SAN BERNARDINO VALLEY WATER CONSERVATION DISTRICT
Established 1932

1630 West Redlands Boulevard, Suite A
Redlands, CA 92373-8032
(909) 793-2503
Fax: (909) 793-0188

P.O. Box 1839
Redlands, CA 92373-0581
Email: info@sbvwcd.dst.ca.us
www.sbvwcd.dst.ca.us

To: Board of Directors

Prepared by: R. Robert Neufeld, General Manager

Date: April 7th, 2010

Subject: Strategic Plan Staff Report

The attached Strategic Plan is submitted for your review and possible approval at the Special Board meeting of April 7, 2010.

During this process the Board, Staff and Mr. Mc Mullan have engaged in numerous meetings and workshops. In each instance the comments and suggestions received from all parties were discussed in detail with Mr. Mc Mullan and as appropriate were incorporated into the plan now before you.

The attached plan provides the 30,000'view that was agreed upon by the Board and will be supplemented by a verbal presentation and explanation of the content from Mr. Mc Mullan during the meeting. It is the intention of Staff and Mr. Mc Mullan that when we have finished the presentation that we will have provided answers to your questions and that you will concur with Staff's recommendation to adopt the Plan.

Your comments and suggestions are appreciated and should the Board decide that revisions are necessary then the approval of this plan will be held over until the meeting of April 28, 2010 to allow for those revisions.

Mr. Mc Mullan has finished this project slightly under budget. However, any significant revisions that would require more than a couple of hours of time from Mr. Mc Mullan after April 7, 2010 will require a modification to the existing contract.

Please call me if you have any questions.

BOARD OF DIRECTORS
Richard W. Corneille
Clare Henry Day
Arnold L. Wright
John Longville
David E. Raley
Melody McDonald
Manuel Aranda, Jr.

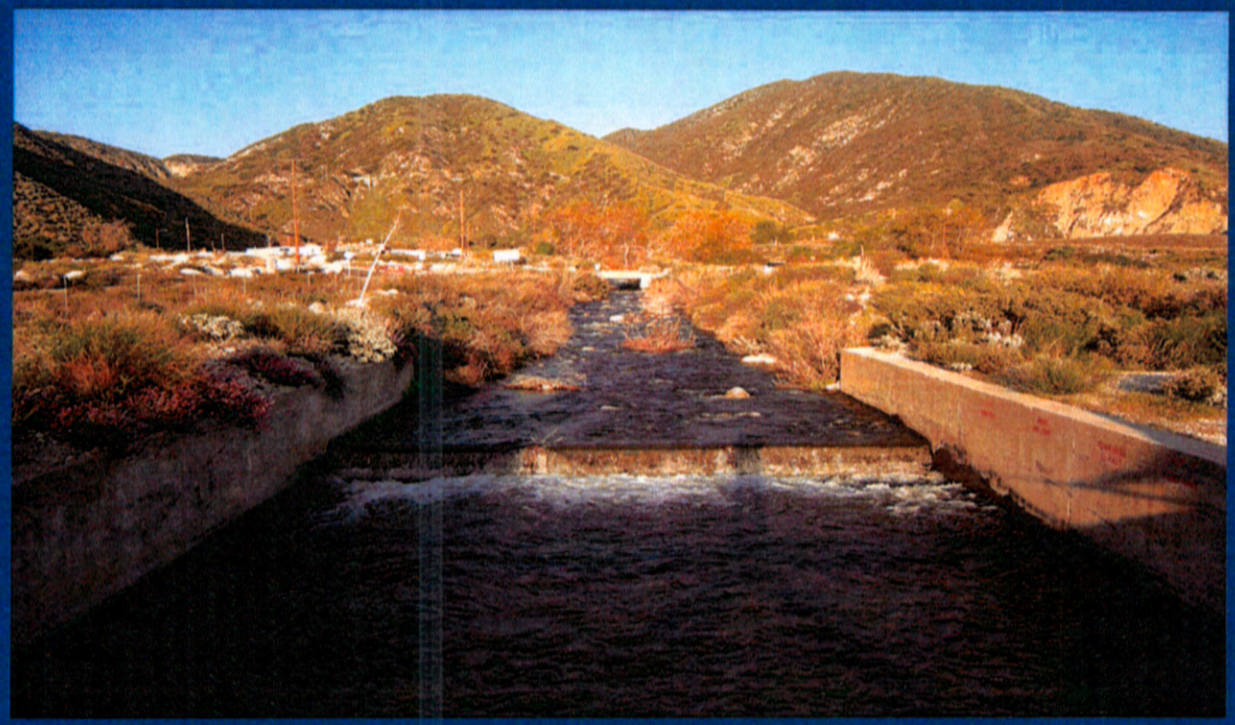
GENERAL MANAGER
R. Robert Neufeld

San Bernardino Valley Water Conservation District

Preliminary

Strategic Framework Presentation

A Preliminary 5-Year, High-Level Framework for Board Consideration



Preliminary Draft for Review by Board of Directors

Forward

This document presents a preliminary draft, high-level overview of San Bernardino Valley Water Conservation District's strategic direction for the next 5-years. Its purpose is to summarize the general, concepts and framework for the District's proposed vision and future direction, its long-term goals and approach.

The content of this preliminary document is based on inputs from and interpretation/summary of: 1) Board Director, Staff and third-party responses obtained from a 2009 Planning Survey, 2) working information and meeting inputs provided by District Board of Directors and Staff, 3) existing District reports and documentation, and 4) authorized input from other sources familiar with the District and its operation. All inputs and contributions to the planning effort have been accepted as valid without further research or verification.

At this stage of the planning process, the accompanying summary document is intended to serve as a preliminary draft for review and discussion by the District's Board of Directors on April 7, 2010. If adopted by the District's Board of Directors, this strategic framework will then serve as a tool to guide District staff's implementation activities and to focus future Board conversations on key strategic issues.

