

Valley Water 2020 Strategic Planning Retreat

Discovery Summary

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Prepared by



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1. Executive Summary

Between December 2019 and January 2020, multiple interviews were conducted with members of the Board of Directors and executive level staff. Additionally, a staff survey was also sent to the broader leadership team. This was part of an effort to plan for the 2020 Strategic Planning Retreat.

Questions that were asked revolved around three topics (*see example questions*):

- **General strategic planning process:** What works well? What could be improved? How aligned and consistent is it with budget planning, the Business Area work plans, and other planning efforts?
- **Board strategic planning retreat:** What went well at the previous years' retreats? What could be improved? What do you hope to accomplish this year? What challenges does the Board and/or staff face? What topics should be discussed?
- **Board and staff collaboration:** How does the Board and staff communicate with each other? Are the Board's directions and priorities clear? How does staff keep track and report progress to the Board?

Clear themes that emerged from the interviews and survey include:

- **Board Work Plan accomplishes its purpose but needs to articulate clearer priorities and more actionable goals:** The Board Work Plan informs the Business Area work plan and staff's understanding of priorities, but staff want to see clearer prioritization of "actionable" goals that takes into account budget, staff and expertise capacity, and interrelationships of projects and programs. This should also include ongoing operations, projects, and programs, not only future projects.
- **Board Work Plan needs to tie more tightly with Staff efforts:** Board and staff are not sure if they see all Staff efforts tied into the Board Work Plan. By explicitly tying Staff efforts to the Board Work Plan, this can maximize communication about priorities and goals.
- **Strategic planning process needs more alignment with budget planning:** The strategic planning process should happen earlier. It would allow staff to better plan the budget and Business Area Work Plan by foreseeing necessary revisions. Additionally, the strategic planning process could better reflect and be more flexible to emerging projects, challenges, and opportunities. Budgets are updated to reflect this, but not the Board Work Plan.
- **Board desires to be more future-thinking and needs to better articulate their long-term vision:** Board desires to be more future-thinking, though the strategic planning process does not facilitate that. For example, budgets are constructed based on the previous

year's Work Plan. Staff are also less confident they fully understand the Board's long-term vision.

- **Committee structure is generally helpful, but time-consuming and not all productive:** Board and staff agree the committees are a valuable opportunity for in-depth discussion on topics and issues despite it being time-consuming effort. However, staff are frustrated by the frequency of meetings and facilitation of some committees. There is a desire by some Board members and staff to reevaluate the necessity of some committees, to combine or eliminate them. Additionally, some desire for a clearer committee scope of work and/or governance structure so that committees can operate more efficiently and productively.
- **Tracking and reporting progress can be improved:** Tracking and reporting progress does not seem to be a regular, formal practice for staff. Staff desire more actionable goals that can be reported and would like the Board Work Plan to include measures for how staff can report back to the Board on progress of those goals.

2. Board and Staff Interviews

Between December 2019 and January 2020, a total of 10 (ten) one-on-one and group interviews were conducted with the members of the Board of Directors, Chiefs, and other executive leadership staff. Participants were asked questions about:

- **General strategic planning process**
- **Board strategic planning retreat**
- **Board and staff collaboration**

The following section summarizes the themes and sentiments that emerged from the interviews with the Board and staff, organized by the topics above. This was used to inform the staff survey questions, which is summarized in the next section.

Strategic Planning Process

Process Alignment

Board Responses: Needs better alignment with budget planning process.

Board members recognize that timing of the strategic planning process is an issue. There is a misalignment of the budget planning process with the strategic planning process for the Board Work Plan—budgets are constructed based on the previous year’s Board Work Plan. This can limit future-thinking. Some have voiced that there should be more opportunities to discuss budget constraints—the Board can do better at eliminating non-priority projects from the Board Work Plan.

Staff Responses: Needs better alignment with budget planning process.

Many staff members agree that the strategic planning process occurs too late. It causes difficulty for staff to plan the budget and Business Area work plans for the next fiscal year. New focus areas that emerge from the Board’s strategic planning force staff to revise the previous year’s budget while they are already planning for the following year’s budget. Many staff have said if the Board’s strategic planning process occurred in November or December, then it would work more smoothly with the budget planning process that runs parallel. This would help staff better shift resources towards unmet needs and plan grant-seeking. It would also allow staff to better plan operational priorities and organized policy, lobbying, and communications strategies ahead of time.

Board Work Plan

Board Responses: Accomplishes its purpose as a public communications tool and high-level strategy document but needs to better articulate a more long-term vision

Board members hold different views over the utility of the Board Work Plan. Some board members feel the Board Work Plan does not articulate the Board's longer-term vision, strategies, and projections. Similarly, some feel that the work plan privileges "legacy" projects, which prevents the Board from engaging with emerging and projected challenges and opportunities. Others are content with the current format, and believe it helps set staff priorities and that the format affords adaptability to the emerging and future challenges and opportunities that arise. Some expressed concern governance challenges when master plans and ends policies are out of sync with the Board Work Plan.

