



2016 Strategic Plan Update

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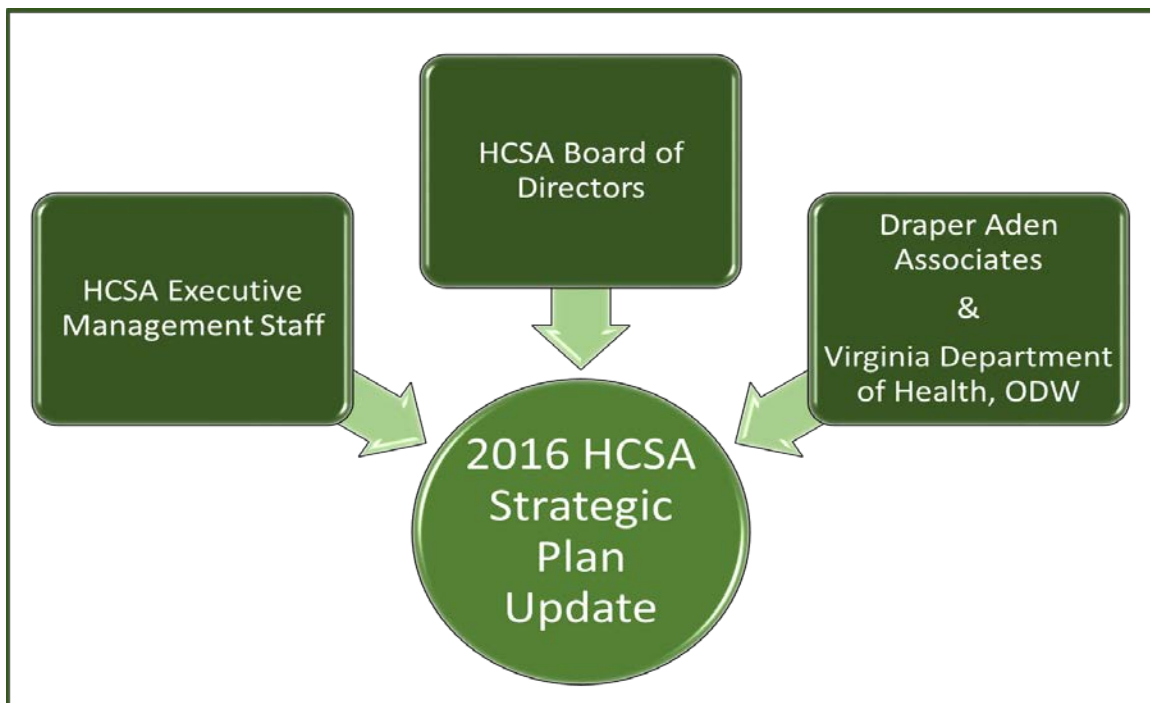
INTRODUCTION

The Halifax County Service Authority (HCSA or Authority) was formed in July 2007 through the merging of the water and sewer utilities of Halifax County, the Town of South Boston and the Town of Halifax. Since its inception, the Authority has made significant progress toward establishing clear and consistent policies that have resulted in a new identity for the consolidated utility and the facilitation of its mission to treat, deliver and administer water and wastewater services for the community.

The purpose of the 2016 HCSA Strategic Plan is to document guiding principles that define the basic function and essence of the organization. The present document has been prepared as an update to the Authority's original Strategic Plan, which was prepared in 2012 and which included the Authority's mission and vision statements along with specific goals, objectives and strategic initiatives.

STRATEGIC PLANNING PROCESS

The updated plan document is the result of a 2-day strategic planning retreat facilitated by Draper Aden Associates and the Virginia Department of Health in March 2016. During this collaborative process, the Board of Directors and HCSA Management Staff were encouraged to express their concerns and ideas through open and honest dialogue. The information detailed herein identifies areas of strength and weakness, opportunities and threats facing the Authority in upcoming years, and specific actions that the Board must address to ensure the Authority's continued success.



GUIDING PRINCIPLES

Guiding principles define the essence and basic functions of an organization and include a mission statement that serves as a statement of purpose for the organization and is essentially its reason for existing. The mission statement guides the actions of the organization, spells out its overall goal, and provides a path for decision-making. It sets up the framework or context within which the organization's strategies and goals are formulated. The mission statement below was adopted in 2012 to establish the guiding principles of the Halifax County Service Authority.