Comments on this preliminary draft document are welcomed from the District Board of Directors prior to and during the April 07, 2010 review meeting.

Executive Summary

The San Bernardino Valley Water Conservation District (SBVWCD or District) is responsible for capturing and recharging local runoff to replenish local groundwater supplies. Originally organized as a Water Conservation Association in 1910, the SBVWCD became a Water Conservation District in the 1930's under the Water Conservation Act of 1931. Since that time, the SBVWCD has operated as a Special District with the primary goal of conserving water via recharge facilities located in two areas near the Santa Ana River and Mill Creek.

Recently however, the District has experienced financial and other difficulties following a long but successful defense against consolidation under LAFCO 3076. The District now finds itself in a challenging period with an uncertain future regarding its role in local water affairs and its contribution to the San Bernardino Valley community which its serves. In response to these challenges, the District has undertaken a strategic planning process to define its future goals and direction, and to create a vision for how it will serve the community over the next 5 years. This preliminary document is a result of the District's vision and efforts to plan effectively for its future service to the community.

The District is unique among other agencies in the region in that it controls significant parcels of land, in addition to performing various services that help conserve water in a densely populated region and State beleaguered by extended drought. The District also holds significant water rights as part of its original charter formation. It is this combination of water and land assets, together with a clear vision for the future that defines how it plans to serve the inhabitants of the San Bernardino Valley Watershed.

The District's vision entails an expanded organization that makes full use of its assets to benefit the community. It's current status is that of a small Water Conservation District focused on groundwater recharge of local runoff. Its historic contribution to the Valley's water supply is not obvious to most citizens, and its existence and value added is relatively unknown. The District however, sees things differently. Its new vision for the future is to use the District's unique land and water assets to provide the community with a much broader array of benefits. They envision a Resource Management and Water Conservation Authority that not only provides expanded services in water resource management, but that also provides environmental conservation and recreation resource opportunities for the Region by using its unique land assets and the vision of its stakeholders.

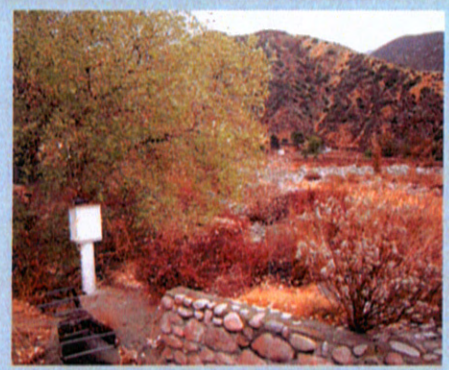
Six areas of strategic focus and their respective long-term goals are proposed by the District:

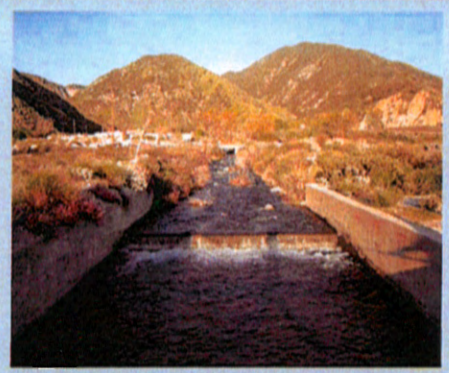
- *Secure Organizational Foundation*
  - ***A renewed, financially viable District organization with a secure foundation to better serve the community***
- *Water Resource Conservation and Management*
  - ***Increased, enhanced contribution to Basin water resource conservation and management***
- *Environmental Conservation and Sustainability*
  - ***District-managed lands under effective stewardship for environmental conservation, habitat preservation and mitigation***
- *Water Use Conservation*
  - ***Programs and services to improve non-retail, outdoor water use efficiency and conservation in the Valley Watershed***
- *Community Recreation Resources*
  - ***New recreation, park, open space, and trail opportunities for the San Bernardino Valley community***
- *Integrated Resource Management*
  - ***Serve as regional model for integrated land/water environmental conservation and management of natural resources.***

The District plans a three-phase, structured strategic effort: 1) Fix and preserve - its core functions and financial/organizational viability, 2) Initial progress - to expand its water and land activities through partnership with other entities, organizations, and the community at large, and 3) Careful evolution - developing new initiatives, services and benefits for the community consistent with the long-term strategy. Central to the District's proposed strategy is a purposeful shift towards external affairs; outreach, collaboration, partnership, and joint cooperation with others. It is the District's view that water and environmental issues in California have evolved to a point of complexity where individual initiatives and solutions are less effective, and greater community benefit can be achieved through cooperative efforts.

The accompanying preliminary "Strategic Framework" document summarizes the District's general approach to achieving its goals over the next 5 years. This is a preliminary draft document meant for review and discussion by the District Board of Directors on April 07, 2010.

