



Valley of the Moon Water District

2025-2026 Strategic Plan: Goals and Objectives Update

Valley of the Moon Water District

A Public Agency Established in 1962

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Issues of Concern

Current and emerging issues facing the District help shape the direction of our strategic planning and overall goals as a community water system. By identifying key challenges and developing a plan for overcoming them, the District will be well-positioned for continued, reliable service for future generations. Some of the key challenges currently facing the District include:

1. Historically high levels of inflation from 2020 to 2024 (over 22% cumulatively), rapidly increasing costs for many essentials including wholesale water, electricity, and fuel, and lower revenue due to State mandated water conservation, coupled with a rate structure that places little emphasis on conservation and which spreads some of the increased costs related to high water demand to lower water users.
2. The 2021/22 drought has caused sustained, unprecedented low water demand, resulting in lower revenue for the District and its wholesaler, Sonoma Water, and the resulting rate pressure placed on District customers
3. The loss of the SDC Water Treatment Plant and system capacity (the only large-scale local water supply available to help respond in emergencies involving a loss, or partial loss, of the Sonoma Water aqueduct)
4. Infrastructure:
 - a. Aging infrastructure and the required maintenance or replacement of items such as mains, service lines, wells, booster pump stations, and storage tanks
 - b. Undersized and inferior infrastructure and the needed upgrades to items like mains and booster pump stations (mainly for modern fire flow requirements)
5. Climate change affects the District in several ways including:
 - a. The need to explore renewable energy sources

- b. The growing risk of wildfire and extreme weather events and the need to harden District facilities against these threats Etc.
 - c. Possible future water supply uncertainty
6. Increasing regulations (CARB, BAAQMD, RWQCB, SWRCB, EPA, NPDES reporting, new/updated employment laws, new Cross Connection Control regulations, lead service line reporting, etc.) and the extra staff and consultant time needed to comply, and the resulting rate pressure placed on District customers

Needless to say, the majority of the above ‘issues of concern’ have a direct impact on costs. As a single enterprise organization, this places additional water rate pressures on the District’s customers.

Context on Issues of Concern:

- Following the 2015 court ruling on tiered water rates in San Juan Capistrano, which found that water rates were unconstitutional if they did not reflect the actual cost of providing water service under Proposition 218, many water utilities, including the District, performed an overhaul of their rates and tier structures. Many of the District’s costs are related to State mandated water conservation, and capital projects that are needed to meet peak demand and fire flow. The majority of the District’s customers have dramatically reduced their water demand over the past several years, yet as a result of the ongoing need to ensure peak water demand and fire flow, coupled with rapidly increasing costs of wholesale water and energy, unprecedented recent inflation, and decline in overall revenue due to a reduction in water sales following two major droughts and the resultant “demand hardening”, that same group of customers has seen their water bills remain static or even increase. In order to address this issue, the Board of Directors wishes to explore ways to reallocate expenses among the tiered rates, including the possible addition of a tier based on needed CIP for high-demand users, mandated water conservation, or both. In spite of the foregoing, the District has a strong desire to keep rates stable (i.e. regular, small rate increases each year), and an additional tier in the rate structure, based on those costs, could be a way to achieve that goal.
- The SDC treatment plant (or a package plant at the same site) may be able to be brought back online once redevelopment starts on the 180-acre core campus. The District is assumed to be the water purveyor for the site and has been working diligently for years to understand the water system from surface water diversions to distribution. It is possible that redevelopment could begin as soon as one and a half years from now, but could also be delayed depending on local politics and citizens against development in the area. As a result of possible delays, other water sources (groundwater wells) will be evaluated as part of the District’s goal to increase readiness for a water outage from Sonoma Water.