HCSA MISSION STATEMENT

To provide quality water and wastewater services that meet all applicable standards at a reasonable cost to satisfy the needs of existing and future customers.

In accordance with its mission statement, HCSA's basic goal is to deliver services that meet or exceed customer expectations and comply with all federal and state regulations. To that end, the Authority adopted the following guiding principles to meet its mission:

We do this through:

- Providing a safe and reliable water supply including for fire protection.
- Building, maintaining and operating water and wastewater facilities in a cost effective and environmentally sensitive manner.
- Conserving natural resources.
- Planning for, developing and implementing systems and solutions that increase efficiency, productivity, security and safety, in a cost- effective manner.
- Cooperative relationships within the community and with all stakeholders.
- Providing outstanding customer service.
- Empowering our employees with the skills and tools to achieve best operation, management and maintenance practices.

HCSA VISION

Provide high quality services to our customers at affordable rates with outstanding customer service.

2016 SWOT ANALYSIS

After conducting a review of the Authority's 2012 Strengths / Weaknesses / Opportunities / Threats (SWOT) Analysis, the HCSA Board and Management staff identified several changes and updates that more precisely reflect the current state of the Authority. The updated SWOT Analysis detailed below was used to guide Board and Staff discussions revolving around the Authority's current and future needs.

CURRENT & INTERNAL	STRENGTHS	OPPORTUNITIES	FUTURE & EXTERNAL
	<ul style="list-style-type: none"> • Adequacy of facility capacity • Improved financial position, processes and systems • Staff experience and dedication • Single organization identity • Support of local government • Board composition, chemistry and support of staff initiatives • Strong leadership • Management Team cohesion through regular communication 	<ul style="list-style-type: none"> • Leveraging inter-agency, stakeholder, and locality relationships to increase financial capacity and revenue stability • Standardizing procedures to facilitate knowledge transfer • Managing customer expectations through improved communications • Expanding opportunities for employees through education, benefits • Tapping Governor's workforce training initiative for recruiting technical staff 	
CURRENT & INTERNAL	<ul style="list-style-type: none"> • Debt capacity & reserve funding for needed infrastructure improvements • Consistent external communication • Financial support by localities • Workforce training & development • Minimal opportunity for staff advancement • Staffing resource limitations 	<ul style="list-style-type: none"> • Aging infrastructure • Economic conditions • Legislative impacts • Environmental mandates • Regulatory impacts • Employee turnover • Aging workforce 	FUTURE & EXTERNAL
	WEAKNESSES	THREATS	

REALIGNMENT OF STRATEGIC INITIATIVES WITH HCSA ASSET MANAGEMENT PROGRAM

Prior to the 2016 Strategic Planning Retreat, the HCSA Management Team reviewed the Authority's Strategic Initiatives and Goals initially established in 2012.

2012 Strategic Initiatives and Goals:

- **WORKFORCE PLANNING** - Goal: Develop workforce management program to ensure Authority has the right people, with the right knowledge and competencies, in the right position to ensure team success.
- **FIXED ASSET MANAGEMENT** - Goal: Maintain effective asset management program to manage the construction, operation, maintenance, rehabilitation, replacement, and surplus of each asset to occur at the optimal time.
- **FINANCIAL MANAGEMENT** - Goal: Manage funds for long term financial stability and to demonstrate responsible stewardship.
- **CUSTOMER SERVICE** - Goal: Continuously improve on internal and external customer service. Increase awareness and support among the public, business and community leaders of the Authority's mission, strategic goals and activities.

Many of the specific objectives identified with the above goals have either been undertaken or achieved over the past several years since the initial Strategic Plan was developed in 2012. These have included, but are not limited to, the following:

1. Implementation of a competitive pay and performance plan for employees;
2. Monthly Management Team meetings intended to foster meaningful internal communication;
3. Development of a succession plan for key leadership positions and managerial staff;
4. Initiation of staff training to develop a comprehensive asset management program for prioritized infrastructure improvements;
5. Multiple technology and process improvements including Interactive Infrastructure Mapping and Mobile 311 Facility Dude.

Additionally, upon recognizing some similarities between these initiatives and the primary domains and key performance indicators identified as part of the Authority's ongoing Asset Management Program, staff also identified some overlap between the objectives established to achieve the 2012 goals and have realigned them with the five primary domains associated with their Asset Management Program.