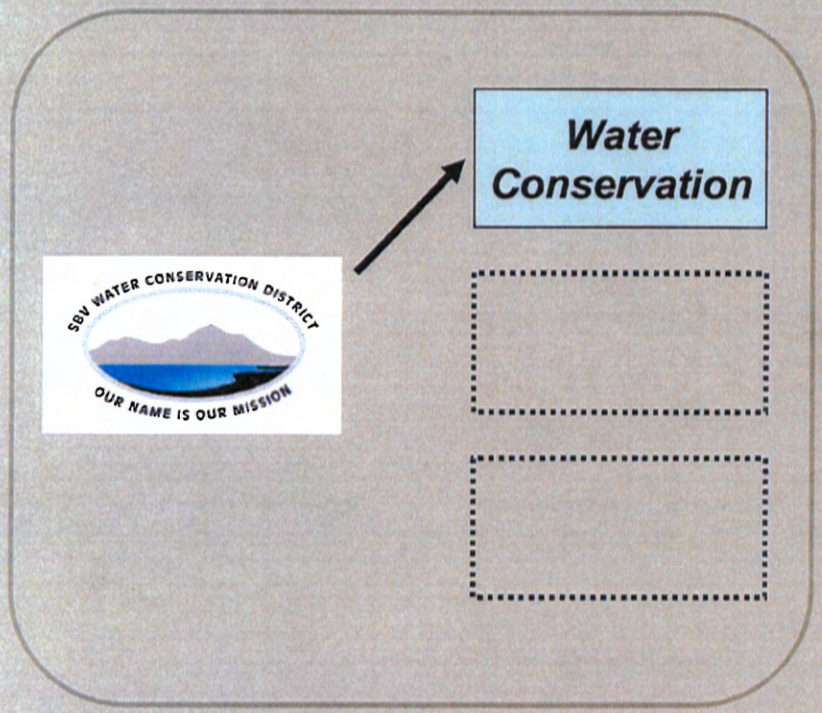
Seeing Things Differently.....



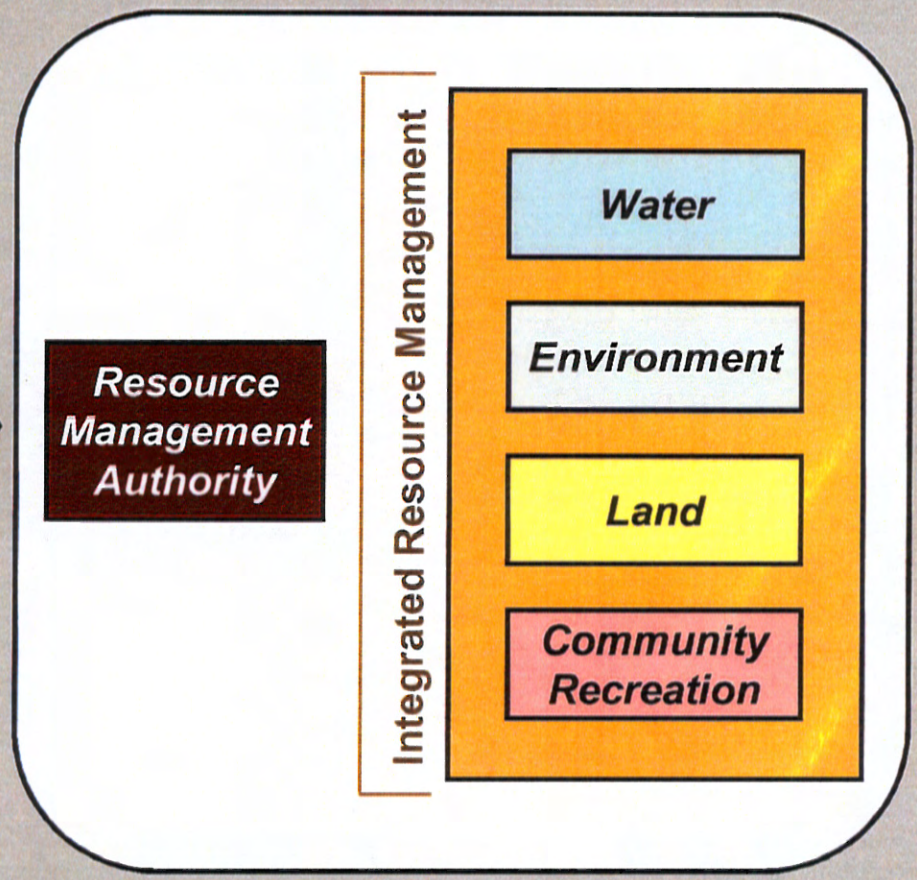


The District Has Chosen a Future Direction Involving Expanded Service and Stewardship for the Community