Staff Responses: Recognized as a public communications tool and high-level strategy document for setting staff priorities

Staff understand the Board Work Plan as a tool for communicating to the public what the Board does and to staff the high-level direction and priorities that the Board wants to pursue. It is not a document that staff interact with daily, but staff understands that it should set direction for the budget and Business Area work plans. There was some feedback that it is unclear how the Board Work Plan impacts ends policies and the measures for how staff can report back on progress.

Board Strategic Planning Retreat

Format of Retreat

Board Responses: Good format. Hope for more open dialogue and flexible agenda and opportunity for public input

Board members are generally satisfied with the format of the previous year's retreat. Some would like to see more open and free discussion or flexible agenda. One Board member would like to incorporate more input from the public.

Staff Responses: Good format. Try revisiting previous year's Board Work Plan plus conduct public survey before setting new focus areas

Staff felt the format of the previous year's retreat went well. It was collaborative and staff was invited to express opinions and provide insights. Some staff members also proposed beginning with a discussion and reevaluation of the previous year's Board Work Plan: "Which [strategies] to drop? Which [strategies] to move forward [with]?" One staff member also proposed conducting a community survey prior to the retreat to help the Board engage with the public in a more structured way.

Topics to Discuss at the Retreat

Board Responses:

- Collaboration with municipalities and other public agencies
- CEO replacement search
- Water supply concerns (e.g., agriculture industry, wildfires, new development, the Delta)
- Homelessness - their safety in the case of flooding and environmental impact on creeks
- Funding for watershed & environmental stewardship projects which are outside of tax measures
- Regulatory challenges, especially with Anderson Dam Project
- Rate setting challenges - development is not paying for increase in water infrastructure
- Increase community engagement and public communications effort
- Governance issues

Staff Responses:

- Reservoir expansion project
- Water storage exploration
- Settlement with environmental regulatory agencies from 2003 (FAHCE)
- Challenges getting permits
- Homelessness - environmental impact on creeks
- Worried about over investment in supply, even as water usage and demand has decreased
- Water rates are high
- High operations and maintenance costs
- Look at new tax measures

Board and Staff Collaboration

Committee Structure

Board Responses: Informative and helpful—keeps the Board in the loop.

Most board members agree that the committee structure is helpful to the Board and productive for the organization. It provides a forum in which board members can have more direct discussions with staff and stay informed about projects and policy areas, though it can require a lot of time and energy. Some have expressed an interest to reevaluate the productivity of the various committees and reorganize them based on priority and the level of involvement necessary.

Staff Responses: Generally helpful but very time-consuming and not always productive

Generally, staff agree with the Board that the committee structure works well. It requires more staff time and resources, but it is beneficial. Committees provide time for staff to help Board members become well-versed in the topic matter, which helps full board meetings run smoother. However, some staff have criticized the number of committees and the frequency of meetings. Staff have suggested conducting an evaluation of the committees to determine whether some need to be eliminated, combined, or met less frequently. Others are frustrated with varying efficiency and effectiveness of some committees, and that committees sometimes move beyond their agreed-upon scope. Suggestions for improvement included building capacity for running effective meetings by clear agendas and good facilitation skills, and implementing a rules committee that approves proposed Board agenda items.

Role of the Board of Directors

Board Responses: Board sets high-level strategies and priorities as well as represents the community, but needs to be more future-thinking.

Generally, board members agree that the role of the Board of Directors is to:

- Direct staff at high-level by setting strategy and policy, both long-term and short-term
- Represent the community and engage with the public
- Oversee the performance of the organization

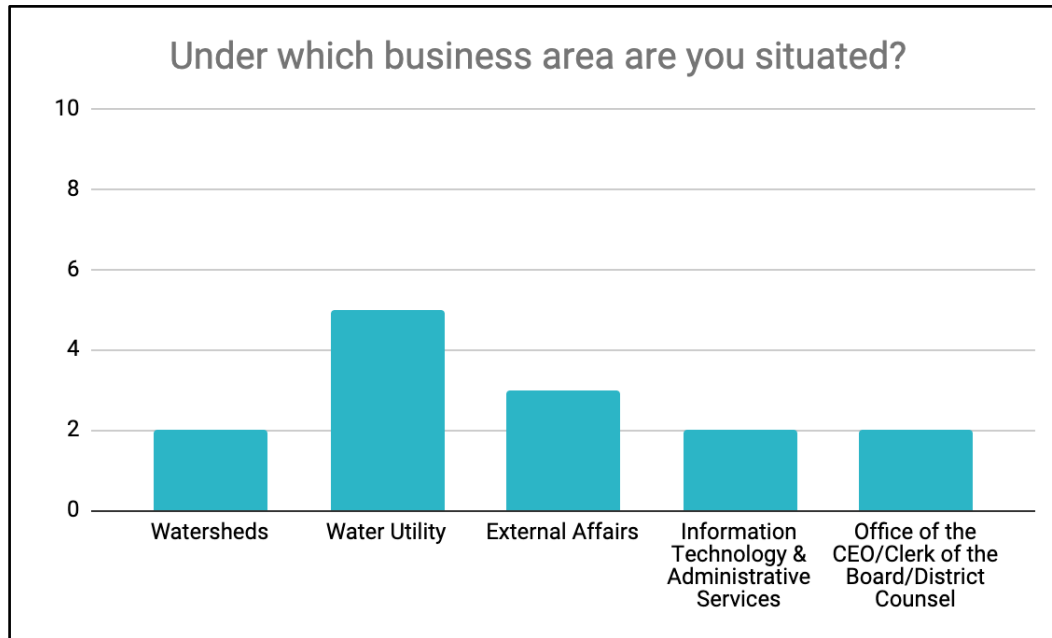
However, there is some ambiguity over the level of involvement of the Board on items seen as the purview of staff, such as budgeting and project scoping. Some have expressed that the board should be more proactive in thinking long-term and engaging in scenario planning.

