



STRATEGIC PLAN

April 2022 Update



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ABOUT LAS VIRGENES MUNICIPAL WATER DISTRICT (LVMWD)

LVMWD was formed in 1958 to supply imported water to western Los Angeles County. It currently serves approximately 70,000 people residing within its 122-square mile service area. LVMWD is bounded on the west and the north by Ventura County, on the east by the City of Los Angeles and on the south by the City of Malibu. Its service area includes the cities of Agoura Hills, Calabasas, Hidden Hills, Westlake Village and surrounding unincorporated areas of Los Angeles County.

As a full-service water and wastewater utility, LVMWD provides drinking water, recycled water, wastewater services and biosolids composting. The area lacks local sources of drinking water; all potable water supplies are purchased from the Metropolitan Water District of Southern California, which imports water from the State Water Project and Colorado River. Approximately 20% of LVMWD's overall water demands are met with recycled water. Las Virgenes Reservoir provides emergency and off-season storage for potable water, which is treated at the Westlake Filtration Plant.

In 1964, LVMWD and Triunfo Water & Sanitation District established the Las Virgenes-Triunfo Joint Powers Authority (JPA) to cooperatively collect and treat the wastewater for

their bordering service areas, both within the Malibu Creek Watershed. Wastewater is collected through a network of trunk sewers and treated at the Tapia Water Reclamation Facility, which produces high-quality recycled water used primarily for irrigation purposes. Beginning in 1994, biosolids generated from the wastewater treatment process are conveyed to the Rancho Las Virgenes Composting Facility and transformed into "Class A – Exceptional Quality" garden compost that is distributed free for home use.

LVMWD offsets its energy usage and reduces its carbon footprint by utilizing "green" energy generated by the JPA. A five megawatt solar power generating facility in the canyon immediately south of LVMWD Headquarters offsets 100 percent of the energy usage for energy demands at the Tapia Water Reclamation Facility and pumping recycled water. Also, a 200 kilowatt biogas co-generation facility at the Rancho Las Virgenes Composting Facility offsets energy usage for composting.

PURPOSE OF LVMWD'S STRATEGIC PLAN

The Strategic Plan describes LVMWD's strategy to address the opportunities, challenges and needed investments likely to arise in the next 20 years. Further, the plan will provide the basis for making decisions on the allocation of resources to ensure consistent direction moving forward.

Specifically, the Strategic Plan is designed to meet the following objectives:

- Set a clear path forward for LVMWD, building on its mission and vision.
- Identify and address the opportunities, challenges and needed investments likely to arise during the next 20 years.
- Provide a high-level framework for making decisions on the allocation of resources.
- Prepare LVMWD for the future.
- Establish service commitments for LVMWD's customers.
- Implement a standards-based approach to meet service commitments.
- Establish values for conducting LVMWD's business and interacting with others.
- Identify strategic objectives for action.
- Describe a process for reviewing and updating the plan.

ELEMENTS OF THE STRATEGIC PLAN

Strategic Foundation - The strategic foundation consists of LVMWD’s mission, vision and behavioral values. The mission describes our purpose or what we do. The vision describes what we want to be, or be known for, in the future. The behavioral values describe how we conduct our business and interact with others. Together, the mission, vision and behavioral values provide the foundation for all of LVMWD’s activities, both now and well into the future.

Business Values - The business values describe the commitments LVMWD makes to its customers. Examples include transparency and community engagement, reliable water supplies and service, and sound financial management. Business values provide fundamental focus areas for the organization.

Standards - Standards are simply rules or service levels that put the business values in operational terms. To provide consistent service and value to customers, it is important to take a standards-based approach. LVMWD’s standards will drive its activities, decisions and proposed investments. Some standards are driven by legal or regulatory requirements (i.e. compliance with the Safe Drinking Water Act); however, others are developed internally to meet the needs of customers.

Strategic Objectives - The strategic objectives describe the major undertakings planned to address the significant opportunities, challenges or needed investments likely to arise in the next 20 years. Strategic objectives are not intended to address tasks that are part of normal utility operations.

STRATEGIC FOUNDATION

MISSION

Dedicated to providing high-quality, reliable water service in a cost-effective and environmentally sensitive manner.

VISION

Valuing every drop~Bringing water full circle.

BEHAVIORAL VALUES:

We are guided in our daily decisions and activities by these values:

Integrity

We are open, honest, and ethical in all of our communications and actions.

Respect

We give thoughtful consideration to each other’s differences and opinions.

Commitment

We give our best to get the job done right.

Responsibility

We are accountable for our behaviors, actions and use of public resources.

Collaboration

We listen and openly share our ideas to achieve better decisions and outcomes.

Leadership

We are proactive in protecting the interests of our customers and community.

BUSINESS VALUES

The following business values describe the commitments LVMWD makes to its customers:



KEY STANDARDS

The table below, followed by narrative descriptions, puts the business values in context with key standards.