From

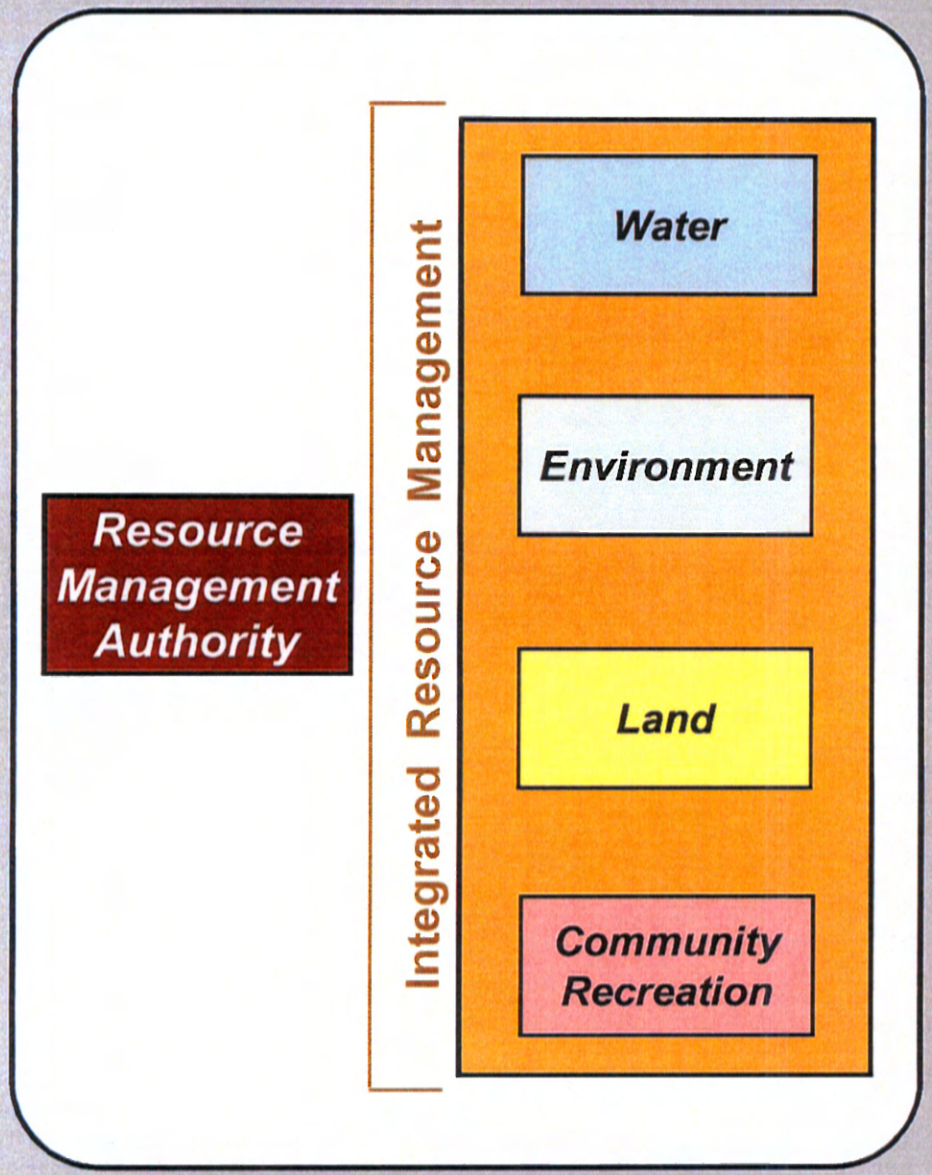


To



Preliminary Draft for Review by Board of Directors

The New Organization's Purpose Would be Bound by Common Threads



Conservation Water Resources

Stewardship

Sustainability

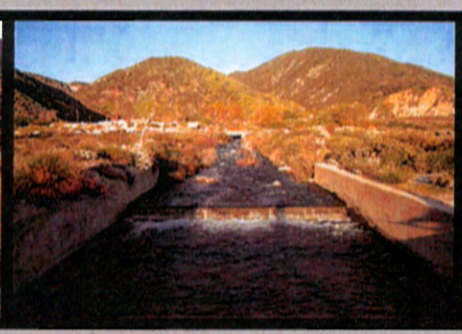
Innovation

Education

Community-Building

The District's Proposed Mission Will Change - Broadening in Scope and Role

The Resource Management and Water Conservation Authority, as trustee, develops, integrates, and manages natural resources for the inhabitants of the San Bernardino Valley Watershed to maximize their use in an environmentally and economically responsible manner.



Proposed Goals Reflect the District's Short-Term Realities and Long-Term Vision and Intention

Short-Term (1 year or <))

- ❒ Reliability of GW Charges
- ❒ Market/Sell Recycled Water
- ❒ Obtain USACOE Property
- ❒ Balance the Budget
- ❒ Secure District Water Rights
- ❒ Charge for aggregate

Plan Elements and Long-Term Goals (3-5 years)

Secure Organization Foundation	*A renewed, financially viable District organization with secure foundation to better serve the community*
Water Resource Conservation & Management	*Increased/enhanced contribution to Basin water resource conservation and management*
Environmental Conservation & Sustainability	*Effective stewardship of District-managed lands for environmental conservation, habitat preservation, and mitigation*
Water Use Conservation	*Programs and services to improve non-retail, outdoor water use efficiency and conservation in the Valley watershed*
Community Recreation Resources	*New recreation, park, open-space, and trail opportunities for the Valley community*
Integrated Resource Management	*Serve as a regional model for integrated land/water/environmental conservation and management of natural resources*

Major Assumptions Underlie the Strategy

The District entity is no longer viable or sustainable in its current form and there is an urgent need to transform the organization

District has full access and availability of all of its assets to support implementation of the strategy and long-term operation

Consolidation with another agency is still a serious possibility

District will verify actual needs of the community and adjust strategic goals/plans/priorities accordingly

District land, water and other assets are secured/perfected within 12 months of plan approval

Legislative and LAFCO approval of new District authorities will be obtained no later than December 2011

The District Board of Directors will adopt the strategic plan April, 2010 and authorize staff to proceed with dispatch

All potential revenue mechanisms will be available to the District

Phased Approach for the District's Chosen Strategic Direction

Fix/Preserve Foundation

Act quickly to "stabilize" the District's current situation. Rebuild financial foundation with goal of creating secure platform for renewal & progress

Examples:

- o Stabilize finances - control costs
- o Generate short-term income
- o Make Wash plan decision
- o Adopt strategic plan
- o Lay groundwork for key strategic initiatives/future revenue streams
- o Initiate legal/legislative process to re-charter District
- o Build support, identify partners
- o Secure District land/water assets

Go?

Initial Progress

Begin initial migration toward desired niche. Target high-payoff/low-risk strategic activities that add more value for community and that yield financial, support base, capability, and image gains.

Examples:

- o Engage partners (non-compete)
- o Initiate early projects in water resource, environmental conservation and recreation
- o Continue to secure organization foundation
- o Reorganize as appropriate
- o Upgrade/expand facilities
- o Add capability

Go?

