financially Sound Manner while Maintaining a Fair Rate Structure**
- ◆ **Provide a Capable High Quality Work Force and Ensure a Safe Work Environment**

GOAL A: Ensure Water Supply Reliability

Ensure a high-quality water supply now and into the future that is reliable and sustainable, and while protecting the District's water rights and contracts.

Strategic Objectives

1. Partner with RWA agencies and other water Districts in California to promote legislation and regulations that allow the District to accomplish its mission.
2. Develop and implement a water transfer plan, including groundwater banking and substitution transfers.
3. Re-initiate merger discussions with SSWD.
4. Plan for future droughts and climate change impacts, including implementing a robust emergency plan for Folsom operations.
5. Strategically protect water rights and other District supplies in proceedings such as those associated with the California WaterFix and the Bay-Delta Water Quality Control Plan, including promoting the Modified Flow Management Standard.
6. Update the Urban Water Management Plan, to assess supply and demand conditions and future needs.
7. Apply for federal and state grants for studies and projects to provide reliable water supplies.

Performance Metrics

Key Performance Indicator	FY2019 Target
Amount of water transferred in groundwater substitution transfers	4,000 acre-feet
Amount of water transferred in conserved water transfers	5,000 acre-feet
Percent of grant applications we expect to be approved	> 75%
Rate of success in achieving positions adopted by Board on regulations and legislation	> 75%



GOAL B: Optimize Operations and Delivery for High Quality and Reliable Water

Meet or surpass public health and regulatory requirements, operate the District's treatment and delivery systems in a sound and sustainable manner and maintain and improve the District's infrastructure to meet the needs of our customers.

Strategic Objectives

1. Update the infrastructure master plan(s) to prioritize & implement infrastructure rehabilitation/replacement and align with future rate study by 2019.
2. Update Operations & Maintenance Programs and enhance technology that focuses on Prioritized, Predictive and Preventative Maintenance.
3. Implement Capital Improvement Program.
4. Implement the Hinkle Reservoir Replacement Project. Coordinate with Wholesale Customer Agencies and regional partners for optimized operation during construction.
5. Complete a review and update Safety and Regulatory Compliance Program.
6. Collaborate with Wholesale Customer Agencies to optimize water reliability and operation for mutual benefit.
7. Meet or surpass State and Federal drinking water quality goals and standards and meet all regulatory reporting goals.
8. Maintain an active Emergency Preparedness Program to plan for and manage the District's functions during an emergency and allow for an efficient and effective recovery following an emergency.

Performance Metrics

Key Performance Indicator	FY2019 Target
Capital Improvement Projects Completed	100%
CMMS Optimization	Implement an evaluation of the current CMMS program, the District's use of the program and potential improvements to optimize the program.
% of water quality goals met	100%
% of water quality regulations met	100%
Meets 80% Turbidity Reduction Standard	100%
% of water system valves exercised annually	10%
% Backflows Tested & Certified	100%
# Residential Meters Tested	120
# Hydrant Maintenance Completed	150



GOAL C: Ensure Customer Service through Consistent Access and Timely Responsiveness

Provide excellent service to our retail area customers, and promote the wise and efficient use of water. Continue to build positive relationships with Wholesale Customer Agencies.

Strategic Objectives

1. Optimize availability of District information to promote transparency and customer education for common District functions and services (including rates, budget, capital projects, maintenance, value of water, etc.)
2. Implement a long-term efficiency program, which includes a robust customer engagement program that meets the State's regulatory requirements.
3. Provide accurate and timely billing for water service.
4. Ensure efficient migration of utility billing system to accounting and financial system.
5. Provide excellent customer service via a transparent and interactive service portal and timely response to requests.
6. Complete customer satisfaction survey every 5 years achieving an 85% good or excellent customer satisfaction rating for customer service.
7. Focus interactions with Wholesale Customer Agencies to promote and increase transparency, communication and collaboration where appropriate.

Performance Metrics

Key Performance Indicator	FY2019 Target
Utilize internal website transparency tools to ensure all transparency requirements are met.	Review website each January for compliance.
Utilize multiple forms of communication including social media, website, e-blasts, newsletters, bill inserts, bill messages, town hall meetings, neighborhood meetings, and Chambers of Commerce.	Create bi-monthly WaterGram, monthly e-blast, monthly bill message, and bill inserts as necessary. Conduct annual town hall meeting and neighborhood meetings and Chamber events as requested.
Meet statewide water reduction target.	413 GPCD by December 31, 2020.
Develop list of efficiency workshop topics and create a marketing plan for each event.	January of each year.
Maintain bill accuracy.	Evaluate each billing packet for 99% accuracy or greater
Implement safeguards in billing system to prevent risk of fraud/theft and secure customer information including isolation of at risk job tasks and creating internal system software security protocols.	Evaluate billing process annually for risks.
Implement a billing system portal that will provide customers comprehensive information 24/7 regarding water use, bill pay services and customer transactions.	Evaluate customer service features annually for effectiveness and usability.

GOAL D: Operate the District Sustainably and in a Financially Sound Manner while Maintaining a Fair Rate Structure

Manage the District's finances to meet funding needs and ensure that retail and wholesale water rates are fair and reasonable.