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| <p>High Level of Customer Satisfaction</p> <p>Accurate and Timely Water Use Data and Billing Easy to Pay Bill, View Water Usage in Near Real-Time Solve Problems Employ Technology to Improve Services Solicit Feedback and Meet Customer Expectations</p> | <p>Transparency and Community Engagement</p> <p>Understandable Operations, Decisions, Financials Cooperative Relationships with Customers, Community Promote Water Education Programs Engage in Local, Governmental, Industry Affairs Ensure Customers and Stakeholders are Well-Informed</p> |
| <p>Highly Effective Workforce</p> <p>Hire, Promote, and Retain Qualified Employees Provide Competitive Compensation and Benefits Develop Employee Skills, Competencies, Leadership Focus on Knowledge Transfer and Succession Planning</p> | <p>Safe, High-Quality Water</p> <p>Meet or Exceed Drinking Water Standards Anticipate Future Regulations, Standards Meet Customer Needs for Quality, Consistency Timely Communication of Water Quality Information</p> |
| <p>Protection of Public Health and Environment</p> <p>Meet or Exceed Environmental Regulations Safe and Reliable Wastewater Services Effective Watershed Leader and Environmental Steward Support Economical Greenhouse Gas Reductions</p> | <p>Maximum Reuse and Resource Recovery</p> <p>Maximize Beneficial Use of Recycled Water Maximize Compost Use and Cogeneration Capacity Advocate for Science-Based Regulations</p> |
| <p>Sound Financial Management</p> <p>Fiscally Conservative, High-Liquidity Investments High Credit Ratings Prudent Capital and Operating Reserves Timely and Accurate Financial Reporting</p> | <p>Reliable Water Supplies and Service</p> <p>Meet Current and Future Demands Promote, Encourage, and Support Efficient Water Use Low Risk of a Sustained Water Shortage Diverse Portfolio, Resilient to Climate Change Comprehensive Maintenance and Replacement Programs</p> |
| <p>Sound Planning and Appropriate Investment</p> <p>Rates Cover Full Cost of Service Long-Term View, Appropriate CIP Funding Make Compelling Cases for Investment, Rates Well-Prepared for Emergencies</p> | <p>Innovative and Efficient Operations</p> <p>Invest in Efficiency Improvements Reduce Costs while Preserving Key Service Standards Use Proven Technologies to Increase Efficiency Systematic Approach to Enhance Efficiency</p> |

KEY STANDARDS (cont.)

High Level of Customer Satisfaction

LVMWD endeavors to maintain a high level of customer satisfaction through responsive and professional service. When calling during business hours, customers can count on their calls being answered by the appropriate person, without unreasonable wait-times and excessive “button pushing” associated with an automated phone system. Employees are empowered to solve customer problems or escalate them to the appropriate manager. After hours, employees are available 24/7 to respond to outages and other emergencies.

Transparency and Community Engagement

LVMWD is committed to providing easy access to important information on its finances, operations and decision-making process. Openly sharing information builds public trust and ensures accountability. Further, LVMWD maintains an active role in the communities it serves, engages those affected by its activities and values customer feedback, and ensure customers, city officials, and other stakeholders, are well-informed of District programs and initiatives.

Highly Effective Workforce

A highly effective workforce is LVMWD’s most valuable resource. Fulfilling LVMWD’s promises to its customers depends on hiring, promoting and retaining the most qualified employees. LVMWD meets its workforce objectives by offering competitive compensation, providing opportunities for professional growth and leadership, and fostering a collaborative work environment.

Safe, High Quality Water

LVMWD takes its responsibility very seriously to provide customers with safe, high quality water. Maintaining the trust of customers depends on serving water that meets or exceeds drinking water standards. Information on the quality of LVMWD’s water is provided to customers annually. Additionally, customers are notified in advance when a change in water source may affect the taste or odor of their drinking water. LVMWD responds quickly to water quality-related concerns.

Protection of Public Health and the Environment

Protecting public health and the environment is central to all aspects of LVMWD’s business, from supplying safe drinking water to preventing sanitary sewer overflows. LVMWD is diligent in meeting or exceeding the many environmental regulations applicable to its operations.

Further, LVMWD is a watershed leader and environmental steward, recognizing the need to protect the valuable natural resources that make its service area unique. LVMWD is committed to maintaining facilities that complement the natural beauty and ecology of the service area by maintaining attractive, water efficient landscaping at District facilities. Landscapes serve several purposes including

the enhancement of facility aesthetics, screening facilities from public view or blending facilities in with the natural environment. As part of this commitment the District will also minimize the amount of erosion and stormwater runoff from facilities. Facility landscaping is to be non-invasive, drought-tolerant and climate-appropriate with an emphasis on native plants in order to mimic the surrounding environment and minimize watering requirements. The utilization of harmful chemicals to manage weeds or fertilize vegetation and the use of rodenticides for pest control will be minimized.

Maximum Reuse and Resource Recovery

Maximizing the beneficial reuse of recycled water is critical to improve LVMWD’s water supply reliability and support efforts to stop discharging to Malibu Creek. Water is too valuable to use only once. Also, LVMWD is committed to recover additional resources from its treatment processes. For example, additional biogas could be recovered and used to generate energy by accepting fats, oils and grease for digestion at the Rancho Las Virgenes Composting Facility.

Sound Financial Management

LVMWD manages its finances to provide customers with value through reliable, high-quality service at competitive rates. Sufficient reserves are maintained to support operations, maintain high credit ratings and avoid large, unexpected rate increases. LVMWD maintains a conservative and liquid investment portfolio. Additionally, LVMWD seeks available grant funding to leverage its use of local funds for infrastructure improvements. Finally, LVMWD is dedicated to accurate, understandable and timely financial reporting.