Staff Responses: Board sets high-level strategies and priorities and represents the community, but leadership team has to oversee expectations between Board and staff

Executive staff understand the role of the Board of Directors is to set high-level strategy and policy, as well as represent the community. However, executive staff feel it's a challenge helping their staff understand the role of the Board and committed to the Board's greater vision—they have to act as mediators. Staff believe most board members operate at the policy level, where they should be; however, a couple staff members have expressed discomfort by some board members contacting staff directly with project direction.

3. Staff Survey

An 18-question survey was sent out to 33 leadership team staff. 14 completed the survey from the following areas:



Staff answered questions about:

- **The function and format of the Board Work Plan**
- **Implementing the Board Work Plan**
- **Board strategic planning retreat**
- **Board and staff collaboration**

Complete list of interview prompts is included in the Appendix.

Function and Format of Board Work Plan

What is the function of the Board Work Plan as it relates to staff's work?

Most staff view the function of Board Work Plan as being a strategy document meant to **provide high-level direction to staff** on programs, project, and budget priorities. It informs the business area work plans. This theme is best exemplified by this comment: "I see it as charting the path forward on initiatives and projects, which usually need a great deal of legislative and/or funding support and therefore stakeholder support, for which my unit is directly responsible for generating." However, one staff member desires for direction to not be purely top-down: "The work plan should be iterative between staff and the Board."

Conversely, some also view it as a tool to help **keep the Board focused** just as much as staff: *"To systematically guide the Board in understanding big picture issues facing our agency in delivering the services we are entrusted with. From that understanding, they are better able to provide staff with direction."* Additionally, some see it as a tool for providing **accountability**. For example, one wrote, *"The function is to set goals for the year and to track progress toward meeting those goals."*

However, some staff feel that the Board Work Plan is **not relevant for departments and staff working on ongoing services, operations, and programs**. For example, one staff member wrote: *"Most employees within the WUE are not impacted by the plan, [since] the day to day operations are ongoing."* Another wrote *"this report focuses on things which are largely irrelevant to IT & Admin Services."*

Does the Board Work Plan accomplish its function?

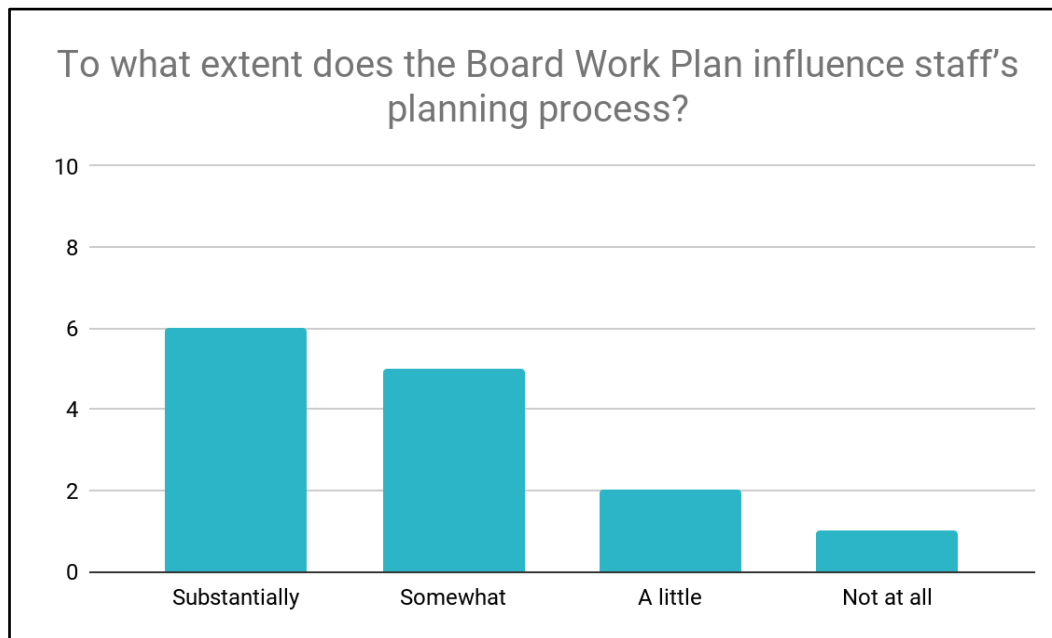
Most staff members responded yes, **the Board Work Plan does accomplish its function to some extent**. Many think the Board Plan **directly informs their Business Area Plan**, providing comments such as *"Yes, it does because my work plan is complementary of the goals in the Board Work Plan"* or *"Yes - it provides a roadmap on how to align [the Business Area] work plan with the vision of the board."*