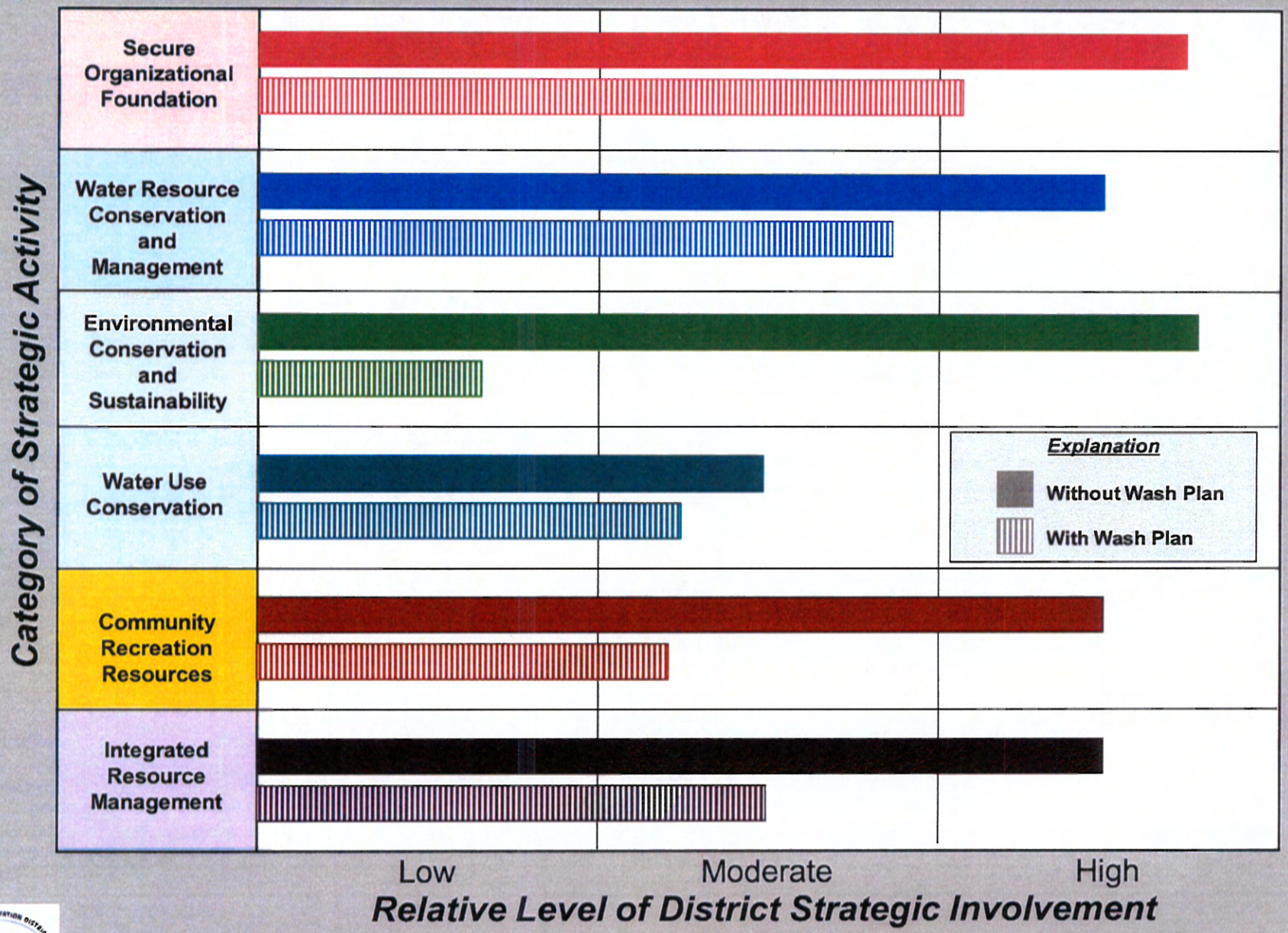
Careful Evolution

Lead, facilitate, or collaborate on key initiatives in water, environmental conservation and recreation resources consistent with new charter, role, mission, vision.

Examples:

- o Wetlands treatment
- o Recycled water marketing
- o Recreation areas
- o Environmental mitigation
- o Form new partnerships
- o Expand role and services

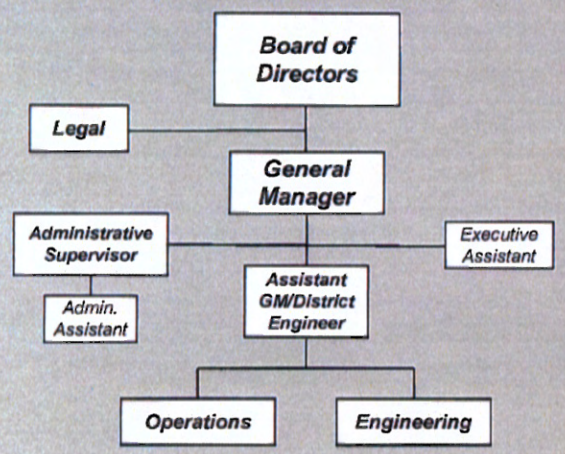
The District's Relative Level of Focus and Involvement Would be Expected to Vary Depending on the Wash Plan