Strategic Objectives

1. Implement, monitor and report on the Five Year Financial Plan against actual financial performance, to determine if rates should be adjusted to maintain a fair rate structure.
2. Develop and manage annual operating and capital budgets in alignment with the Strategic Plan. Maintain reserves at or above Board policy levels.
3. Provide monthly reporting and semi-annual forecasting of budget to actual financial data to the public and the Board of Directors.
 - a. Proactively explore and implement strategies to control costs and maximize efficiency such as: minimize debt; if debt must be issued – seek favorable debt instruments and terms to reduce debt service costs; and reduce/eliminate Unfunded Pension Liability.
4. Seek revenue diversity and stability.
5. Review operations to identify potential efficiencies or cost savings.

Performance Metrics

Key Performance Indicator	FY2019 Target
Implement, monitor and report on the Five Year Financial Plan against actual financial performance to determine if pre-approved rate increases could be lowered and to ensure continued relevance of Financial Plan.	Present prior year actual vs. Financial Plan analysis to the Board of Directors in October of each year.
Operating expenditures as a percent of operating expense budget	< or = 100%
Capital expenditures as a percent of capital budget	< or = to 100%
Operating and Capital revenues as a percent of budget	> or = to 100%
Debt service coverage target	> or = 2 time coverage (1.15 required)
Seek revenue diversity and stability	Review and adjust fee schedule to achieve full cost recovery, effective January 1 of each year

GOAL E: Provide a Capable High Quality Work Force and Ensure a Safe Work Environment

Create an environment that attracts, retains and engages a high performing diverse workforce in support of the District's mission and core values.

Strategic Objectives

1. Maintain a safe work environment, committed to regulatory and safety compliance, and supported by an aligned and high quality staff training program.
2. Continue to invest in the District's most important asset – its employees – by improving and enhancing a flexible staff training and development program to meet the dynamic workforce needs and mission demands.
3. Attract and retain a skilled, diverse and engaged staff that is focused on the District's mission, vision, core values and culture.
4. Continue to optimize the District's business systems to provide the best investment and cost benefit by appropriately integrating labor with technology to deliver on the District's set goals and objectives.
5. Ensure adequate staffing levels to implement strategic priorities.
6. Identify and impart appropriate performance measures and apply those towards promoting, recognizing and compensating high performance employees.

Performance Metrics

Key Performance Indicator	FY2019 Target
Complete a BOD/GM goals and performance review process	Annually
Percentage of Performance Evaluations and Reviews completed on time	100%
Percentage of personnel completing all their assigned safety training annually	100%
Number of Injury/Illness incidents per year resulting in time away from work	1 or less per 50 personnel
Percentage of personnel in job-related, but not required training or development programs	5% (or this target may be applied as a "Performance Measure Only")
Average Annual Training Hours per Employee	Greater than 10
Number of Open Positions longer than 6-months	Zero



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CORE VALUES

Accountability – Provide excellent service to our customers and partners by acting promptly and responsively to meet their needs

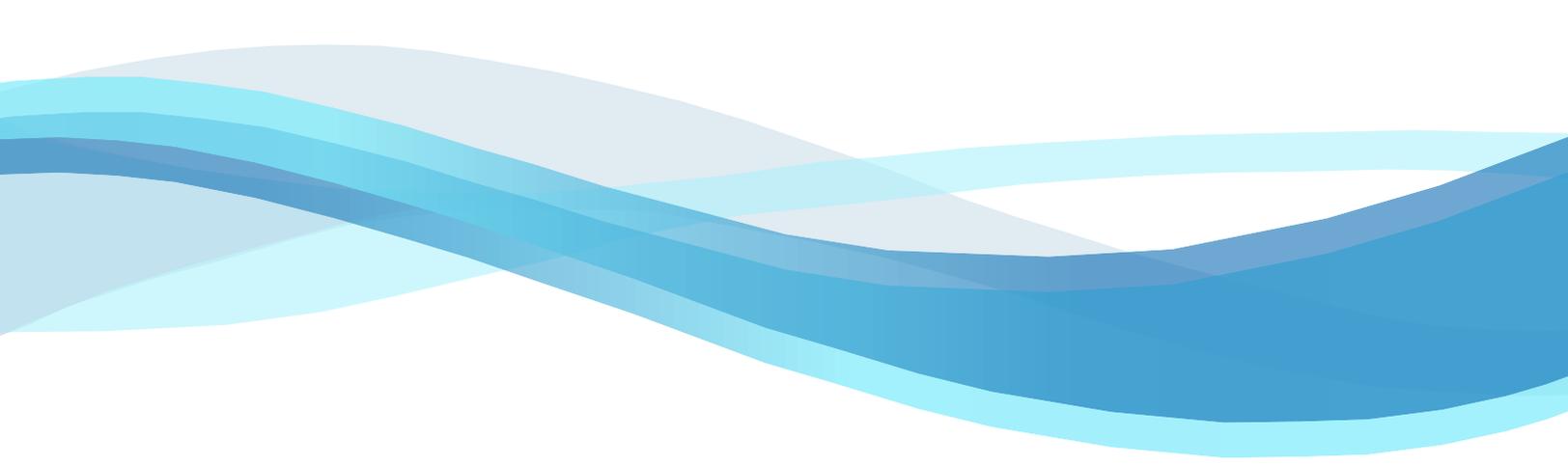
Culture – Make the District an enjoyable and desirable place to work and maintain a competitive and engaged work force

Fiscal Responsibility – Use ratepayer dollars wisely and efficiently and ensure rates are fair and reasonable

Teamwork – Work safely and collaboratively to accomplish the District's mission

Innovation – Always seek creative approaches that efficiently and cost-effectively meet changing conditions

Integrity – Act honestly and openly and treat others with respect and courtesy



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