- The District is a JPA member of the GSA and has a good working relationship with the GSA staff and Board. The District developed and provided a whitepaper to the GSA emphasizing conservation and metering above more expensive infrastructure as a means to reach sustainability more efficiently. At the same time, the District has been awarded a grant to study and construct two ASR wells, and while not complete, they are looking promising. The District hopes to use these wells to store wintertime water locally, for use later in the year, offsetting demand from the wholesaler when water availability could be restricted (in drought conditions). It would also strategically leave a pre-determined percentage of the water behind in the aquifer on each injection and recovery cycle for the overall benefit of the aquifer, and the District would like the GSA to be a financial partner in this effort.
- Regarding infrastructure, the District needs to become much more aggressive on water main replacement. The District owns nearly 100 miles of water main, and water main has about a 100-year lifespan. So the District needs to average about a mile of main replacement per year to stay ahead of the expected useful life of the mains it operates. Over the past decade, the District has averaged less than half a mile of main replacement per year. A compounding factor is that the District installed a large percentage of the existing infrastructure (about 50%) within the decade or so period following its formation in 1962. There is therefore a large amount of pipe that will age out at nearly the same time in the 2060s and 70s.
- In 2021 and 2022, the District carried out two staffing studies. The first focused on office and management staff and resulted in splitting the finance and administration manager into two positions one Finance manager and one Administration manager, as well as the creation of a “track B” administrative specialist, for a total of two additional office staff, and both were filled. This was in response to the increased load of government reporting, regulatory compliance, etc. that had led to a work overload in the office. The second focused on field staff and resulted in the theoretical creation of a laborer position (not filled), as well as increasing the number of operators back to the number the District had in the early 2010s. This was intended to help conduct certain in-house capital projects (which helps keep costs down), as well as provide a larger pool of qualified personnel to respond in emergencies, which increases system reliability. This has resulted in one additional operator being hired. The new staffing structure, combined with good pay and benefits for District employees, has worked very well, resulting in less turnover, higher quality of service for our customers, better emergency response, the ability to apply for and manage grants, and the ability to respond to the regulatory environment in a timely and proactive manner. This is all being done with about one less FTE than would typically be expected for a system with the number of connections that VOMWD has, according to AWWA Benchmarking statistics. This is all the more impressive when one considers the fact that VOMWD’s system is more complex and has more miles of main in operation than the average system with the same number of connections.

Strategic Goals and Objectives

In order to address the Issues of Concern, the following Strategic Goals have been developed. These goals are in alignment with the District's Mission Statement and are designed to ensure that the District will have the ability to carry out its mission for future generations.

1. Financial Stability
2. Water Supply Resilience
3. Infrastructure Sustainability
4. Community Engagement
5. Environmental Stewardship
6. Organizational Efficiency

Goal 1: Financial Stability

Maintaining financial stability is fundamental to ensuring that the District can continue to meet its obligations and provide reliable service to its customers. This goal aims to balance the need for fair and equitable rates with the pressures of rising operational costs, such as increasing wholesale water prices, energy costs, and inflation. The District will explore the implementation of a rate structure that minimizes the financial burden on low and moderate water users while addressing these escalating costs. Seeking external funding opportunities, such as state or federal grants, will be key to supporting capital projects, particularly those that focus on infrastructure upgrades and sustainability.

Objective 1.1: Aggressively seek a multi-tier rate structure that places an emphasis on conservation, and cost allocation to the appropriate water user in accordance with Prop 218 and related case law.

Objective 1.2: Actively seek state, federal, or regional funding opportunities (e.g., grants and low-interest loans) for capital projects, especially those related to infrastructure upgrades and sustainability initiatives.

Objective 1.3: Pursue innovative financial strategies, including investment and proactive management of pension unfunded accrued liability (UAL) to help stave off rate volatility in the future.

Status: The District is currently in year three of a five-year water rate plan implementation. Planning efforts for the next rate plan will, therefore, need to begin in the upcoming fiscal year, and the addition of a defensible multi-tier rate structure will be evaluated at that time. The District, with the assistance of its consultant EKI, successfully sought a \$3 million grant from DWR for the conversion of two wells to ASR. This is the first major grant awarded to the District, and it has been an excellent learning experience for staff. Following the conclusion of the District's seismic vulnerability assessment (currently underway), the District plans to use this knowledge and experience to seek

federal grants to address shortcomings found to harden against seismic vulnerabilities. Synergies will be sought to focus on areas of the water system that are both susceptible to seismic activity and are also in need of replacement due to fire flow requirements, age/condition, or both. However, since a large local match will be needed, and it is very likely that there will not be a 100% overlap of these needs, the District should plan to generate enough revenue to proactively replace water mains on a PAYGO basis. More expensive and rare projects such as pump station and water tank replacement will come about on a less regular basis. Low-interest loans, bonds, or grants should be sought in these scenarios.

