

Los Osos Community Services District 2016/17 Approved Management Objectives

Peter J. Kampa, General Manager (Interim)

June 2, 2016

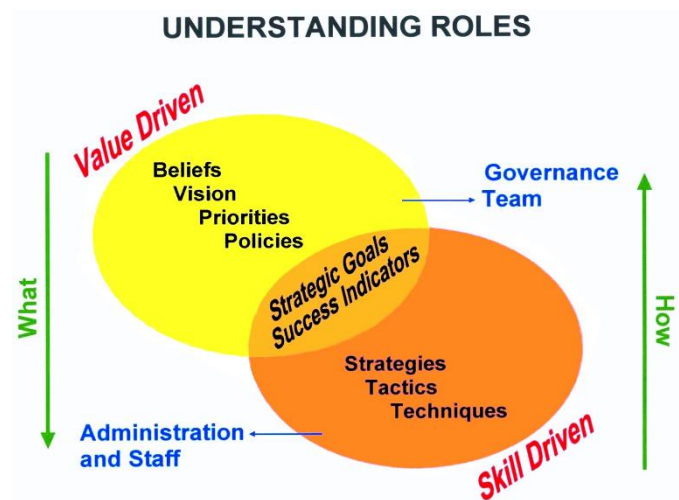
The following first Management Objectives were developed by Interim General Manager Peter Kampa based on years of successful experiences with similar community services districts throughout the state, input from CSD Board members and staff, and evaluation of the governance, administration and operations of the Los Osos CSD. Accomplishment of these objectives will assist the District in providing the highest level of public service possible while assuring the accountability and full transparency of the Los Osos CSD.

The Management Objectives were reviewed and approved by the District Board of Directors on June 2, 2016. The purpose of the objectives is to ensure alignment of management actions with the vision of the District's future by its Board of Directors. A District strategic plan does not currently exist, and these objectives, once final and approved, will serve as a means of accomplishing the Board's goals. The status of completion of these objectives should be reviewed on a quarterly basis and updated as needed, such as when unforeseen issues or needs arise requiring a high level of management involvement, following the election of new directors and upon the preparation of a District strategic plan.

Board and Management Roles

California law prescribes the responsibility of policymaker to the Board of Directors, and requires that they appoint a General Manager who is responsible to manage the day to day affairs of the District. The General Manager must make decisions and direct the work of the District employees in accordance with the policies adopted by the Board. The responsibilities of a CSD General Manager are specifically detailed in California Government Code 61051 as follows:

- (a) The implementation of the policies established by the board of directors for the operation of the district.
- (b) The appointment, supervision, discipline, and dismissal of the district's employees, consistent with the employee relations system established by the board of directors.
- (c) The supervision of the district's facilities and services.
- (d) The supervision of the district's finances.



The proposed management objectives help to publicly explain *HOW* the General Manager intends to perform the statutory responsibilities and accomplish the priorities established by the Board.

Committees of the Board

Board committees can also serve an important role in assisting management with the accomplishment of objectives. Our Committee members are woven into the community, representing nearly all types of interests and having significant expertise in many aspects of District administration and operations. Functional committees assist and complement management in developing actions that support the Board's vision and District mission, and that are well thought out, representative of community interests, understood by the community and supportable by the Board.

The management objectives and their proposed completion timeline contemplate that a focused committee work plan and schedule will be developed that dedicates committee time to review and inform proposals in specific areas such as:

- Long range service planning
- Long range funding and financing plans
- Changes in taxes, rates, charges and fees
- Major infrastructure projects that could result in controversy related to their perceived effect on community growth, environmental harm, drastic cost increases or decreases, aesthetics, etc
- Changes in service level or changes in funding that may result in service changes

Committee member, management and Board member time is a valuable commodity; therefore, the management objectives assume the scheduling of committee meetings and Board workshops on an as-needed basis as detailed in an annual committee work plan.

Management Objectives

The following objectives are intended to be SMART meaning specific, measurable, attainable, realistic and with an attached timeframe. The objectives are organized into three primary categories reflecting the highest District priorities: Financial, Organizational and Administrative.

1. Immediately - All Financial Related (By July 31, 2016)

- a. Complete the 2014/15 Audit
- b. Complete the 2014/15 State Controller's report of financial transactions and compensation report.
- c. Implement the programmed water rate increase
- d. Update and validate all District financial statements and reports (including reserve reports, investment reports, profit/loss reports)
- e. Prepare the 2016/17 Budget for adoption of a preliminary budget before July 1 and final budget before September 1; prepared in a comprehensive, accurate and understandable format
- f. Evaluate the overhead cost allocation methodology; determine options or alternative application methods if appropriate and prepare a simplified description for the Board and public

- g. Prepare revised financial reports that are comprehensive, compliant, accurate and understandable by the Board and public; as well as functional for evaluation of cost trends, making investment decisions and identifying the need for change and cost efficiency actions
- h. Review and incorporate the draft Calfire Schedule A contract into the Fire Department budget and future financial and operational strategies