However, some hold mixed feelings and think that it does not communicate enough. One staff member wrote, *"It serves the purpose of informing us of what is going on and what the priorities are, however it isn't really communicated. I had to go dig for it on the web site and familiarize myself with what's on there."* Additionally, some have specified that the Board Work Plan **needs to be more actionable**, stating *"In the past it has been either too narrowing focused on specific interests or too broad thereby lacking actionable work"* or *"The current plan seems like a wish list of things staff should look into. The plan should describe what actions the Board will do to achieve its work."* One staff member also pointed out that *"Day to **day operations are not highlighted** as heavily in the plan."*

A few staff members also commented on the **lack of connection to prior years Board Work Plans**, which has led to conflicting directions year over year. One staff member wrote, *"Most Board items are not included within their work plan, and the prioritization and direction provided is often times in conflict with previous direction."* Similarly, another wrote, *"I don't know much about previous work plans or how effective they have been. However, if the Board directs a particular action, staff will move to implement the action."*

To what extent does the Board Work Plan influence staff's planning process?

A majority of staff agree the Board Work Plan influences staff's planning process substantially or somewhat.

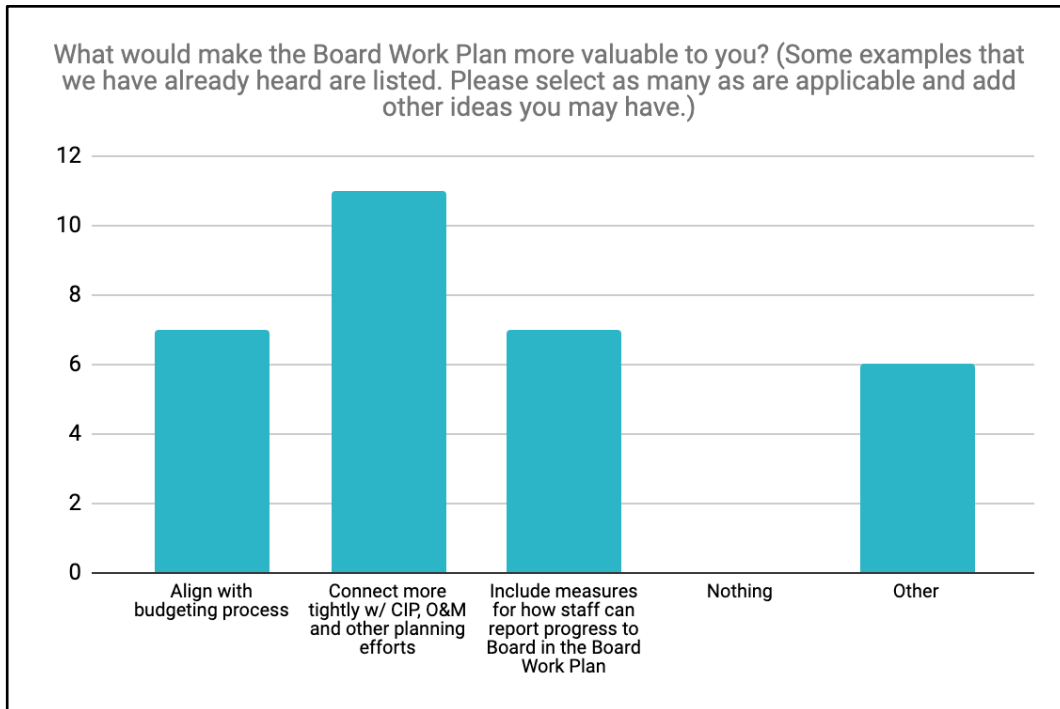


What would make the Board Work Plan more valuable?

A majority of staff agree that the Board Work Plan would be more valuable if it **tightly connects to the CIP plan, O&M plans and rolling plans**. Half of the respondents agree that the Board Work Plan would be more valuable if it was **prepared earlier in budgeting process** and if it included measures for how staff can report progress to Board.

Other suggestions for how to make the Board Work Plan more valuable include:

- Allowing adjustments to the Board Work Plan during the year upon agreement of the Board Chair and COB.
- Listing current budgeted projects that apply to each strategy.
- Having results in more efficient Board operations which would result in less staff time to support Board.
- Establishing "true" priorities.
- Making the work plan more available to staff by providing it through internal communications channels.
- Better communicated to staff not directly working in Water Utility and Watershed business areas.