Goal 2: Water Supply Resilience

The District has a long-term goal of having enough local water supply, that it can last weeks (if not longer) without the normal supply of water from our wholesaler, Sonoma Water, or normal power supplied by PG&E. The success of this goal hinges on securing additional reliable, resilient, and ideally, sustainable water supplies for its customers, right here in the Sonoma Valley, and making sure each of those sources has a supply of backup power. This goal focuses on enhancing the District's water supply through both infrastructure improvements and strategic initiatives. A key objective is exploring the re-establishment of the SDC Water Treatment Plant or a similar system, which would provide enough local water capacity to bridge short to mid-term emergencies involving the loss of our wholesale water. Bringing the SDC Water Treatment Plant back online will be a long-term process. Therefore, the District will prioritize additional water capacity in the form of groundwater wells in the near term. The District owns or leases several wells in its service area already. There is also approximately 5.5 million gallons of water storage capacity within the District, plus the water stored by Sonoma Water. Therefore, in assessing the immediate need for capital expenditures on new well capacity, the District should conduct an analysis to determine the length of time the District could continue to serve its customers in the event of a water outage from Sonoma Water in various scenarios. This would be weighed by the Board when allocating funds for capital projects each year. Another significant strategy is the expansion of Aquifer Storage and Recovery (ASR) systems in collaboration with the Groundwater Sustainability Agency (GSA) and Sonoma Water, ensuring the District can store surplus water during wet periods for future use during droughts. Additionally, maintaining proactive water conservation efforts is essential to ensure long-term sustainability and reduce external water dependencies.

Objective 2.1: Explore opportunities for re-establishing the SDC Water Treatment Plant to boost local water capacity for emergency situations.

Objective 2.2: Understanding that the reestablishment of the SDC water treatment plant is a long-term goal, focus on the development of local groundwater supplies in the near term.

Objective 2.2 (a): Assess the immediate need for capital expenditure on the development of additional groundwater sources by conducting an analysis of current local production capabilities and local water storage in various scenarios.

Objective 2.3: Ensure that all new and existing sources of water have sufficient backup power to help bridge the gap during power outages or public safety power shutoffs (PSPSs).

Objective 2.4: Implement and expand Aquifer Storage and Recovery (ASR) systems in collaboration with the Groundwater Sustainability Agency (GSA) and Sonoma Water, to store water during wet periods for future use during droughts.

Objective 2.5: Continue to engage in proactive water conservation programs to maintain long-term water availability and reduce customer dependency on external water sources through participation in organizations like CalWEP and SMSWP.

Status: The District is still in a precarious position with respect to water supply resiliency under certain circumstances, especially those involving the loss, or partial loss, of the wholesale water system operated by Sonoma Water. It has therefore, dedicated staff time and funds to communicating with the County, State, and likely Developer of the former SDC property, on the resurrection of the water sources on the site and has also initiated an assessment of the site's water infrastructure components in an effort to provide opinion of probable cost (OPC) figures to be used in the redevelopment of the site's water infrastructure. Furthermore, two District-owned wells are being studied and outfitted for ASR which will help ensure there is water available locally from them in an emergency, and the District plans to bring an additional leased well online this year.

Goal 3: Infrastructure Sustainability

A strong, reliable infrastructure is essential for delivering consistent, high-quality water to our customers. This goal underscores the need to enhance the District's physical assets and modernize aging systems. A key priority is accelerating the replacement of outdated water mains, with a target of replacing one mile per year. This effort will focus on the most vulnerable sections of the system that are at risk of failure. Additionally, upgrading undersized infrastructure to meet modern fire flow and emergency response standards is crucial for ensuring public safety. The District will also maintain a comprehensive Water Master Plan to monitor the condition of infrastructure, ensuring that maintenance and replacement efforts are effectively prioritized. The District is also dedicated to the continued incorporation of advanced technologies (such as maintenance management system, or "MMS", Automated Metering Infrastructure "AMI", and Artificial Intelligence "AI") into its Information Technology infrastructure to maximize efficiencies wherever possible.

Objective 3.1: Aggressively increase the rate of water main replacement to one mile per year, prioritizing sections of the system that are aging and at risk of failure.

Objective 3.2: Upgrade undersized infrastructure to meet modern fire flow and emergency response standards, especially for booster pump stations and key distribution mains.

Objective 3.3 Continue evaluating ways to harden remote structures (such as well houses, booster stations, and tank sites) against the threat of wildfire, extreme weather events, and seismic activity.