Reliable Water Supplies and Service

Customers can expect LVMWD to provide reliable water supplies and service. LVMWD plans and invests appropriately to ensure a very low risk of a sustained water shortage. Water delivery and treatment facilities are well-maintained and rehabilitated/replaced, as necessary, to minimize the potential for failures that could temporarily interrupt service. Further, LVMWD promotes efficient water use, eliminating wasteful practices and stretching supplies further. Finally, LVMWD seeks to diversify its water supply portfolio, recognizing uncertainty associated with the future availability of water supplies and the potential impacts of climate change.

Sound Planning and Appropriate Investment

The foundation for reliable water and wastewater services is sound planning. LVMWD focuses on the long-term, anticipating future needs and making the appropriate investments to address those needs. Planning efforts support LVMWD in making compelling business cases for investments. LVMWD sets rates to recover the full cost of

service, including investments to replace or upgrade aging infrastructure. Also, LVMWD recognizes the importance of reliable water service to public safety, particularly for firefighting. LVMWD is well-prepared for emergencies, including fires, floods and earthquakes.

Efficiency improvements are sought through innovation and the use of proven technologies. Also, a systematic approach, utilizing suggestions from employees, supports efficiency enhancements.

Innovative and Efficient Operations

LVMWD is committed to innovative and efficient operations. Investments are made in efficiency improvements with a focus on reducing costs while maintaining key service standards.

STRATEGIC OBJECTIVES

Strategic objectives constitute the major undertakings planned for the next five years, considering the significant opportunities, challenges or needed investments likely to arise in the next 20 years.

Below is summary of LVMWD's strategic objectives, followed by a detailed analysis of each:

- 1.** Develop a strategy to maintain a highly effective workforce.
- 2.** Improve LVMWD's water supply reliability.
- 3.** Support customers to meet water-use efficiency standards.
- 4.** Eliminate the discharge of pollutants to Malibu Creek and preserve the atural beauty of the Watershed.
- 5.** Achieve a high credit rating for LVMWD's three enterprises.
- 6.** Reduce LVMWD's carbon footprint.
- 7.** Keep customers, city officials and other stakeholders well-informed and provide new/improved customer tools to enhance service delivery.
- 8.** Develop a process to act on efficiency improvement suggestions.
- 9.** Enhance LVMWD's asset management programs.

Strategic Objective No. 1 Develop a strategy to maintain a highly effective workforce.

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| <p><i>Applicable Business Values</i></p> | <ul style="list-style-type: none"> ▪ Highly Effective Workforce ▪ Innovative and Efficient Operations ▪ High Level of Customer Satisfaction ▪ Safe, High-Quality Water ▪ Transparency and Community Engagement ▪ Sound Planning and Appropriate Investment ▪ Reliable Water Supplies and Service ▪ Sound Financial Management ▪ Maximum Reuse and Resource Recovery ▪ Protection of Public Health and Environment |
| <p><i>Most Relevant Standards</i></p> | <ul style="list-style-type: none"> ▪ Hire, Promote and Retain Qualified Employees ▪ Provide Competitive Compensation and Benefits ▪ Develop Employee Skills, Competencies, Leadership ▪ Focus on Knowledge Transfer and Succession Planning ▪ Support on-going training and education |
| <p><i>Background</i></p> | <p>LVMWD has a committed and dedicated workforce. Employees are very resourceful and effective in providing LVMWD's services to achieve a high level of customer satisfaction.</p> |
| <p><i>Challenge/Opportunity</i></p> | <p>The workforce has been changing, and will continue to change, as long-tenured employees retire and a new generation of employees join LVMWD. The challenge will be to capture and transfer knowledge from tenured employees. Succession planning will also be critical to prepare and develop employees to take on higher-level positions, particularly those that are "stand-alone" (i.e. without a subordinate position with similar duties) or require unique skills. Developing and communicating a philosophy for compensation and benefits will also be important for LVMWD to retain its most qualified employees and support recruitment efforts.</p> |
| <p><i>Solution</i></p> | <p>Develop a workforce strategy addressing the following items:</p> <ul style="list-style-type: none"> ▪ Institutional knowledge capture and transfer ▪ Succession planning ▪ Retention and development of employees ▪ Philosophy for compensation and benefits (where to be in the market) ▪ New employee orientation ▪ Expansion of the internship program ▪ Performance management and recognition |
| <p><i>Timing</i></p> | <p>Ongoing</p> |
| <p><i>Ramifications of Not Acting</i></p> | <p>Potential impacts to the quality and efficiency of LVMWD's service.</p> |

Strategic Objective No. 1 (cont.)