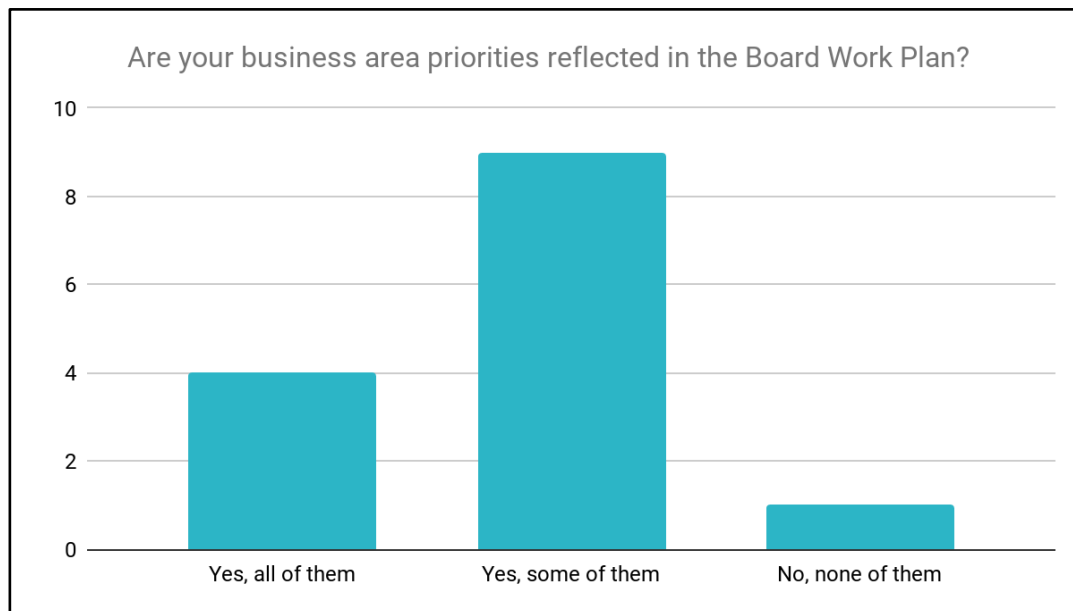


Implementing the Board Work Plan

How closely related to staff's work are the major priorities of the current Board Work Plan?

Most of the priorities are substantially relevant to the work of staff, according to staff responses. However, few or no staff see the Environmental Stewardship goals or strategies as substantially related to their work. Close to half see it as not related at all or only a little. This also goes for the advancing diversity and inclusion priority under the business management category.

Are business area priorities reflected in the Board Work Plan?



A majority of staff see their business area priorities reflected in the Board Work Plan somewhat. Some elaborated that the following type of work or business area priorities that are not included in the Board Work Plan are:

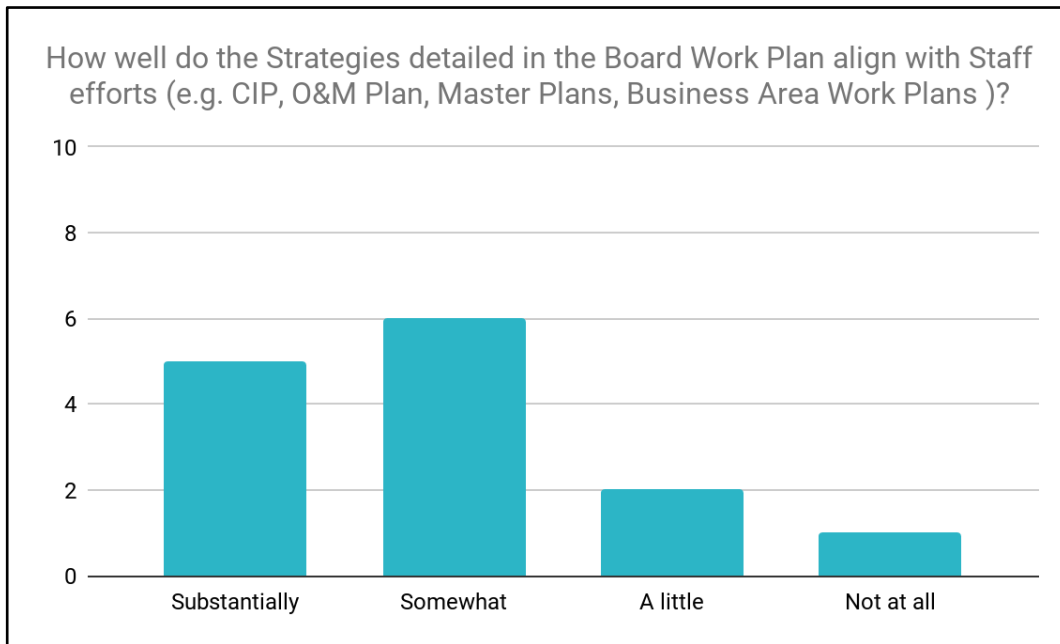
- Day to day operations
- Infrastructure Planning - e.g. Distribution Pipelines, Treated Water, and SCADA
- Lower level priorities
- Maintaining Valley Water's current assets
- Completing Master Plans
- Maintenance and rehabilitation of aging infrastructure, especially those that get caught up with deferred maintenance.

Additionally, one staff member wrote their work is barely referenced, only briefly via the 5-year CIP or budget.

How well do the Strategies detailed in the Board Work Plan align with Staff efforts (e.g. CIP, O&M Plan, Master Plans, Business Area Work Plans)?