FIVE DOMAINS AND KEY PERFORMANCE INDICATORS

Since an asset management program encompasses many aspects of day-to-day business activities as well as long-term goals, the domains described below are integrated throughout the HCSA Asset Management Program incrementally as a firm foundation for future operations. Each domain is assigned a Key Performance Indicator (KPI) to identify the vision or ideal state the Authority hopes to achieve through the successful implementation of its Asset Management Program. These KPIs define what we would expect to see in a “best in class” operation that practices sustainable asset management. The five domains described below were developed by the Authority’s Management Team with direct input from Asset Teams and include associated KPIs and specific implementation steps necessary to carry out Authority initiatives.



1. STRATEGY

Public utilities such as HCSA face a daunting set of realities: cost competitiveness, new regulatory trends, technology and information requirements, aging infrastructure, and a mature, shrinking workforce. These realities drive the development of unique strategies intended to stabilize and sustain the system infrastructure. In an effort to better correlate the Authority's strategic initiatives with these domains, HCSA Board of Directors and Management Team have elected to align its overarching strategic direction with its Asset Management Program and represents the next evolutionary step in developing and maintaining a continuous improvement atmosphere. Through its strategy, the organization will establish business objectives and subsets that will both guide and sustain the program toward its ultimate goal: a functional, comprehensive program for promoting product quality, operational efficiency, financial viability, system resiliency and long-term sustainability.

CURRENT STATE	IDEAL STATE	TIME TO ACHIEVE
Ongoing Since March 2015	HCSA's Asset Management program strategy will be (a) written, (b) routinely reviewed, and (c) communicated regularly to stakeholders by management.	6 Months
IMPLEMENTATION PLAN / STEPS TO ACHIEVE		
a. April 2015 – Management Team (MT) and Asset Teams (AT's) were formed and training workshops and workgroup meetings have occurred regularly.		
b. January 2016 – MT committed to monthly strategy sessions with follow-up meetings to review progress occurring at least quarterly for 1 year.		
c. March 2016 – Beginning with HCSA's 2012 Strategic Plan, mission statement and goals were drafted by MT and reviewed by Board for concurrence during their Strategic Planning Retreat.		
d. June 2016 – Strategic principles and guidelines will be established, recorded, and shared with AT's by 04/30/16 and formally adopted by 06/30/16.		

2. PEOPLE

Becoming cost competitive, assimilating new technology to improve efficiency or modifying institutional arrangements can create stress within an organization. For many utilities, small change initiatives can be a major management challenge; enterprise-wide change is even more difficult. Public agencies are increasingly called upon to accept these challenges, yet few have the prior experience to effectively address the issues that inevitably arise. By utilizing a business process modeling approach in conjunction with appropriate strategies and financial support, this step in the asset management process can help develop, retain, and effectively utilize employees' vital skills and institutional knowledge to carry out the business processes with pride, buy-in, and a commitment to excellence.

CURRENT STATE	IDEAL STATE	TIME TO ACHIEVE
Ongoing Since 2012	HCSA will effectively utilize the right people, with appropriate knowledge, skills, competencies and behaviors, in the right positions to ensure team and Authority success.	24 months
STEPS TO ACHIEVE		
a. Create staffing and succession plan for all functional positions to analyze and respond to staffing gaps and future needs. Plan will include position descriptions along with key competencies and requirements, to assure appropriate depth, skills and knowledge are in place or acquired for all critical functions.		
b. Develop succession plan for managers, senior leadership and key technical experts in the event a vacancy occurs.		
c. Provide training and development opportunities aligned with performance plan and Authority goals.		
d. Maintain regular and open communications with staff through monthly MT meetings and at least 3 full team meetings annually.		
e. Implement competitive pay and performance plan, including merit based pay and/or bonuses and employee recognition programs for safety, performance, efficiency, cost savings, and customer service.		

3. ASSETS

Infrastructure assets are those components of a water or sewer system with significant value. They take many forms including, but not limited to, land, buildings, water and sewer system networks, plants and equipment, vehicles, and information technology. While these assets are under the control of the local authority that operates them, they technically *belong* to the utility's customers who have paid for them and who use the services provided by them. HCSA should, therefore, act as a responsible steward of these assets on behalf of the community by making certain assets are managed appropriately. Management of these assets begins with the fundamental principles of knowing what and where the assets are, as well as their existing conditions, values and when they need to be repaired, rehabilitated or replaced.