Accomplishments to Date

- In October 2018, the District implemented its first-ever Succession Plan. This plan was the result of a collaborative process including representation from throughout the organization. The Plan has been the basis for several efforts to address retirements and other staffing needs, and all elements of the plan have been implemented.
 - Increased employee attrition has resulted in increased recruitment activity. The District has made efforts to recruit early to minimize gaps and has made several interim appointments for key positions.
 - District tours provided by the General Manager have been implemented for new hires as part of the onboarding process to support new hires' acclimation, knowledge, and sense of belonging to the District.
 - In early 2018, the District formed a Diversity & Inclusion Committee. The focus of the committee is on education and engagement of employees. The committee has sponsored various employee events and training to educate and engage employees.
 - In 2018, the District completed an extensive compensation study that was implemented with the 2019-2021 Memoranda of Understanding.
 - The internship program has been expanded. As of April 2022, there are 5 interns currently working for various departments to assist managers with their needs.
 - Employee and organizational development have been encouraged through leadership and professional development opportunities, including a communications program through California Lutheran University, a California Lutheran University Local Government Scholarship program, and performance management training.
 - Employee health and wellness have been promoted through various employee benefits and via contract negotiations, including providing mental wellness services, telecommuting options, a gym facility at District Headquarters, and a physical fitness program that includes reimbursement for at-home fitness programs and equipment. Further, the District has been awarded a Wellness Grant from the ACWA JPIA to be used to promote employee wellness.
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Strategic Objective No. 2 Improve LVMWD’s water supply reliability.

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| <i>Applicable Business Values</i> | <ul style="list-style-type: none"> ▪ Reliable Water Supplies and Service ▪ Sound Planning and Appropriate Investment ▪ Safe, High-Quality Water ▪ Maximum Reuse and Resource Recovery |
| <i>Most Relevant Standards</i> | <ul style="list-style-type: none"> ▪ Meet Current and Future Demands ▪ Promote, Encourage and Support Efficient Water Use ▪ Low Risk of a Sustained Water Shortage ▪ Diverse Portfolio, Resilient to Climate Change ▪ Comprehensive Maintenance and Replacement Programs ▪ Well-Prepared for Emergencies ▪ Maximize Beneficial Use of Recycled Water |
| <i>Background</i> | <p>LVMWD meets 80% of its overall water demands with potable water purchased from Metropolitan Water District of Southern California (MWD). The remaining 20% of demands is met with recycled water.</p> |
| <i>Challenge/Opportunity</i> | <p>LVMWD is entirely dependent on MWD for its potable water supplies. Although MWD provides an excellent level of reliability, LVMWD is vulnerable to future shortages due to drought and climate change. Absent construction of the California WaterFix, imported water deliveries from the State Water Project will be subject to continued pumping restrictions due to endangered fish species in the Delta, drought and even potential interruption following a failure in the Delta. Further, efforts to improve water supply reliability require substantial time and investment.</p> |
| <i>Solution</i> | <p>Develop plans to diversify and improve the reliability of LVMWD’s water supply portfolio, considering the following items:</p> <ul style="list-style-type: none"> ▪ Additional use of recycled water ▪ Groundwater banking ▪ Indirect potable reuse ▪ Regional partnerships with neighboring agencies to develop local supplies ▪ Brackish groundwater treatment ▪ Water-use efficiency improvements ▪ Conversion of areas served by septic systems to sewers, increasing recycled water supplies ▪ Exchanges of recycled water for potable supplies ▪ Advocating for amendment of the MWD Act to remove “supplemental” from the description of its role as a regional water supplier. ▪ Advocating for construction of the California WaterFix. ▪ Supporting improvements to the MWD system that would increase the reliability of imported supplies, including but not limited to better access to Colorado River water. |
| <i>Timing</i> | <p>10 to 20 years</p> |
| <i>Ramifications of Not Acting</i> | <p>Remain vulnerable to future shortages.</p> |
| <i>Accomplishment to Date</i> | <p>The Pure Water Project Las Virgenes - Triunfo, which will initially provide at least 2,100 acre-feet of drinking water produced from the advanced treatment of reclaimed wastewater, is under design and on schedule to be operational by 2030 or earlier. Significant progress has been made in water-use efficiency improvements as highlighted in Strategic Objective No. 3.</p> |

Strategic Objective No. 3 Support customers to meet water-use efficiency standards.

