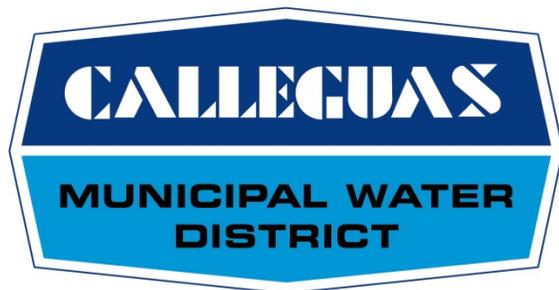


Calleguas Municipal Water District Strategic Plan

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Introduction

Strategic planning provides an opportunity for Calleguas Municipal Water District (Calleguas) to create with others the future that brings the greatest value to its customers. When Calleguas was formed in 1953, the mandate from the voters was clear: the economic viability of the service area required a supplemental source of high quality water. The foundational strategic question was initially answered in 1960, when voters approved formal annexation to the Metropolitan Water District of Southern California (Metropolitan) as well as bonds to construct the necessary facilities.

Importation of water to Ventura County was a monumental task. To connect to Metropolitan's water supply, Calleguas built large diameter pipelines 30 miles into Los Angeles County, including a 9,000 foot long tunnel through the Santa Susana mountains. To distribute that supply in Ventura County, it built over 150 miles of large diameter pipe and a network of pump stations and reservoirs. To provide water during outages from Metropolitan, it initially built Lake Bard and more recently built the Las Posas Aquifer Storage and Recovery (ASR) Project. That investment in supplemental water has supported a remarkable economic expansion. The service area's population has grown from 138,000 in 1964 to 630,000 in 2010. Water deliveries have increased from 9,000 acre feet per year to over 100,000 acre feet per year, more recently decreasing to 80,000 acre feet per year.

Today, Calleguas faces a variety of challenges in maintaining the value it has provided to its customers. Calleguas has delivered on the service area's initial investment, but its water supplies are strained by increased demands on shared supplies, more stringent regulations, and degrading water quality. Strategic planning takes Calleguas' past success into the future by showing how circumstances will be managed in the longer term so that Calleguas will continue to generate value for its customers. The strategic plan facilitates a conversation between Calleguas and its stakeholders which enables Calleguas to continue to adapt and create value in a changing environment.

Specifically, this strategic plan promotes that conversation by:

- Clearly stating Calleguas' interests and direction,
- Clarifying key inter-relationships between elements of Calleguas' mission,
- Providing a basis for informed policy decisions that involve tradeoffs between conflicting elements of the mission, and
- Charting a path to adapt to a changing environment.

In 2015, the Board revisited its original 2013 Strategic Plan. This plan includes a section describing the Board's strategic planning and reflects a revision and reordering of the plan's goals to reflect the inter-dependence of emergency and long-term reliability, and the Board's commitment to collaboration to explore cost-effective solutions.

Mission

The mission of the Calleguas Municipal Water District is

To provide the service area with a reliable supplemental supply of regional and locally developed water in an environmentally and economically responsible manner.

In 2012, the Board of Directors streamlined the District's mission statement to clarify core concepts. The Board identified those core concepts as

- reliability,
- water, and
- economic value.

The Board discussed whether “supplemental” should be retained in the mission statement since a significant portion of the service area is solely reliant on imported water for its supply. Calleguas’ purveyors, in reviewing the Board’s discussion, requested that “supplemental” be retained in the mission statement. For the purveyors who have existing or future prospects for additional water supplies, retaining the word “supplemental” best characterizes the continuing partnership between Calleguas and its customers. The purveyors also viewed retaining “supplemental” as important to communicate that they have independent authority to manage resources within their jurisdiction.

Guiding Principles

In 2012 the Board also established guiding principles to define the approach Calleguas uses to achieve its mission. The principles express values integral to the mission. The guiding principles state that Calleguas...

Exercises prudent stewardship of fiscal resources.

Conducts its affairs openly, ethically, and honestly.

Serves its customers fairly and equitably.

Welcomes partnerships in pursuit of its mission.

Facilitates regional solutions to regional problems.

Wise investment of regional resources is a top priority of the District. The District aspires to a level of transparency that earns the trust of the public and its customers. Finally, the principles reflect a role for the District that seeks to balance the value of the District's regional facilities and scope of interest with the recognition that effective regional coordination requires cooperation rather than control.

2015 Review and Update

In 2015, the Board held a series of discussions to update the 2013 Strategic Plan. The planning process began with the Board and Calleguas managers participating in a “crystal ball” exercise. The instructions were simple: “Imagine that you could consult a crystal ball and receive perfect information about Calleguas’ future. Given this opportunity, what three questions would you ask?” The Board and managers were then asked to answer their own questions assuming two scenarios: first, that the future turns out favorable, and second, that the future takes an undesirable direction. The responses spanned a spectrum of near and long-term issues ranging from specific project-related questions to broader policy directions. The responses also revealed an underlying consensus among the Board members and managers on the main issues the District faced in the future. The issues were: the scope of the District’s mission as it relates to others, emergency reliability, the reliability of imported water supplies (California WaterFix), groundwater management as it relates to service area reliability (specifically, but not limited to, the District’s Aquifer Storage and Recovery facility), and the prospect of seawater desalination.