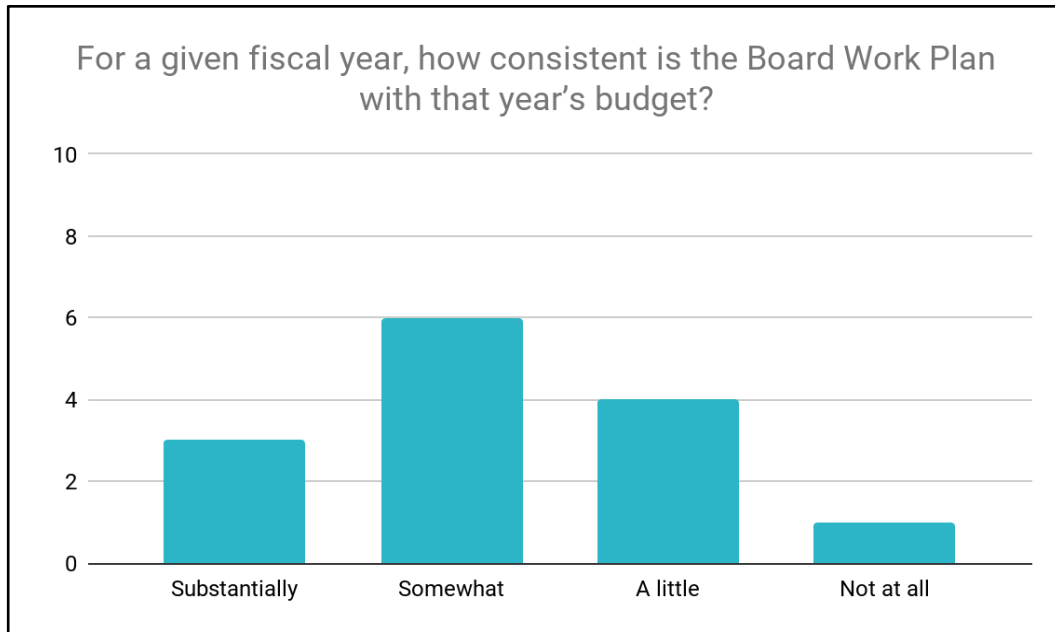
Most staff members think strategies detailed in the Board Work Plan align with Staff efforts substantially or somewhat. Those who answered somewhat or a little think the Board Work Plan only covers a subset of Valley Water's efforts, ignoring efforts like infrastructure planning, lifecycle asset management, water quality management, and other "business as usual" programs. One staff member suggested that "there could be a bigger nexus [between] these plans [and] the Board strategies" to better identify resources to support the Board's priorities. A staff

member criticized the Board strategies for “not [being] outlined in sufficient detail within the work plan to inform staff efforts in a meaningful manner.” Another staff member also explained that “[staff] are constantly pulled in a lot of directions on each of the priorities, depending on which [Business Area] Work Plan item is burning the hottest” so emerging opportunities are not always aligned with the Board Work Plan.



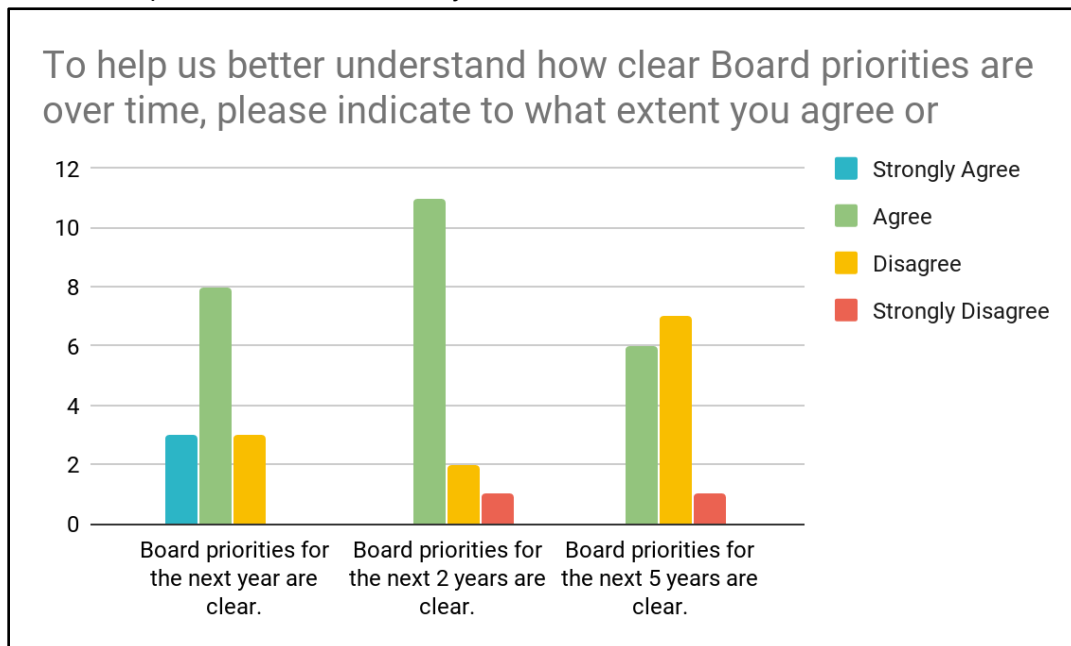
For a given fiscal year, how consistent is the Board Work Plan with that year’s budget?