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| <p><i>Applicable Business Values</i></p> | <ul style="list-style-type: none"> ▪ Reliable Water Supplies and Service ▪ High Level of Customer Satisfaction ▪ Innovative and Efficient Operations |
| <p><i>Most Relevant Standards</i></p> | <ul style="list-style-type: none"> ▪ Promote, Encourage and Support Efficient Water Use ▪ Accurate and Timely Water Use Data and Billing ▪ Easy to Pay Bill, View Water Usage in Near Real-Time ▪ Solve Problems ▪ Employ Technology to Improve Services ▪ Invest in Efficiency Improvements |
| <p><i>Background</i></p> | <p>State law under SB 606 and AB 1668 requires water agencies and their customers to “Make Conservation a California Way of Life” and maximize the efficient use of water. On January 1, 2016, LVMWD implemented budget-based rates, establishing individualized water budgets for every customer.</p> <p>Budgets were based on state efficiency standards for indoor and outdoor water use, which continue to adjust to lower levels under statute. Also, the Board adopted escalating, volumetric penalties for wasteful water use.</p> |
| <p><i>Challenge/Opportunity</i></p> | <p>Approximately one-half of LVMWD’s customers currently keep their usage within budgeted amounts, meeting water-use efficiency standards. However, the remaining half exceed their water budgets regularly and are subject to the higher cost of providing water service for inefficient usage. Further, a smaller group of customers have wasteful water use, which is subject to penalties. The challenge is for LVMWD to provide its customers with the support and tools necessary to effectively manage their water use and meet increasingly stringent efficiency standards.</p> |
| <p><i>Solution</i></p> | <p>Provide customers with tools to meet water-use efficiency standards, including:</p> <ul style="list-style-type: none"> ▪ A user-friendly, customer “portal” for tracking water usage ▪ Profiling water usage data collected by AMI system ▪ Additional rebates for water-use efficiency improvements (i.e. weather-based irrigation controllers) ▪ Development and implementation of a Regional Landscape Transformation Program ▪ Targeted outreach and education (i.e. “Top 100” users) ▪ Sharing customer “success stories” |
| <p><i>Timing</i></p> | <p>2 + years</p> |
| <p><i>Ramifications of Not Acting</i></p> | <p>Inefficient and wasteful water usage would continue hindering LVMWD’s ability to meet water use standards established by State Law under SB 606 and AB 1668.</p> |
| <p><i>Accomplishments to Date</i></p> | <p>WaterSmart, the customer interface portal that provides several tools including leak alerts and near real-time tracking of water use, has been implemented and is available to customers. Over 13,000 advanced meters under the AMI Project have been installed as of April 2022 with completion by the end of 2022. Over 2,400 weather-based irrigation controllers have been given away or provided at a discounted price to customers. A regional landscape transformation program is under development, and outreach efforts continue to evolve to include digital advertising and other creative means to reach customers who routinely exceed their water budgets.</p> |

Strategic Objective No. 4 Eliminate the Discharge of Pollutants to Malibu Creek and Preserve the Natural Beauty of the Watershed.

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| <p><i>Applicable Business Values</i></p> | <ul style="list-style-type: none"> ▪ Maximum Reuse and Resource Recovery ▪ Sound Planning and Appropriate Investment ▪ Protection of Public Health and Environment ▪ High Level of Customer Satisfaction ▪ Reliable Water Supplies and Service |
| <p><i>Most Relevant Standards</i></p> | <ul style="list-style-type: none"> ▪ Maximize beneficial use of recycled water. ▪ Long-Term View, Appropriate CIP Funding ▪ Meet or Exceed Environmental Regulations ▪ Effective Watershed Leader and Environmental Steward ▪ Solicit Feedback and Meet Customer Expectations ▪ Diverse Portfolio, Resilient to Climate Change |
| <p><i>Background</i></p> | <p>LVMWD is a leader in water recycling, serving its first customers in the early 1970s. Also, LVMWD has a long-standing commitment to environmental stewardship. Because of the seasonal imbalance of supply and demand, LVMWD discharges excess recycled water to Malibu Creek during the wintertime, when demands are low, and supplements the recycled water system with potable water during the summertime, when demands are high. Although LVMWD is prohibited from discharging to Malibu Creek during the summertime, it is required to augment flows in the creek to support endangered fish species when the creek flow drops below 2.5 cubic feet per second. In 2013, the U.S. EPA adopted a benthic macroinvertebrate Total Maximum Daily Load (TMDL) for Malibu Creek, establishing some of the most stringent nutrient standards in California. With implementation of the 2013 TMDL, it will no longer be cost-effective to treat the recycled water to meet regulatory standards for discharge to Malibu Creek. Further, the recycled water could be put to beneficial use, improving water supply reliability for LVMWD.</p> <p>LVMWD has also been committed to providing watershed leadership with District landscaping and land management practices that minimize erosion and the use of harmful pesticides and rodenticides or other chemicals at District facilities. This has and continues to be accomplished by maintaining the Demonstration Sustainability Garden, converting landscapes at other District facilities, and maintenance activities that integrate business practices for maximizing eco-system benefits. The development of a plan is also underway to repurpose the Spray Fields once they are no longer needed to dispose excess recycled water after completion of the Pure Water Project Las Virgenes-Triunfo.</p> |
| <p><i>Challenge/Opportunity</i></p> | <p>The challenge is to effectively eliminate discharges to Malibu Creek and beneficially reuse the excess recycled water. Discharges to Malibu Creek cannot be 100% eliminated because of LVMWD's flow augmentation requirement. Also, discharges will continue to be required during operational emergencies and storm events.</p> <p>However, "effective" elimination is possible through a major water reuse project – the Pure Water Project Las Virgenes – Triunfo. The opportunity lies in turning a former liability (creek discharge) into a valuable asset (new water supply).</p> <p>The challenge is also to set an example for sound land use practices that both minimizes erosion and beautifies District facilities utilizing non-invasive, drought-tolerant and climate-appropriate plants, and efficient irrigation practices, which will also eliminate the need to use harmful chemicals and fertilizers that can get into the watershed and harm both humans and wildlife.</p> |

Strategic Objective No. 4 (cont.)

