

South SAN JOAQUIN Irrigation District

S T R A T E G I C P L A N

2017

2021





SOUTH SAN JOAQUIN IRRIGATION DISTRICT

Location

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LETTER FROM THE BOARD

SSJID Landowners, Customers & Constituents:

The Board of Directors of South San Joaquin Irrigation District is pleased to present our Strategic Plan 2017-2021. It has been encouraged and blessed by the board and is intended to ensure that we provide the best possible service to our present and future customers. The board also intends for this effort to provide a safe, structured and positive work environment for our employees. We are excited to implement this plan for the betterment of your District. We hope you will find our plan to be thoughtful, forward-thinking and an investment in the future of our local region.

Dale Kuil, President

Dave Kamper, Vice President

John Holbrook

Robert Holmes

Ralph Roos

“*The Distribution lay out is the very heart of an irrigation system. Service puts the dollars in the farmer's pocket, and the better the service, the more income he receives from the soil which is his sole capital. Perfect service depends both upon the operating and construction features of the system: in the former the personal equation of the ditch tender is the most important factor and in the latter, good ditches, and good structures.*”

1918, by R.W. Olmsted, Chief Engineer for SSJID



INTRODUCTION

Over 100 years ago, local citizens, farmers, engineers and entrepreneurs of the soon-to-be South San Joaquin Irrigation District (SSJID) secured an opportunity to purchase water rights, transport, store, and deliver water to the greater Manteca, Ripon, and Escalon areas. The first true irrigation season under the charge of SSJID occurred in the spring of 1914 when cultivated land in the District totaled 15,600 acres. By 1918, farmland soared to 51,096 acres, a remarkable 328% increase in a short five-year period. It was the vision, foresight, and strategic planning of these early founders that would bring “liquid-gold” to the dry lands of the valley floor. The formation of SSJID brought prosperity to the region and forever changed the fate of the southern portion of San Joaquin County.

In 1913, the Irrigation District Bond Commission was tasked with approving bonds authorized by South San Joaquin Irrigation District to support ultimate buildout of its diversion and distribution system. This approval process involved a review of the District’s engineering plans and studies that supported the District’s future vision. The result of their analysis of the District’s plans for the future included the following observation:

“*It is safe to say that in but few, if any, public or private irrigation enterprises of large size has the engineering study and work been so thoroughly done, and the plans formulated upon such complete engineering data as has the project of the South San Joaquin Irrigation District..... it may be assured that the ultimate smooth working of the whole will be demonstration of the wisdom of building upon well-digested plans.*”

Through thoughtful planning, innovation, and execution, the District was constructed to be a pillar of strength and support for the community in which it serves. The plans of the District’s founders have resulted in the success and growth that the District and our region has experienced for over a century. Many things have changed since 1909, but the purpose and importance of SSJID remains the same. The desire for SSJID to successfully serve its community in the most beneficial way possible is as strong as ever. Although the District is built on a stable foundation, the landscape of water in California is rapidly changing, our historic water rights are continuously threatened, regulations are frequently added, and aging infrastructure is nearing the end of its remaining service life. It has become imminently important for the District to enlist the same type of thorough, forward-thinking planning that our original founders implemented in 1909 and the years that followed.

This document represents SSJID's first Strategic Plan. On August 23, 2016 the District's Board of Directors approved a proposal from staff to develop a plan that identifies the critical issues facing the District now and into the future and actionable solutions to resolve these issues. This Strategic Plan provides specific goals, strategies and objectives that will be carried out over a five-year horizon and are intended to further strengthen the foundation of the District. This plan will be updated and evolve as years pass to continuously meet the ever-changing needs of SSJID and its constituents. However the core purpose of the Strategic Plan – to provide alignment, direction, consistency, and clarity for SSJID's Board and employees, and assurance to its constituents that the District's mission to serve the community is continually fulfilled – should always remain.