The majority of staff think that the Board Work Plan is somewhat consistent with that year’s budget. Some staff explain that this is because the Board Work Plan and budget start out consistent with each other; however, as emerging projects, challenges, and opportunities arise, the staff resources shift. The budget is revised in those instances, but the Board Work Plan isn’t updated to reflect the current change in priorities reflected in the budget. Additionally, a couple of staff members criticize the Board Work Plan for not realistically articulating priorities, especially from a budgeting, staff and expertise capacity, and planning perspective.



How clear are the Board's priorities?

Staff recognize short-term priorities of the Board, but cannot identify longer-term priorities. A majority of staff agree that the Board's priorities for the next two years are clear; however, most disagree that the priorities for the next 5 years are clear.



Board Strategic Planning Retreat

Format of Retreat

Some staff felt that the Board strategic planning retreat provided a space to speak candidly about important or controversial issues. Others felt that there were some topics best kept confidential and/or some topics that should be avoided when speaking to the board because of their political nature.

Staff suggested the following ideas for the Board strategic planning retreat:

- "Partition and sequence major areas - e.g., environmental stewardship, flood protection, and water supply/delivery, and then have an integration final step (trade-offs and synergies)."
- "Allow staff to submit candid comments or suggestions anonymously, for the facilitator to read during the meeting."
- "Demonstrable Board action over time ... to create trust/safety."

Finally, there was a sense from staff that the Board's strategic planning process could be more collaborative and iterative with staff to produce more specific results, as typified by this quote: *"The process is disconnected from the actual work that needs to be performed. Although high level direction and strategy is key, this board dives into the weeds with regularity making the high level direction redundant or completely in conflict with their on-going actions."*

Retreat Discussion Topics

Staff offered the following topics that they would like to see addressed by the Board during the strategic planning retreat (listed in no particular order):

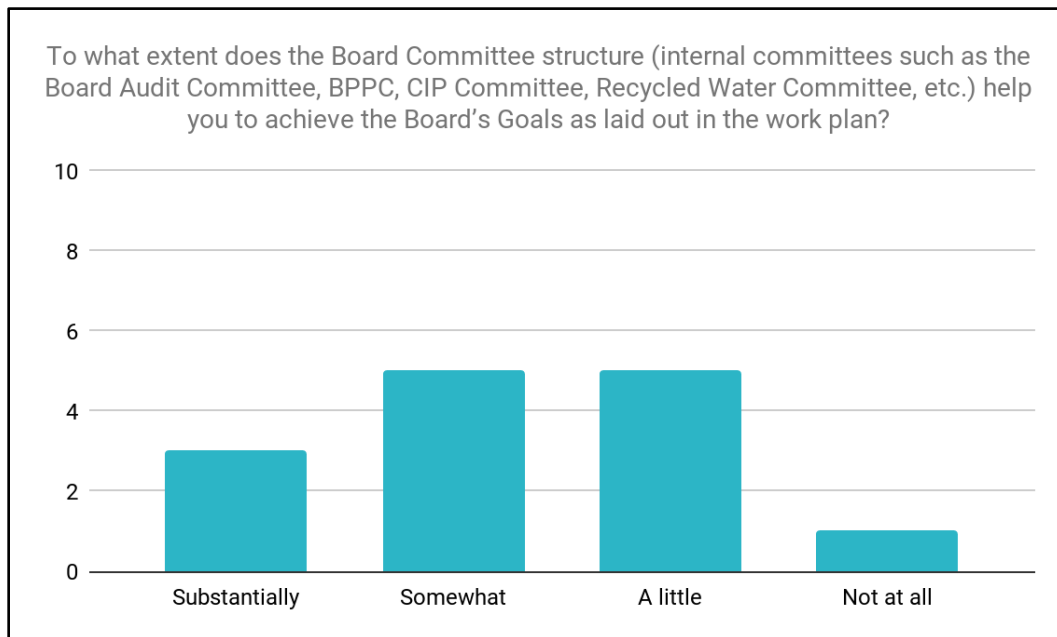
- Homeless encampment and staff safety
- Relationship between new supply resource development for droughts in the face of demand uncertainty, and whether Valley Water should become a significant seller of surplus water in plentiful years
- Potential overinvestment in water supply facilities
- Funding for O&M in the long term
- Future of significant Valley Water projects and programs (including Anderson Reservoir)
- Bureaucratic streamlining and modernization
- Staff accountable for Board's expectations
- Establishing a clear set of prioritized projects.
 - What is really needed and what can really be achieved next year?