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| <i>Solution</i> | <p>Plan, design and construct a major water reuse project to effectively eliminate discharges to Malibu Creek utilizing Indirect Potable Reuse through the use of Las Virgenes Reservoir as described in the Recycled Water Seasonal Storage Plan of Action.</p> <p>Utilize only non-invasive, drought-tolerant and climate-appropriate plants when landscaping at District facilities and employ efficient irrigation practices. Repurpose the Spray Fields once they are no longer needed to dispose of excess reclaim water and integrate business practices that will maximize eco-system benefits.</p> |
| <i>Timing</i> | 8 + years |
| <i>Ramifications of Not Acting</i> | <p>Non-compliance with regulatory requirements; \$200+ million in upgrades required to the Tapia Water Reclamation Facility.</p> <p>Contributing to the addition of sediment and pollutants to the watershed and not providing leadership and an example to customers of the benefits of utilizing non-invasive, drought-tolerant and climate appropriate landscaping</p> |
| <i>Accomplishments to Date</i> | <p>Planning and design efforts for the Pure Water Project Las Virgenes-Triunfo are underway and the environmental review process is scheduled to be completed by the end of the 2022 calendar year. Construction is slated to begin by late 2025, and the project is on target to be completed and operational by 2030 or sooner.</p> <p>The Demonstration Sustainability Garden is now a major attraction, showcasing the different types of non-invasive, drought-tolerant and climate appropriate landscaping that can be employed by customers throughout the service area that has both eco-system benefits, is aesthetically appealing and can drastically reduce outdoor water consumption.</p> |

Strategic Objective No. 5 Achieve a high credit rating for LVMWD's three enterprises.

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| <i>Applicable Business Values</i> | <ul style="list-style-type: none"> ▪ Sound Financial Management ▪ Sound Planning and Appropriate Investment ▪ Innovative and Efficient Operations |
| <i>Most Relevant Standards</i> | <ul style="list-style-type: none"> ▪ High Credit Ratings ▪ Fiscally Conservative, High-Liquidity Investments ▪ Prudent Capital and Operating Reserves ▪ Timely and Accurate Financial Reporting ▪ Rates Cover Full Cost of Service ▪ Reduce Costs while Preserving Key Service Standards |
| <i>Background</i> | <p>LVMWD has three enterprise funds: potable water, recycled water and sanitation. The Sanitation Fund has a Standard and Poor's credit rating of "AA/Stable" for its outstanding 2009 Revenue Refunding Bonds. Credit reviews have not been performed for the Potable Water Fund and Recycled Water Fund, so these funds do not currently have credit ratings. On October 26, 2015, the Board adopted a five-year rate package for the potable water, recycled water and sanitation. The rates were designed to fully cover the cost of providing service and restore/maintain the required reserves for each enterprise fund.</p> |
| <i>Challenge/Opportunity</i> | <p>The major challenge will be to achieve a high credit rating for the Potable Water Fund because it has not generated sufficient net income to restore reserves to Board-adopted levels. In Fiscal Year 2014-15, the Potable Water Fund was expected to close with a net operating loss. However, the 2015 rate package remedied this and provided for the Potable Water Enterprise to meet its financial reserve targets and also build funding to contribute to the Pure Water Project Las Virgenes-Triunfo. Also, a larger portion of LVMWD's fixed costs has been recovered with fixed charges, improving revenue stability going forward. An opportunity exists to improve the credit rating for the Sanitation Fund to "AAA," pending resolution of concerns with the implementation of the 2013 TMDL that had generated uncertainty during the last credit review. Also, the Recycled Water Fund is well-positioned to receive a high credit rating. Finally, LVMWD will need to determine the optimal credit rating for each enterprise, recognizing that ratepayers could be impacted by building reserves to achieve the highest credit rating (i.e. "AAA").</p> |
| <i>Solution</i> | <p>Develop a long-term financial plan aimed to achieve a high credit rating for LVMWD's three enterprises.</p> |
| <i>Timing</i> | <p>5 years</p> |
| <i>Ramifications of Not Acting</i> | <p>Higher cost of debt service; lower confidence in LVMWD financial management.</p> |
| <i>Accomplishments to Date</i> | <ul style="list-style-type: none"> ▪ During the last six years, all enterprises were able to build reserves to meet all financial policies. ▪ The District has maintained its fiscally conservative investment strategy. ▪ With the full implementation of Tyler Munis in December 2021, the District increased its ability to timely report financial information. Additionally, the new system has provided real time financial information to staff throughout the organization in a more user friendly environment. ▪ A 10-year financial plan has been prepared to ensure the ability to finance the Pure Water Project Las Virgenes-Triunfo. |

Strategic Objective No. 6 Reduce LVMWD's carbon footprint.