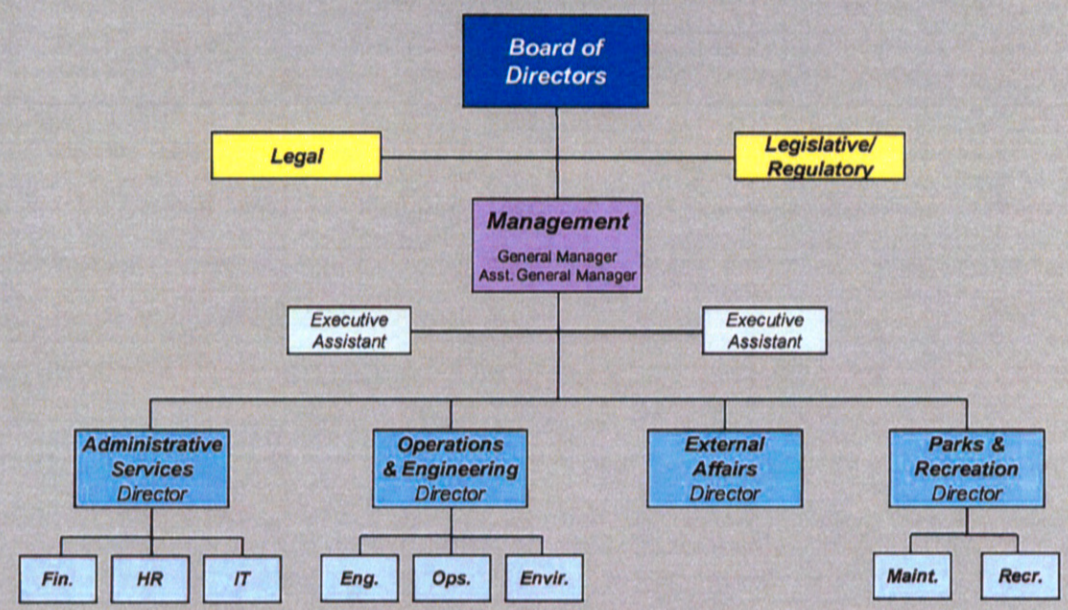
Preliminary Draft for Review by Board of Directors

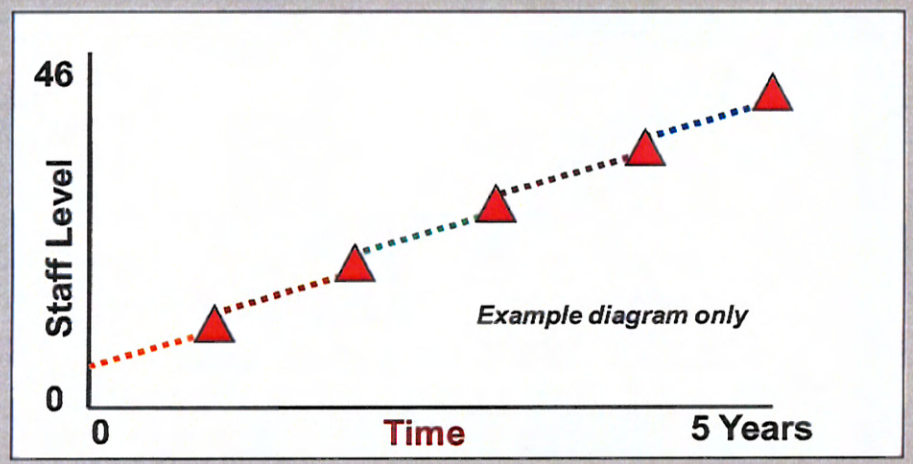
The District Would Evolve to a New Organization Structure Over a 5-Year Period

Current



Potential (Year 5)





- As District activity levels and finances expand, so would need for additional staff and capabilities.
- Staffing growth would still occur if Wash Plan is implemented, but in different technical areas and at a potentially reduced level
- Staffing increases would be subject to prior approval by Board of Directors

Preliminary Draft for Review by Board of Directors

Revenues Would be Derived Primarily From Water, Resource Development and Possibly, Environmental Mitigation Activities

Secure Organizational Foundation

- Increased reliability of groundwater charge
- Aggregate mining charges/mining fees/ mining lease income
- Retail aggregate sales yard
- Recycled water marketing and sales
- Property sale
- Property leasing
- Investment portfolio income
- Special use fees (e.g. special use recreation)
- Site property access fees
- Grant and other funding
- Income development of District property

Water Resource Conservation & Management

- Groundwater recharge services for other agencies/municipalities
- Recycled water marketing and sales
- Groundwater storage banking/withdrawal charges
- O&M/Management of recharge facilities owned by other agencies
- Watermaster services
- Sale of treated water from wetlands created on District property
- Funding contributions from partners on joint projects/initiatives
- Groundwater charge (may be temporary)
- Water management & transmission
- Grant and other funding

Environmental Conservation and Sustainability

- Environmental mitigation land banking using District property
- Grant and other funding

Water Use Conservation

- Grant and other funding
- Fees from landscaper water use conservation certification programs
- Fees from outdoor water conservation training and workshops
- Revenues generated by the other plan elements and activities