SSJID Water Treatment Plant

PLANNING PROCESS

South San Joaquin Irrigation District embarked on an eight-step strategic planning approach that required participation from the Board of Directors, who served as the voice of the community, and 12 members from staff representing all branches of the District. The Board members helped establish high-level objectives, policy direction, and District purpose. They also ensured cohesiveness and alignment between their vision and the work product produced by staff.

The District solicited support from two organizations to direct the strategic planning process. Len Falter, with FTM Leadership Services, assisted the District in revitalizing the District's Mission Statement, Vision Statement, and Values (MVVs). Bill Smart and Phyllis Currie, with Hometown Connections, facilitated the effort to construct the Strategic Plan document by providing guidance and advice.

Over the course of a nine-month period, the Strategic Planning Team met on several occasions to develop this document. The team invested a considerable amount of time and effort to ensure a quality result. It is worth mentioning that all participants displayed a great deal of eagerness, passion, and thoughtfulness throughout the process. This effort was noticed on several occasions and further speaks to the quality and commitment of the District's workforce.



The following is a description of the eight steps implemented to produce the plan:

1. Board Commissioning

On August 23, 2016, the SSJID Board of Directors approved a proposal from staff to develop a Strategic Plan for the District.

2. Mission, Vision, Values

The Mission, Vision, and Values serve as the foundation for the creation of the District's objectives and future strategies. They help establish culture and act as a reminder of the type of organization that the District strives to be. During this effort, Board members, staff, and the community developed consensus on the District's purpose and vision for the future.

3. Identification of Customer Segments and Target Markets

This practice involves dividing a customer base into groups that share similar characteristics and demands. The purpose is to identify common needs, interest, and priorities so that strategies can be created to specifically target these groups. It also ensures that the needs of *all* customers are accounted for in the plan.

4. Strengths, Weaknesses, Opportunities, and Threats (SWOT) Analysis

A SWOT analysis is a method used to identify the internal and external influences that affect an organization. By generating an exhaustive list of items within these categories, a comprehensive set of strategies can be developed that leverage the District's strengths, focus on issues that would improve business operations, and counteract the impending issues that threaten the District's objectives.

5. Identification of Strategic Issues

In this step, the results of the MVV process, customer segments identification, and SWOT analysis are evaluated to extract the most critical issues facing the District that warrant a strategic approach to manage.

6. Development of Areas of Focus and End Statements

In this step, the critical issues are organized into overarching categories. Generally, 4 to 6 groups are established, named, and defined as an "Area of Focus". These focus areas are intended to create organizational structure for future strategic goals and objectives. They act as a mechanism to focus the organization on what it needs to accomplish and to keep it consistent and disciplined in its long-term approach.

7. Goal Development

At this point, specific goals are created for each area of focus to address critical issues opportunities, and threats identified in the SWOT analysis.

8. Action Plan Preparation

A set of action items are then prepared to accomplish each goal. The action items provide a more specific level of detail related to scheduling, budgeting, priority, implementation, and responsible personnel and/or departments. These action items, in conjunction with the goals developed under Step 7, were created with the SMART principle in mind, meaning that goals and action items are Specific, Measurable, Attainable, Relevant, and Time-bound.

MISSION STATEMENT:

“SSJID provides the utmost value for its agricultural, urban and business community by protecting and delivering vital resources with exceptional service.”

VISION STATEMENT:

“As a premier organization, South San Joaquin Irrigation District is passionately focused on delivering high quality water and power that are integral to the communities we serve, while leading in innovation and sustaining a deep respect for our history, our employees, and our environment.”



VALUES

Accountability



We own it when it comes to accountability.



Excellence



We are constantly in pursuit of excellence.



Health & Safety



We insist on a healthy and safe environment.



Innovation



We include innovation in everything we deliver.



Integrity



We exemplify the highest integrity in structures, ethics, and action.



Positivity



We foster positive and supportive environments.



Respect



We give respect, earn respect, and value respect.



Service



We are servant-minded.