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| <i>Applicable Business Values</i> | <ul style="list-style-type: none"> ▪ Innovative and Efficient Operations ▪ Protection of Public Health and Environment ▪ High Level of Customer Satisfaction |
| <i>Most Relevant Standards</i> | <ul style="list-style-type: none"> ▪ Support Economical Greenhouse Gas Reductions ▪ Effective Watershed Leader and Environmental Steward ▪ Invest in Efficiency Improvements ▪ Reduce Costs while Improving Key Service Standards ▪ Systematic Approach to Enhance Efficiency ▪ Meet or Exceed Environmental Regulations ▪ Employ Technology to Meet Customer Expectations |
| <i>Background</i> | <p>LVMWD has a long-standing commitment to environmental stewardship and serves a constituency that values protection of the environment. Treatment and pumping of water and wastewater are energy-intensive processes which generate greenhouse gases. Also, energy production requires large amounts of water. The inter-relationship between water and energy is commonly referred to as the "Water-Energy Nexus". Greenhouse gas emissions contribute to climate change by trapping heat that would otherwise escape the atmosphere when radiating away from Earth.</p> |
| <i>Challenge/Opportunity</i> | <p>The primary challenge is to identify projects to reduce LVMWD's carbon footprint, while providing a favorable return on investment. The opportunity lies in achieving cost-savings for LVMWD in addition to advancing an important environmental initiative.</p> |
| <i>Solution</i> | <p>Identify and implement projects to reduce LVMWD's carbon footprint, while achieving a favorable return on investment, considering the following:</p> <ul style="list-style-type: none"> ▪ Develop and begin implementation of a Climate Action Plan ▪ Energy efficiency improvements ▪ Additional solar generation and/or battery storage ▪ Increased co-generation capacity by adding fats, oils and grease, or food waste to produce more digester gas ▪ Fleet vehicle conversions including electrification of the vehicle fleet as feasible or required by law ▪ Paperless office ▪ Establish a balanced teleworking policy and encourage virtual meetings and workshops that will keep employees, customers, and consultants "off the road" and reduce greenhouse gas emissions associated with District business |
| <i>Timing</i> | <p>2 + years</p> |
| <i>Ramifications of Not Acting</i> | <p>Higher operating costs; perception LVMWD is not honoring its commitment to be an environmental steward.</p> |
| <i>Accomplishments to Date</i> | <p>The development of a Climate Action Plan is underway and scheduled to be completed by 2023. Several energy efficiency improvements have been completed, including the conversion of office lighting at Headquarters and Tapia Water Reclamation Facility to LEDs and the installation of a new air-blower system for the aeration basins at Tapia, the one megawatt solar field has been increased to five megawatts, several administrative processes have been converted to paperless (i.e. processing invoices), and a telework policy has been adopted and is being implemented.</p> |

Strategic Objective No. 7 Keep customers, city officials and other stakeholders well-informed and provide new/improved customer tools to enhance service delivery.

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| <i>Applicable Business Values</i> | <ul style="list-style-type: none"> ▪ High Level of Customer Satisfaction ▪ Transparency and Community Engagement ▪ Innovative and Efficient Operations |
| <i>Most Relevant Standards</i> | <ul style="list-style-type: none"> ▪ Accurate and Timely Water Use Data and Billing ▪ Easy to Pay Bill, View Water Usage, Solve Problems ▪ Employ Technology to Improve Services ▪ Solicit Feedback and Meet Customer Expectations ▪ Use Proven Technologies to Increase Efficiency |
| <i>Background</i> | <p>LVMWD currently provides a variety of customer tools, such as those for electronic billing, that support its delivery of services. Customers increasingly desire options to self-serve their needs and opportunities exist to meet this need by utilizing technology.</p> |
| <i>Challenge/Opportunity</i> | <p>The challenge is to reach customers and stakeholders, keeping them well-informed and to provide and maximize the use of simple and effective tools that customers want and need. The opportunity is an improvement in customer satisfaction and reduction in operational costs as customer opt to utilize “self-service” options as well as garnering support for various District programs and initiatives.</p> |
| <i>Solution</i> | <p>Identify, deploy and maximize the use of new or improved customer tools to enhance service delivery, considering the following:</p> <ul style="list-style-type: none"> ▪ A user-friendly, customer “portal” for tracking water usage ▪ Profiling water usage data collected by AMI/AMR system ▪ Integration of access to usage and billing data ▪ Improve on-line billing and payment options ▪ Goal for percentage of customers utilizing e-billing (80 percent by 2025) ▪ Publications and pre-recorded videos that provide guidance to customers to reduce water use ▪ E-delivery of LVMWD mailers ▪ Utilize both traditional (i.e. newspaper op-eds and press releases) and modern/innovative means to reach customers and stakeholders including, social media posts, e-mail notifications, digital advertising, mass-communication software, podcasts, and virtual participation for facility tours/workshops/Board and other public meetings. |
| <i>Timing</i> | <p>2 + years</p> |
| <i>Ramifications of Not Acting</i> | <p>Lower level of customer satisfaction; less efficient operations.</p> |
| <i>Accomplishments to Date</i> | <p>The AMI deployment is nearing completion with over 13,000 meters installed as of April 2022. Over 2,500 customers have registered to use the customer interface WaterSmart “portal.” There has been a steady increase in the number of customers signing up for e-billing and customers can now receive mailers via e-mail. Digital advertising and mass-communication software via Everbridge have been initiated. Additionally, 42 percent of customers have signed up for e-billing and 47 percent for autopay as of April 2022.</p> |

Strategic Objective No. 8 Develop a process to act on efficiency improvement suggestions.