Objective 3.4: Maintain a comprehensive Water Master Plan (WMP) to prioritize maintenance and replacement activities, incorporating advanced technologies (MMS, AMI, AI, etc.) for monitoring the condition of infrastructure and maximizing efficiency.

Status: Some progress has been made in this area by the District, but there is still room for improvement. AMI and MMS systems are in place and in daily use by District staff, and important records have been digitized for the systems. In early 2025, the District completed an update to its 2019 WMP, focusing on the prioritized capital improvement list. Some key fire flow upgrades have been made in the system, most recently in Glen Ellen and Chestnut. In spite of these strides in the right direction, however, water main replacement remains anemic, at less than half a mile on average per year. Also, staff has begun using AI where possible, however, it is anticipated that this area will grow rapidly over the next several years, opening up new opportunities and efficiencies for the District.

Goal 4: Community Engagement

Effective community engagement is essential for fostering transparency, building trust, and ensuring that residents are informed about critical water issues. This goal focuses on strengthening the District's communication efforts, promoting public involvement, and ensuring that the community is engaged in discussions about water conservation, infrastructure, and regulatory changes. By creating opportunities for open dialogue and collaboration, the District will better understand the needs and concerns of its customers while empowering them to be active participants in sustainable water management.

- **Objective 4.1:** Foster open communication through regular community outreach, such as speaking with community groups, newsletters, social media communication, and direct email and text messaging to keep residents informed about key issues like emergencies, water conservation, infrastructure projects, and regulatory impacts.
- **Objective 4.2:** Continue to build partnerships with local organizations, schools, and community groups to promote water conservation education and encourage sustainable water practices at the grassroots level through involvement in the SMSWP.
- **Objective 4.3:** Establish effective channels for feedback such as open public comment periods at regular Board meetings, ensuring that residents can voice their concerns, ask questions, and provide input on the District's operations, policies, and priorities.

Status: The District is a member and active participant in the Sonoma Marin Saving Water Partnership (SMSWP), which helps its members communicate effectively to constituents about water conservation, drought response, and sustainable gardening practices. The District is also active on its social media pages and website, where it provides news, budgets, planning documents, water quality data, etc. The District's Board and staff are also very effective at communicating with the public in a transparent way, addressing concerns, and adjusting policy

when needed. In an effort to ensure timely dissemination of accurate information, the District is also continually seeking current email addresses from its customers. Some examples of the kind of information shared via email include: leak alerts, emergency notifications, and account-specific communications.

Goal 5: Environmental Stewardship

Environmental stewardship is essential to the District's long-term sustainability and its role in safeguarding vital water resources. This goal focuses on reducing the environmental impact of District operations through innovative technologies and sustainable practices. For example, the District will explore the integration of In-Pipe Micro-Hydro Generators (IPMHG) to harness energy from existing water flows, improve energy efficiency, and support renewable energy efforts alongside solar power generation and battery storage. Additionally, the District will continue to prioritize fleet electrification to reduce carbon emissions and operational costs. By incorporating these strategies and expanding sustainability efforts, the District will ensure that its water management practices contribute positively to both the environment and the community. While complete carbon neutrality may not be possible given the nature of water delivery, there are steps that can be taken to minimize emissions and offset the power demands of the District's operations.

Objectives:

- **Objective 5.1:** Explore, and possibly implement In-Pipe Micro-Hydro Generators (IPMHG) in the District's infrastructure to generate renewable energy from water flows, reducing reliance on external power sources and contributing to the District's overall energy efficiency alongside solar power generation and battery storage.
- **Objective 5.2:** Advance fleet electrification by transitioning the District's equipment and vehicle fleet to electric where possible, reducing greenhouse gas emissions and promoting a sustainable approach to District operations.
- **Objective 5.3:** Continue to promote water conservation, adopt sustainable practices in daily operations, and collaborate with regional entities and stakeholders (such as the SMSWP and CalWEP) to support long-term environmental and water resource sustainability.

Status: In 2023, the District installed a large solar array which has had the effect of offsetting some power demand in the system. The District's first electric vehicle (EV) has also been purchased, taking advantage of the power generation. Every storage tank in the system which also acts as a hub for the District's SCADA telemetry, has had a small solar array and battery backup installed. This has not only removed the power demand of those sites from the system, but it has also increased system reliability by making the power demand at the site independent of the power grid, which can be susceptible to outages and PSPSs.