The scope of the District’s mission statement is foundational. The Board discussed whether the emphasis of the existing mission statement was narrowly focused on providing supplemental imported water or included a broader role to develop additional supplies in partnership with others to improve reliability. Rather than discuss the scope of the District’s mission abstractly, the Board considered it using the other four less abstract issues as examples. For each issue, the responsible Calleguas manager prepared a two-page fact sheet with a problem statement, discussion, and ending with a list of five approaches. The approaches captured a range of actions that relate to the mission scope discussion. At the focused end of the range was a transactional approach involving the least coordination and risk given existing knowledge of the issue. At the broad end of the spectrum was a transformational approach typically involving increased coordination, complexity, and uncertainty.

Through the Board’s discussion of these issues, a consensus emerged that recalibrated the District’s strategic approach to reliability. The discussion on emergency reliability began by comparing trade-offs between regional and purveyor investments, but quickly evolved to opportunities for a mixed strategy of mutual investment and coordination. The background on California WaterFix highlighted the loss of State Water Project export capacity as regulators struggle to restore Delta fisheries. While District continues to support Delta solutions, the practical effect to restore historic imported flows remains at best decades away. The State’s framework for groundwater management, the Sustainable Groundwater Management Act, has the promise of sustainable collaboration in the long-term, but may create conflicts as stakeholders work to harmonize competing interests. Finally, the discussion of sizing and cost for an ocean desalination facility showed the inter-dependence of emergency and long-term

reliability options, the regulatory expectation that seawater desalination would be part of a larger integrated resource approach, and that partnerships might effectively add value.

The Board returned to the question of the scope of the District's mission with a better appreciation of how the District's ability to improve reliability fits into a network of relationships. The District's actions may be constrained or enhanced by others working to address related challenges, but reliability is intrinsically related to the actions of others. The Board ultimately decided to leave the mission unchanged. They found it broad enough to encompass the interdependence of water supply reliability solutions and exploration of partnerships with others. The Board's discussion suggested a mixed strategy of moving ahead with implementing regional facilities, such as Grandsen Pump Station Phase 2 and the Salinity Management Pipeline, while exploring opportunities to develop cooperative solutions. The management challenge will be the staging of the analyses and work with others that balances adaptation to changing circumstances with decisive action to lead change.

The substance of the Board's 2013 goals and objectives has proven remarkably resilient. Reliability, water, and economic value remain core concerns. The updated goals and objectives recognize that emergency and long-term reliability build upon each other, and that cost-effective solutions will require working with others to harmonize our interests. The reliability objectives have been re-ordered from the 2013 strategic plan to broadly reflect the sequence of issues that inter-relate to support reliability.

Goals and Objectives

1. Improve emergency and long-term water supply reliability
 - A. Promote and facilitate implementation of water use efficiency measures.
 - B. Establish financial incentives and/or agreements to encourage emergency provision of local water resources.
 - C. Develop interconnections and agreements to receive delivery of water supplies through connections other than the Santa Susana Tunnel.
 - D. Build Grandsen Pump Station Phase 2 to deliver wellfield water to Simi Valley and Conejo Valley. Build standby generators at the wellfield and Grandsen Pump Station to deliver wellfield water during power outages.
 - E. Build the SMP to the Moorpark Desalter, Santa Rosa Valley, and ultimately to Simi Valley if sufficient assurances are in place that it will be used to facilitate water supply reliability.
 - F. Continue to implement an infrastructure reliability program, including preventive and predictive maintenance, a comprehensive list of assets, regular inspections and assessments of infrastructure, a spare pipe inventory, cathodic protection systems, and rehabilitation and replacement projects.
 - G. Characterize the East/South Las Posas Basin through monitoring and modeling with the goal of understanding the capabilities of the ASR Project and its impacts on basin water levels. Establish certainty for long-term ASR operations.
 - H. Work with Fox Canyon Groundwater Management Agency, United Water Conservation District, agricultural pumpers, purveyors, and other groundwater interests to encourage, support, and facilitate the development and implementation of Groundwater Sustainability Plans within the service area that increase certainty in groundwater management and promote conjunctive use options.
 - I. Advocate and support efforts to improve State Water Project reliability and yield, most notably the California WaterFix.
 - J. Advocate for Metropolitan policies that improve the reliability of their supplies and infrastructure, improve their ability to supply State Water Project constrained member agencies, and encourage local resource development.
 - K. Evaluate a broad range of water supply and demand reduction options to meet emergency reliability needs.

- L. Engage in discussions with others regarding potential partnerships in developing water supply projects.
 - M. Closely monitor permitting and implementation of ocean desalination projects being developed in California with consideration that such a project may be part of Calleguas' future supply portfolio.
 - N. Facilitate collaborative planning of recycled water use, brackish groundwater development, stormwater capture, conjunctive use, and other approaches to maximize water resources.
 - O. Work with stakeholders to promote regulation that supports water supply reliability.
2. Accomplish the mission in a cost-effective manner.
- A. Complete a cost of service analysis to include wheeling rates and incentives for development of local supply capacity to provide supplemental supplies during outages.
 - B. Continuously evaluate and prioritize construction of capital projects on the basis of value to accomplishing Calleguas' mission.
 - C. Perform annual updates of the capital improvement program and long range financial plan and coordinate them with the Board and purveyors.
 - D. Maintain annual rate increases (including Metropolitan portion) below 6% every year.
 - E. Advocate for Metropolitan policies that promote fiscal prudence and stable water rates.
 - F. Implement technology to increase efficiency, facilitate communication and transparency, reduce cost and labor requirements, and improve reporting and analysis.
3. Keep the strategic plan relevant in the future
- A. Share progress on goals with the Board and purveyors annually.
 - B. Review strategic plan elements with the Board and purveyors at least every three years, or more often as needed, solicit input, and revise the plan as needed.

[end of plan]