2. First Six Months

Financial

- a. Prepare revised and new financial policies to provide the highest level of internal control over the accuracy and compliance of all financial matters including a Board orientation and ongoing (District) financial education program
- b. Continuously track water enterprise revenue and expenses for the purpose of informing the Board's decision on whether to implement Stage 4 water emergency rates
- c. Closely evaluate water enterprise funds to determine opportunities for expense reductions as well as revenue generating opportunities to reduce or eliminate the cash shortfall caused by overestimated water sales revenue (2014 Financial Plan and Rate Study)
- d. Complete the 2015/16 annual audit and related reports
- e. Develop funding and financing plans for the various scheduled infrastructure projects and capital equipment replacement; and complete the planning, design and implementation of planned projects on schedule
- f. Evaluate Fire Department 10 year expense and service needs projections and develop associated service financing plans

Organization

- a. By the Board's August 2016 meeting, working in close collaboration with the Basin Management Board of Directors (BMBD), recommend the top two priority projects to be pursued during the forthcoming fiscal year.
- b. By the Board's October 2016 meeting, working in close collaboration with the Basin Management Board of Directors (BMBD), develop an Ad Hoc Action Team to prepare an action plan for funding and executing the top two priority projects.
- c. Achieve the industry benchmark District Transparency Certificate of Excellence issued by the Special District Leadership Foundation
- d. Complete the transfer of sewer facilities located in the neighborhoods of Bayridge and Vista De Oro to the County of San Luis Obispo
- e. Complete evaluation of various fire department staffing options including full-four person and develop associated Board reports and recommendations
- f. Complete an evaluation of the District organizational structure, staffing, responsibilities, opportunities for efficiencies and personnel needs
- g. Complete a compensation and classification study as required in the Memorandum of Understanding with the Employee association (union)

- h. Complete the evaluation of possibilities for improvement of the existing office to meet District needs and improve environmental working conditions, and complete associated real property negotiations or complete negotiations for an alternate office location

Administration

- a. Complete the personnel policy update (employee handbook) for Board approval
- b. Evaluate processes to determine opportunities for paperwork and process time reduction to increase staff efficiency
- c. Establish draft Board policies and protocol for the effective use of committees to assist management and inform Board decisions and actions

3. Twelve to Eighteen Months

Administration

- a. Update all necessary Titles, Policies and Ordinances
- b. Establish a system of performance benchmarks to compare the performance of LOCSO to others in our industry as a means of evaluating productivity, efficiency and service value
- c. Develop an internal and external communication program to improve community understanding of the District services and operations
- d. Develop a written system of (internal/staff) procedures and expectations for all critical aspects of the District operation and administration to ensure thorough training, ease in employee job crossover, performance continuity and communication, for example:
 - Agenda preparation
 - Customer outreach
 - Public engagement
 - Audit preparation and completion
 - Budget development
 - Fee schedule updates and new rate implementation
 - Accounting
- e. Develop a recognition program to inform the public of the excellent public services provided by the District and retain highly performing employees

Organization

- a. Assist and participate in development of a Strategic Plan for the District
- b. Develop revised position descriptions and training, certification and performance expectations for all staff
 - Budget appropriately for optimal level of employee training and Board orientation
- c. Complete a succession planning evaluation for all district positions and propose associated Board policies
- d. Conduct an evaluation of the District utility and other major projects to maximize efficiency in their completion, maximize grant participation, secure low cost financing, and identify partnership opportunities

- e. Monitor District financial performance in all services and develop appropriate action plans and strategies for consideration by the Board to ensure that the District's established financial targets and benchmarks are met, projects are completed and reserves funded
- f. Achieve the industry benchmark for District of Distinction certification issued by the Special District Leadership Foundation
- g. By the Board's October 2017 (and annual) meeting, working in close collaboration with the Basin Management Board of Directors (BMBD), develop preliminary data and practical outcomes achieved by the Ad Hoc Action Team regarding the preferred top two projects

Ongoing

- ▶ Ensure compliance with all permits, standards and regulations through appropriate staff resources and training, ongoing education and participation in state and regional association training
- ▶ Participate locally, regionally and statewide to stay informed and influence solid public policy
- ▶ Oversee budget
- ▶ Pursue grant funds where possible and position the District to receive grants and low interest money for projects
- ▶ Advise Board on policies, programs, finances, long and short range service plans
- ▶ Develop and maintain productive relationships with key partners such as Golden State Water Company, the County, State Legislators, LOCAC and local civic and charitable organizations
- ▶ Continue to implement actions, initiatives, outreach and evaluation of the community service needs to improve the image and value of the district and its services
- ▶ Continue to evaluate opportunities to develop additional water supplies through greywater and rainwater reuse, and the provision of non-potable supplies for irrigation and other beneficial uses of water