Teamwork



Teamwork will set us apart.



Transparency



We earn trust and promote equity through transparency.



Strengths

1. SSJID has established itself as a reliable resource to the local community with over 100 years of history, experience, and excellent service.
2. The Tri-Dam Project, and the Tri-Dam Authority, are partnerships between SSJID and Oakdale Irrigation District, providing hydroelectric generation and water storage benefits for both Districts through the operation and maintenance of Donnells, Beardsley and Tulloch Reservoirs, and the Sand Bar hydroelectric plant.
3. Hydroelectric generation and the ability to market wholesale power has provided SSJID with a strong financial foundation; allowing the District to provide reliable, low-cost services to the community.
4. Our workforce is comprised of many skilled and professional employees who have helped the District establish an innovative and forward thinking track record, focused on serving the customer.
5. SSJID possesses superior senior water rights that are pre-1914 and adjudicated, leading to a high level of reliability in providing water and power.
6. SSJID participates cooperatively on a local, regional, and state scale to promote the interests of our customers and constituents. SSJID is governed by a locally elected, five-member Board of Directors that is committed to providing utility services that are responsive and focus on the customers' needs.



Opportunities

1. The provision of retail electric service would enhance the District's ability to provide additional benefits to the community through lower rates, local control, responsiveness, and customer-focused service.
2. Recent innovations in technology related to the distribution, measurement, and delivery of water provide an opportunity to rebuild infrastructure in a way that would offer increased value to the customer.
3. SSJID strives to continually promote beneficial use of water through increased domestic water supply, conservation, annexation of additional agricultural lands, and conjunctive use of surface and groundwater supplies.
4. In an effort to improve our watershed, SSJID can continue its pursuit to become experts regarding the environmental issues related to the Stanislaus River through its commitment to study and monitor the cause and effect relationships that influence the system.



Weaknesses

1. The District's irrigation infrastructure is aging, and will require future investment to maintain and enhance service in a way that meets our customers' demands for increased flexibility in irrigation frequency and duration.
2. As SSJID continues to experience staff turnover through retirement and replacement with multigenerational employees, a need has been identified to reshape the District's workforce by focusing on a values-based culture, leadership development, succession planning, and a performance-based recognition system.
3. Many of the District's policies are out-of-date and need to be evaluated, revised, and effectively communicated with employees and customers.



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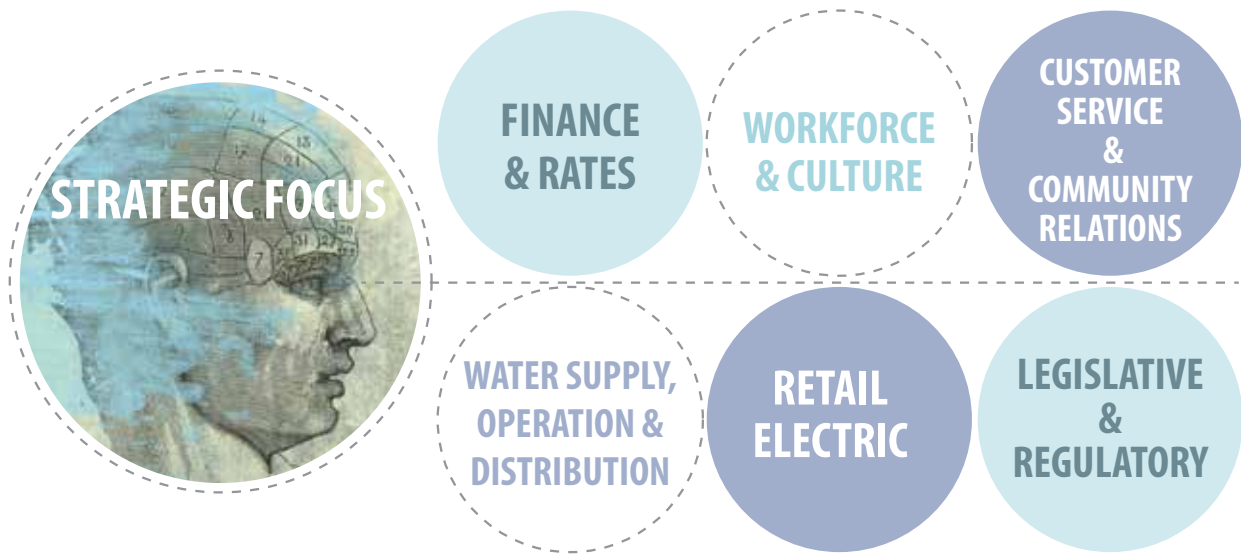
Threats