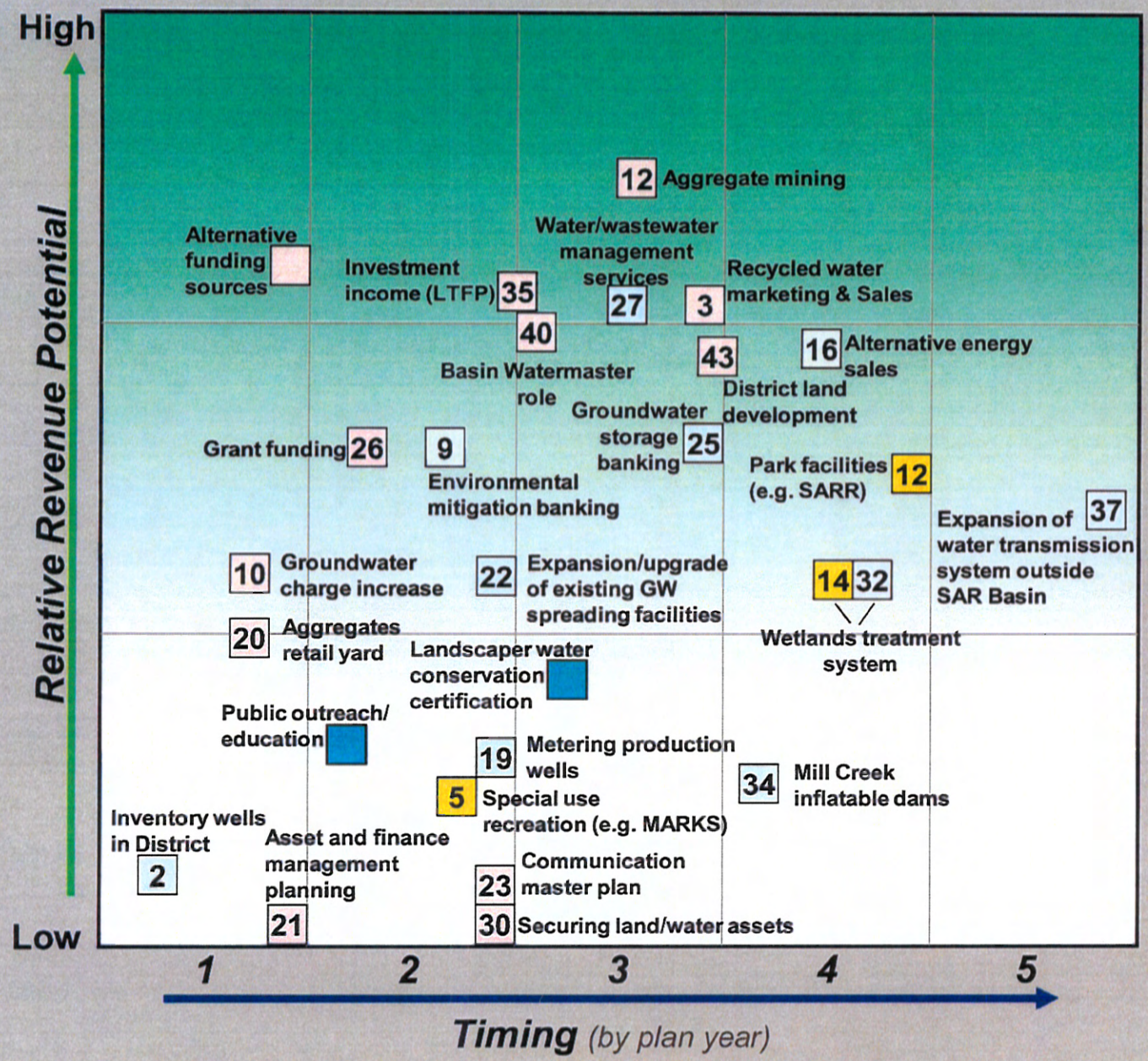
Community Recreation Resources

- Park/facility user and access fees
- Tax or other revenues derived under new District powers
- Contractual fees/revenues for lease/use of District property by other entities for park or recreation use
- Grant and other funding

Integrated Resource Management

- Grant and other funding
- Revenues generated by the other plan elements and activities
- No other revenue sources identified

Relative Revenue Potential of Strategic Projects During Implementation*



Explanation

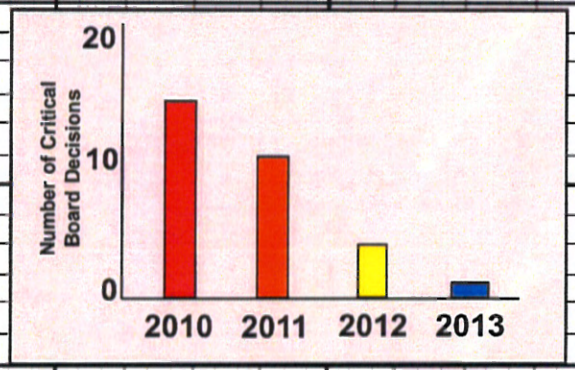
- 12 Secure org. foundation activity
- 27 Water resource conservation & management activity
- 16 Environmental conservation and sustainability
- Water use conservation activity
- 14 Community recreation resource activity
- Integrated resource management (no specific revenue generating tasks)

Note: Estimates of Relative Revenue potential are qualitative and approximate only. Subject to financial verification by the District and Wash Plan status.

Preliminary Draft for Review by Board of Directors

Many Critical Board Decisions Occur Early in the Plan

Strategic Category	Critical Board Decisions (Year / Qtr. / Mo.)	2010 Q1 (J F M)	2010 Q2 (A M J)	2010 Q3 (J A S)	2010 Q4 (O N D)	2011 Q1 (J F M)	2011 Q2 (A M J)	2011 Q3 (J A S)	2011 Q4 (O N D)	2012 Q1 (J F M)	2012 Q2 (A M J)	2012 Q3 (J A S)	2012 Q4 (O N D)	2013 Q1 (J F M)	2013 Q2 (A M J)	2013 Q3 (J A S)	2013 Q4 (O N D)	2014 Q1 (J F M)	2014 Q2 (A M J)	2014 Q3 (J A S)	2014 Q4 (O N D)
Secure Organizational Foundation	Adoption of strategic plan		▲																		
	Decision on Wash Plan		▲																		
	Approval of proposed reorganization/charter		▲																		
	Approval of GM/AGM hires and staffing plans			▲																	
	Approval of LAFCO application & legislation			▲					▲		▲										
	Approval of recycled water marketing plans				▲																
	Approval of asset management plan				▲																
	Approval of stakeholder agreements for water spreading, watermaster role, etc.						▲														
	Approval of wetlands treatment agrmt./funding							▲													
Water Resource Conservation & Management	Adoption of District facilities management plan			▲																	
	Adopt agreements to manage all GW basins (services to other Districts/agencies)				▲																
	Approval to solicit wastewater supply contracts						▲														
	Adoption of all funding agreements								▲												
Environmental Conservation/ Sustainability	Decide land use designations - District parcels				▲																
	Approval of environmental plans for lands						▲														
	Approval to partner with environmental groups						▲														
Water Use Conservation	Approve water conservation plan								▲												
	Approvals to contract for consulting services				▲																
	Approvals to form agreements with key environmental groups				▲																
	Approve funding for conservation initiatives												▲								
	Approve contract for educational facilities														▲						
Community Recreation Resources	Approval to hire consultant to develop recreational plan for District			▲																	
	Authorize relocation of MARKS to Mill Creek				▲																
	Approve formation of Parks Dept. within District								▲												
	Approve construction funding for SARR Park								▲												
Integrated Resource Mgmt.	Approval for District SCADA system												▲								