- Realistic prioritization in light of budgetary and resource constraints (funding and maintaining projects)
- Are these strategies consistent with the Master plans?
- What is the relative priority of the strategies?
- How much effort do they want to spend on the strategy next year?
- Allocating enough resources for priorities

Board and Staff Collaboration

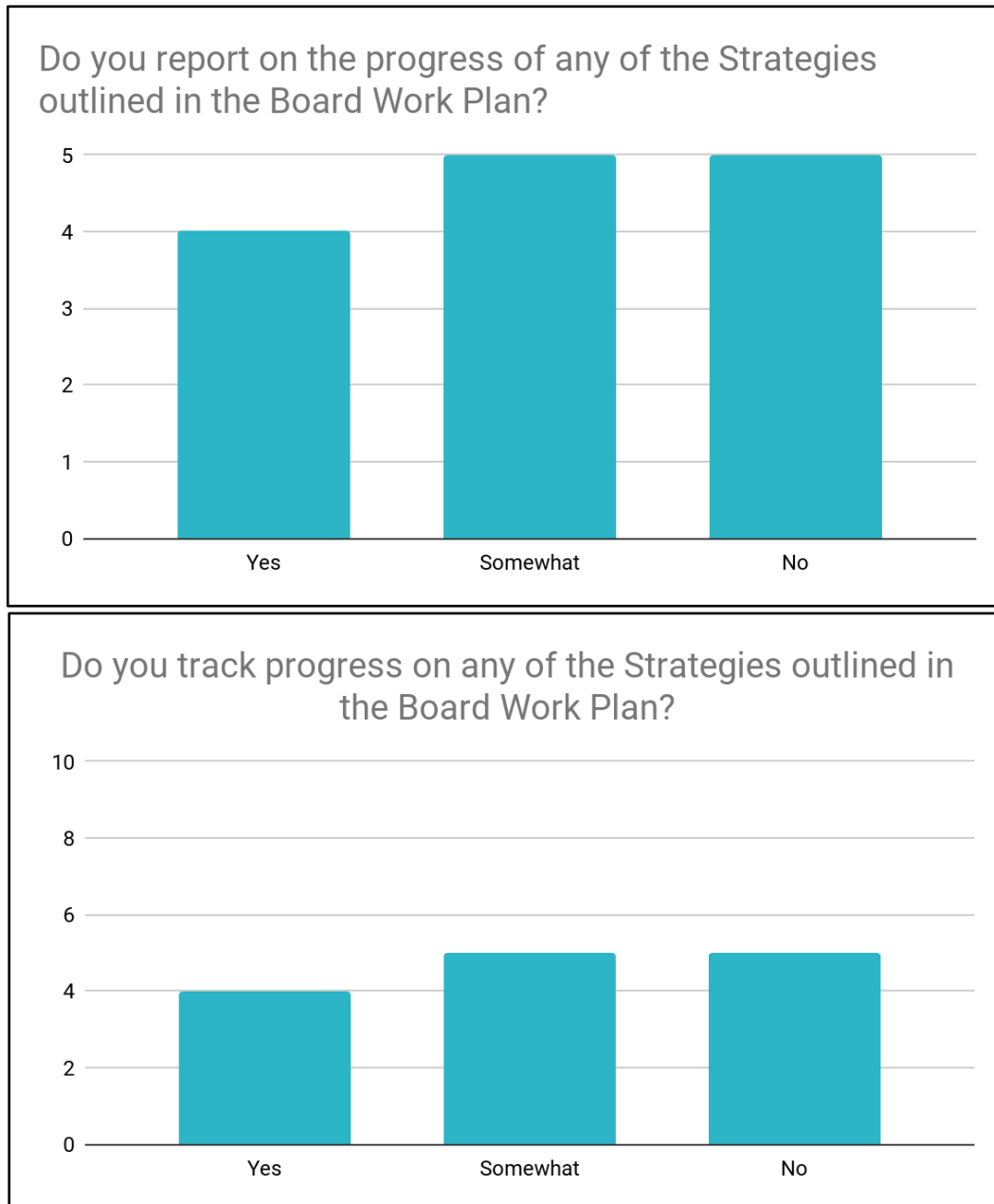
Does the Board Committee structure help staff to achieve the Board's Goals as laid out in the work plan?

Staff are split about the Board Committee structure. Many staff recognize the value of Committee structure and see it is an opportunity for staff and Board to have in-depth discussions, allowing staff to directly educate Board members on issues, seek more focused guidance from them, and provide them with assurance. On the other end, some staff feel that there are too many committees, some more useful or relevant than others, which overall divides staff's attention and is not always an efficient use of time and resources. Furthermore, it was mentioned that sometimes certain committees seem to overstep their authority when generating new projects which can divert attention and resources from the Board Work Plan priorities.



How can tracking and reporting progress be improved?

Staff are split on the practice of tracking and reporting progress on the Strategies outlined in the Board Work Plan. Some staff reported that this is something they do, while others stated somewhat or not at all.



Suggestions from staff for how to improve tracking and reporting progress include:

- Formalizing the progress reporting process. Some staff think the current process is inefficient, stating "It happens too often and it is just a status report [when] it should be

a progress report" or desiring it had "less impact on staff time." One staff member suggested committing to an annual work study session with the Full Board to discuss progress. Another suggested submitting "quarterly report on goals."

- Articulating clearer metrics and more actional goals in the Board Work Plan, as suggested by 4 staff members.
- Increasing public visibility of progress through means such as screen summaries, wall charts, and dashboard systems, as suggested by 2 staff members.
- *"Assuming that each unit's work plan aligns with the Board Goals and Strategies, perhaps tracking progress can be accomplished by divisional units--specially, through annual inputs submitted to an improved customer relationship management system."*