During the 2021/2022 drought, the District implemented its water shortage contingency plan and began messaging to customers about the need to conserve water. The District's customers responded extremely well, conserving as much as 40% in some months compared to the same period in previous years. There is still a lot of room for progress on this goal, including maintaining and improving current water conservation messaging, the addition of new power generation capacity, and further fleet electrification.

Goal 6: Organizational Efficiency

In an ever-evolving regulatory environment, ensuring compliance with local, state, and federal guidelines is critical for the District's operations. This goal emphasizes the importance of proactively adhering to increasingly complex regulatory requirements, such as those set by the California Air Resources Board (CARB), the Bay Area Air Quality Management District (BAAQMD), State Water Resources Control Board (SWRCB) and the U.S. Environmental Protection Agency (EPA). To maintain compliance, the District has prioritized adequate resources for monitoring and reporting and will continue to evaluate these needs on an ongoing basis. Alongside this, organizational efficiency has been a focal point: the District has optimized staffing structures to ensure it can meet its regulatory obligations without overburdening internal teams. Advocacy for regulatory reforms through the District's involvement with organizations like the Association of California Water Agencies (ACWA) will also play a role in balancing environmental protections with operational flexibility, ensuring affordability for the District's customers. Furthermore, the District takes the opportunity during the budget preparation each year, to evaluate each and every line item, to determine if it adds to the District's efficiency or takes away from it, and only funds the item if it furthers the mission of the District in an efficient manner.

Objective 6.1: Maintain a proactive approach to comply with increasing regulatory requirements (e.g., CARB, BAAQMD, RWQCB, EPA) by allocating sufficient resources for monitoring, reporting, and implementing necessary changes.

Objective 6.2: Continue optimization of staffing to support regulatory compliance and improve operational efficiency, including ongoing evaluation of staffing needs and using consultants where necessary to avoid overburdening internal teams.

Objective 6.3: Advocate for regulatory reforms that help balance environmental protections with operational flexibility and customer affordability through involvement with ACWA, California Water Efficiency Partnership (Cal WEP), etc.

Objective 6.4: Continue to evaluate ways to gain organizational efficiencies and cut costs where possible, including through the annual budget process.

Status: The District completed two staffing studies that identified areas that needed to be shored up or restructured and has fully implemented the recommendations of both over the past three years. A compensation survey completed in 2024 showed that the District's employees are

compensated within the District's target ranges for salaries and benefits. The District is a member of both ACWA and CalWEP, and also takes the opportunity to address lawmakers directly through local delegations. While the District has made significant progress in this area, Organizational Efficiency remains a strategic goal due to the nature of the ever-changing and increasing regulatory environment.

Summary of Findings:

1 Financial Stability

The District is in good financial health, customer water rates are sustainable, and the District is gaining experience with grant management and conservative investment management. Room for improvement exists in the areas of addressing the current tiered rate structure, future revenue generation in light of the needed infrastructure investments, and unfunded pension liability.

2 Water Supply Resilience

The loss of the SDC water source has set the District back significantly in this area. Planning efforts are underway, but there is a significant gap between current water supply resilience and where the District would like to be. In light of the political nature of the redevelopment of SDC, it is possible that bringing the water system back online will take several years, therefore, groundwater wells may also be evaluated as part of a short-term solution.

3 Infrastructure Sustainability

The District is well-managed and has good policy direction regarding infrastructure and capital programs. However, there is significant room for improvement regarding aging water main replacement. If not addressed in the coming years, these older water mains will begin to fail at an unsustainable rate. Further action is therefore needed soon, to avoid this scenario.

4 Community Engagement

While the District is in an excellent position with regard to community engagement, communication, and transparency, there is always room for improvement. Staff and the Board will, therefore, continually see fresh ways to enhance community engagement.

5 Environmental Stewardship

The District has been quite proactive in this area by conducting a study to ascertain power consumption efficiency, the installation of solar and battery backup, the hybridization of some standby generators, the addition of one EV to its fleet, and now, by studying IPMHG. However, there is room to further offset power demand in the system, which would not likely have a financial payback, and to further electrify the fleet. Fleet electrification may prove difficult in the short term, due to the limited availability of the size and type of vehicles the District needs to operate.

6 Organizational Efficiency

The District is currently in great shape with respect to organizational efficiency and staffing. However, this is an area where things can change quickly and adaptations need to be made frequently. The District will, therefore, continue to monitor and make adjustments as needed.