1. SSJID is susceptible to nature's inconsistencies and the impacts it can have on hydrologic conditions on the Stanislaus River watershed, which affects available water and power generation.
2. The upper reaches of the District's irrigation distribution system are vulnerable to natural disaster that could affect our ability to divert and store water when it is needed most.
3. Significant changes in state and federal laws and regulations affect SSJID's ability to maintain local control and forecast future conditions that may influence operations and strategic planning efforts.
4. Potential physical and cyber attacks threaten the District's operations and ability to provide reliable services, establishing a need to consistently increase protection and enhance technological security.



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STRATEGIC AREAS OF FOCUS



FINANCE AND RATES

Ends Statement

The parameters of good financial management for SSJID, as a public utility enterprise, are cash flow, rates, and the purposes for which money is used. Therefore, SSJID's strategy for finance and rates is to use its financial resources to achieve the district's strategic goals; to be able to always pay obligations on time; to always have rates that are fair, competitive, and financially prudent; and to heed these three objectives in all significant decisions.

Goals

1. Establish and maintain rates that are fair, competitive, and financially prudent.
2. Establish and maintain reserves to adequately moderate financial risks, supply foreseeable future cash needs, and protect bond ratings.
3. Maintain AA bond rating.
4. Increase financial literacy of employees and directors.
5. Accommodate strategic action plans in the annual budget beginning with the budget for 2018.
6. Maintain finance policies that align with SSJID's strategic objectives.

WORKFORCE AND CULTURE

Ends Statement

SSJID's workforce is comprised of highly engaged employees who are passionate about the contributions they make to the District and embrace the core values for which it stands.

Goals

1. Increase employee satisfaction.
2. Using the District MVVs, we will promote the growth and the development of our employees.
3. Develop and rollout the Performance and the Health & Safety recognition systems.
4. Update all District employment policies and guidelines.

CUSTOMER SERVICE AND COMMUNITY RELATIONS

Ends Statement

We are mindful of the success of our customers and community, and actively strive to exceed their expectations of the District.

Goals

1. Communicate effectively with the local community, workforce, and customer base.
2. Gauge public perception and increase responsiveness to customer needs.
3. Increase employee involvement in the community, involvement in professional trade organizations, and collaboration with other public agencies.

WATER SUPPLY, OPERATION, AND DISTRIBUTION

Ends Statement

SSJID continues to deliver significant value to landowners and customers in the region by protecting its senior water rights, through meticulous planning to consistently manage a sustainable balance of surface water and groundwater, and by perpetually improving and operating a distribution system to deliver the level of flexibility and reliability that our customers expect.

Goals

1. Protect and preserve SSJID's water rights.
2. Ensure long-term viability of SSJID's water delivery system and enhance flexibility, reliability, and operational efficiency.
3. Protect the use of groundwater within the District.
4. Document the District's water delivery system and property interests.
5. Promote efficient and effective on-farm water use.

RETAIL ELECTRIC

As there is still significant uncertainty about whether SSJID will succeed in acquiring the local distribution assets and the right/obligation to serve, the current planning horizon for the electric utility ends with the completion of the transition phase. At present, the electric utility business plan is the provisional strategic plan for the operational utility. Once the transition is complete and the utility is operational, the planning horizon will be extended by several years, and a new strategic plan for the utility will be developed.