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| <i>Applicable Business Values</i> | <ul style="list-style-type: none"> ▪ Innovative and Efficient Operations ▪ Highly Effective Workforce |
| <i>Most Relevant Standards</i> | <ul style="list-style-type: none"> ▪ Systematic Approach to Enhance Efficiency ▪ Invest in Efficiency Improvements ▪ Reduce Cost while Preserving Key Service Standards ▪ Use Proven Technologies to Increase Efficiency ▪ Develop Employee Skills, Competencies, Leadership |
| <i>Background</i> | LVMWD's commitment to efficient operations have enabled it to provide value to customers with high-quality service and the lowest rates as compared to surrounding agencies. Employees are the best source of suggestions to improve efficiency. |
| <i>Challenge/Opportunity</i> | The challenge is to foster an efficiency "ethic" where suggestions originate from employees who are most familiar with LVMWD's day-to-day operations and can be acted upon by managers. The opportunity would be for LVMWD to adopt efficiency improvements that would not otherwise have been identified. |
| <i>Solution</i> | <p>Develop and implement a process for LVMWD to act on efficiency improvements submitted by employees, considering the following:</p> <ul style="list-style-type: none"> ▪ An organized, systematic process ▪ Development of a suggestion submittal form ▪ Evaluation process with Department Head and GM review ▪ Response to suggestions ▪ Implementation of new efficiency improvements ▪ Recognition of employees who suggested the efficiency improvements |
| <i>Timing</i> | 1 year |
| <i>Ramifications of Not Acting</i> | Lower level of operational efficiency; lower morale; loss of creativity. |
| <i>Accomplishments to Date</i> | The District implemented an "Idea Committee" which includes a committee that reviews all submissions. These submissions have included everything from sanitizing stations (pre-COVID) to process improvements. |

Strategic Objective No. 9 Enhance LVMWD’s asset management programs.

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| <i>Applicable Business Values</i> | <ul style="list-style-type: none"> Reliable Water Supplies and Service Sound Planning and Appropriate Investment Sound Financial Management |
| <i>Most Relevant Standards</i> | <ul style="list-style-type: none"> Comprehensive Maintenance and Replacement Programs Long-Term View, Appropriate CIP Funding |
| <i>Background</i> | <p>LVMWD has an existing asset management program to identify maintenance, rehabilitation and replacement needs for its various asset types. Condition assessments are routinely conducted for some types of assets; whereas, other such as underground pipelines are evaluated based upon factors such as age, soil conditions, breaks and pipe material. Future maintenance and replacement programs can best be planned using data from an effective asset management program.</p> |
| <i>Challenge/Opportunity</i> | <p>Asset management practices have advanced significantly in recent years with many agencies facing the daunting task of renewing their aging infrastructure. With limited resources available, agencies must make the difficult choices regarding expensive infrastructure rehabilitation and replacement projects. The challenge for LVMWD is to minimize the life-cycle cost of its infrastructure and make informed decisions on future maintenance, rehabilitation and replacement investments.</p> |
| <i>Solution</i> | <p>Enhance LVMWD’s existing asset management system by collecting and leveraging data to guide future investment decisions.</p> |
| <i>Timing</i> | <p>5 to 10 years</p> |
| <i>Ramifications of Not Acting</i> | <p>Increased occurrences of asset failure; reduced service reliability; increased costs.</p> |
| <i>Accomplishments to Date</i> | <p>The Potable Water Pipeline and Sanitary Sewer Pipeline Assessment and Replacement Programs were developed and included in the Infrastructure Investment Plan (IIP), with adopted rates to support significant levels of funding over the course of the next 10 years.</p> |

REVIEW AND UPDATE OF STRATEGIC PLAN

An effective strategic plan must be reviewed and updated periodically to address changing circumstances and priorities. LVMWD reviews its strategic plan annually in conjunction with the budget preparation process. At that time, progress toward accomplishment of the strategic objectives is evaluated. This Plan incorporates significant updates since the time of the original version in 2016 and will be reviewed and updated as needed in future years.

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- Former Director Glen D. Peterson, former President and current MWD Representative
- Director Lee Renger, Secretary
- Director Charles P. Caspary,
- Director Jay Lewitt, President
- Director Leonard E. Polan, Vice President
- John Ruetten, President, Resource Trends, Inc.
- Gretchen Bullock, Purchasing Supervisor
- Brett Dingman, Water Reclamation Manager
- Jan Dougall, former Environmental Analyst II
- Jacqy Gamble, former Management Analyst II
- John Gil, Electrical/Instrumentation Supervisor
- Brad Glassman, former Laboratory Supervisor
- Josie Guzman, Executive Assistant/Clerk of the Board
- Mike Hamilton, former Financial Analyst
- Mike Hand, Technical Services Support Supervisor
- Steve Jackson, Water Treatment Plant Supervisor
- Jim Korkosz, Facilities Manager
- David Lippman, former Director of Facilities and Operations
- Harold Matthews, former Information Systems Manager
- Michael McIntyre, former SCADA Systems Analyst
- Larry Miller, former Water System/Facilities Manager
- Karen Norman, Administrative Assistant, Water Reclamation
- Carol Palma, former Customer Service Manager
- Sherri Paniagua, former Human Resources Manager
- Don Patterson, Director of Finance and Administration (original 2016 and 2022 update)
- David Pedersen, General Manager
- Deborah Peters, former Public Affairs Associate
- Ken Reed, former Water Treatment and Production Supervisor
- Jeff Reinhardt, former Public Affairs and Communications Manager
- Carlos Reyes, former Director of Resource Conservation and Public Outreach
- David Ruiz, Water Reclamation Plant Operator I
- Eric Schlageter, Principal Engineer
- Mike Varbel, Senior Water Reclamation Plant Operator
- John Zhao, Director of Facilities and Operations (original 2016 and 2022 update)
- Joe McDermott, Director of Engineering and External Affairs (2022 update only)