Preliminary Draft for Review by Board of Directors

Accountability for Implementation Rests With the Board and GM

Groups/ Individuals / Category of Plan-Related Activity	Governance			Management			Legal	Prof. Services			Stakeholders			
	Board of Directors	Committees		General Manager	Assistant General Manager	Financial Supervisor	Legal Counsel	Technical	Political/ Legislative	Other	Water Community	Project Partners	Producers	Public
Plan Adoption	A/R			R	R	C	C		C		I	I	I	I
Manage/Implement Tasks				A/R	R	R	I	R	R			R		
Progress Monitoring				A/R	R	R					I	I	I	I
Status Reporting	I			A/R	R	R								
Plan Budgeting	A/C	C		R	R	R								
Risk Management	A			R	C	C	C	C	C	C				
Expenditure Authorization	A			R	C	C								
Change Approvals	A/C	C		R	C	C	C							
Contractor Coordination				A/R	R	R	I							
Recommendations	I	C/I		A/R	C	C	C							
Legal Matters	A			R	I	I	R/C							
Contractual Agreements	A			R	I	C	C					C/I		
External Commun./Coord.				A/R	R/C						I	I	I	I
"Technical" Execution				A/R	R/C		C	R	R			I	I	
District Re-Chartering	A			R	C	C	R		C/R		I	I	I	I
District Reorganization	A/C	C		R	R	C	C		C/R		I	I	I	I
External Communications	A/C	C		R	R/C		C				I	I	I	I
Regulatory Affairs	I			A/R	C		C		C					
Legislative Affairs	A/C	C		R	C				C					
Financial Supervision				A/R	R/C	R								

R = Responsible for executing the task A = Accountable for the results C = Consulted prior to action or decision I = Informed after action or decision

Preliminary Draft for Review by Board of Directors

Preliminary Plan Milestones

2014

- District infrastructure expanded
- GW storage banking initiated
- Alternative energy powers ops.

2013

- Wetlands operational - water sold
- District designated Valley Watermaster
- Operations optimized - SCADA in-place

2012

- Wetland funding arrangements in-place
- District designated as Valley "hub" for GW recharge activities
- First park recreation facility open to public

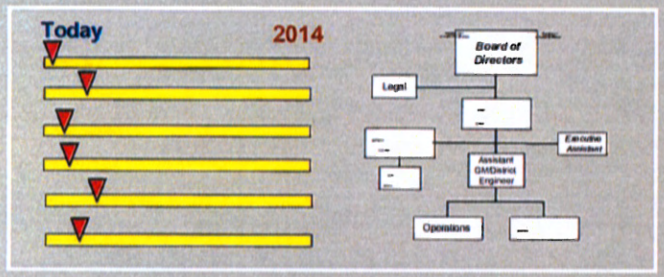
2011

- All District land/water assets secured
- Legislature/LAFCO approves reorganization
- Recycled water plans approved
- First environmental mitigation agreement signed

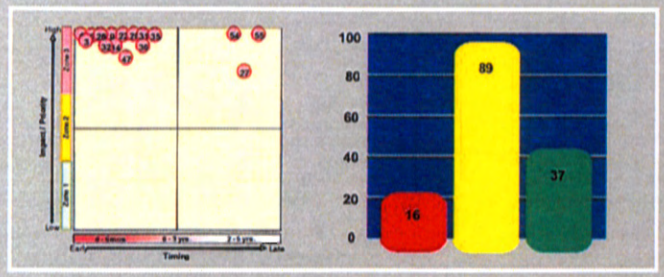
2010

- Strategic framework adopted by Board of Directors
- District finances stabilized
- Wash Plan decision made by Board
- Legislative sponsors obtained for District re-chartering

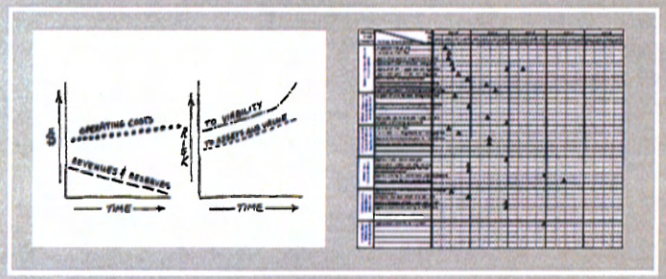
Bottom Line: Implementing the Plan Will be Extremely Challenging



Big gap between today and 5-yr goals, plus limited capacity/resources implies partners, funding, external help needed



Securing District's foundation quickly means front-loading critical tasks -- Commitment, progress, results are vital



Finances/consolidation concerns also compress the implementation schedule. Timely, decisive Board actions essential

Next Steps in the District's Planning Process

- ✓ ***Issue summary draft of high-level framework for Board review/comment***
- ***Discuss and consider adoption at April 7th Board workshop***
  - *Board members give feedback/guidance to staff*
- ***Staff revises/finalizes strategic framework sections per Board feedback***
- ***Staff continues early implementation of plan activities when approved by Board***
- ***Final draft strategic plan summary issued to Board by Staff***
- ***Staff begins full implementation of plan activities***
- ***Staff reports progress/status against plan regularly to Board and Committees***
- ***Staff adjusts/amends plan as appropriate with Board approval during implementation period as conditions change and/or new information emerges***
- ***Plan and progress reviewed annually with Board of Directors at conclusion of each fiscal year***