Ends Statement

SSJID's operating strategy for the electric utility is to satisfy the legal prerequisites for starting the electric utility and to transition to a fully functional electric utility that keeps the promises we made to the community including:

1. Rates that are 15% below PG&E's.
2. No subsidy by the electric ratepayers of the water ratepayers, and vice-versa.
3. Control of the utility by the local customer/owners through an accountable and transparent Board of Directors and management.
4. High standards of service reliability.
5. A utility that reflects local values.

Goals

1. Win the eminent domain lawsuit and other actions, and arrive at a feasible purchase price for the electric distribution assets.
2. The first draft of a transition plan that anticipates and manages material risks will be developed by August 1, 2017.
3. Execute the transition plan in a manner that anticipates and neutralizes the risks of the project.
4. Keep community apprised of progress through the duration of the legal process and the transition phase.
5. Involve the public in significant processes and decisions such as rate design and public benefits planning.
6. Qualify the electric utility acquisition debt for the best achievable credit rating by the date when the debt must be rated.
7. Establish rates at least 15% below PG&E.
8. Maintain financial independence from water ratepayers.

LEGISLATIVE AND REGULATORY

Ends Statement

The District actively monitors state, federal and local legislative and regulatory issues and advocates as necessary to protect the interests of our customers and region.

Goals

1. Monitor new regulations and legislative processes to maintain compliance and participate as necessary to protect water and electric interests.
2. Utilize industry organizations to advocate for and encourage new initiatives that are beneficial to the District and its customers.

FINAL COMMENTS

This Strategic Planning effort provides a systematic and thorough approach that deliberately maps out the future actions of the District necessary to accomplish the District's vision. This Strategic Plan will be consulted on a regular basis by all branches of the District to ensure alignment with the District's overarching Mission and Vision for public service in the local community. Through this plan, District employees are committed to implementing strategic objectives that will measure performance, foster accountability, establish priorities, schedule expenditures, adapt to changes, and promote long-term consistency. To be effective, the District will be proactive in implementing the identified strategies. The following circumstances are examples of when it would be appropriate to consult the Strategic Plan for guidance, preparation, and collaboration:

- Board Meetings
- Budget Meetings
- Staff Meetings
- The writing of staff reports to the Board
- Report writing
- Capital Improvement Planning
- Employee Evaluations
- Public Presentations
- Meetings with customers
- Interagency Meetings
- General Correspondence (*email and verbal conversations*)
- Employee Gatherings

Implementation Program

This Strategic Plan provides high-level strategies and objectives related to the critical issues facing the District. Like a road map, the plan identifies strategic goals within focus areas that will respond to current and future challenges. However, it does not identify the specific actions required to accomplish those goals. SSJID intends for these action items to be defined as part of the District's "Implementation Program" for the Strategic Plan. The Implementation Program will identify specific actions that will help the District achieve its objectives in a scheduled and prioritized fashion. It will provide additional detail related to defining the tasks, anticipated start and completion dates, and the responsible personnel involved. It will also be used as a primary means to track progress, report to the Board, and delegate work. It will be necessary to evaluate, adjust, and prioritize the action items within the Implementation Program once a year, prior to the annual budget development.

Future Use of the Strategic Plan

Inevitably, the environment within the industry will evolve and the goals established in this document will be accomplished as time moves forward. It is envisioned that the Strategic Plan will be perpetually re-evaluated and updated every two to three years. The District's Mission, Vision, and Values serve as the foundation for future strategic plans. Updates to the plan will evaluate the need to modify ends statements, to produce additional goals, and to establish a new set of associated action plans required to accomplish them.

President John F. Kennedy once said, "Efforts and courage are not enough without purpose and direction." This strategic plan is meant to provide the purpose and direction to channel SSJID's efforts to meet our customers' needs currently, and for future generations.



SOUTH SAN JOAQUIN
IRRIGATION DISTRICT

www.ssjid.com