CURRENT STATE	IDEAL STATE	TIME TO ACHIEVE
Ongoing since 2012	HCSA will develop and maintain a functioning Asset Management Program to facilitate efficient and more effective planning, construction, operation, maintenance, repair, rehabilitation, replacement and financing of all major assets.	36 Months
STEPS TO ACHIEVE		
a. April 2015 – Implemented staff training workshops on basic principles of Asset Management.		
b. Ongoing – Complete and/or update Water and Sewer Facilities Plans.		
c. Ongoing – Complete inventory for all major water and sewer assets in service, including GIS mapping, condition assessments, remaining useful life, likelihood / consequence of failure ratings, and anticipated costs and schedule for repair / rehabilitation / replacement.		

4. PROCESSES

Business process modeling is a systematic approach to engage organizations in examining their business processes, identifying ways to improve these processes, and addressing barriers that may be impeding their ability to achieve business goals efficiently. Managing and continually improving an organization's business processes, especially maintenance practices, will deliver value to ratepayers and support the Authority's established business strategy.

CURRENT STATE	IDEAL STATE	TIME TO ACHIEVE
Ongoing since January 2016	HCSA will establish (1) written protocols and processes for the assessment and operation of assets, and processes will be in place for operating, maintaining and responding to various asset conditions and (2) processes for consistently providing high quality services to all Authority customers.	24 Months
STEPS TO ACHIEVE		
a. Ongoing – Develop uniform written procedures and protocols for assessing, operating, maintaining and responding to asset conditions.		
b. Develop Standard Operating Procedures Manual to ensure consistent dissemination and application of written SOPs and establish functional staff roles and responsibilities for same.		
c. Process will be established to re-evaluate effectiveness of procedures / protocols and adjustments will be incorporated as needed.		
d. A continuous improvement environment will be actively fostered whereby all existing and future processes are evaluated regularly and improved as appropriate to the system.		
e. Implement Mobile311 Facility Dude work order process tied to key assets and begin asset based operations / maintenance and performance tracking for analysis and reporting purposes.		
f. Customer Service Procedures and Communication Plan will be developed that will include a process for eliciting customer feedback to assure consistent quality of service.		

5. FINANCE

Recognizing the complex regulatory, legal, institutional and financial issues facing public services, the ultimate goal of an asset management program is to effectively balance operational and capital budgets. To manage assets, organizations must initiate long-term financial plans to meet strategic goals established and developed through the asset management program. Specifically, the program must refine funding sources, including acquisition, disbursement, accounting, and financial reporting rules of the organization to remain viable, sustainable service providers and utility businesses.

CURRENT STATE	IDEAL STATE	TIME TO ACHIEVE
Ongoing since 2012	HCSA will manage funds to promote long term financial stability and to demonstrate responsible stewardship.	6 Months
STEPS TO ACHIEVE		
a. Ongoing – Develop a prioritized capital investment plan including repair / replacement schedule for recurring needs, routine inspection / maintenance and small assets (e.g., hydrants, valves, line repairs) and long-range (25-year) Capital Improvement Plan for major system improvements and/or extension of service.		
b. Complete 5-year financial operating projections integrated with asset management elements.		
c. Continually seek grant and low interest loans as available.		
d. Continue regional focus with IDA and local governments to secure industrial / commercial development opportunities.		
e. Develop reserve fund policies sufficient to maintain appropriate balances for debt requirements, short- and long-term capital needs, and operations.		
f. Establish system development policies for consist application for future development and expansion of HCSA facilities.		

IMPLEMENTATION DIRECTIVE

As described herein, the HCSA Board of Directors and Management Team, with input from Authority staff, have developed implementation activities, milestones and outcomes aligned with the Authority's ongoing development of a comprehensive and functioning Asset Management Program.

The intent of the HCSA Asset Management Program is to ensure the long-term sustainability of our community's water and sewer utilities. By helping managers make better decisions about how to most efficiently and cost-effectively operate and maintain these infrastructure assets, as well as to determine when it is most appropriate to repair, replace, or rehabilitate particular assets, and by developing a long-term funding strategy to accomplish their goals, the Authority will ensure its ability to deliver these services perpetually. HCSA staff have embraced the Program and are already recognizing its benefits. The overarching goals and key performance indicators of the Program have been developed and specific steps are in place to achieve those goals. The HCSA Board of Directors recognizes and supports these efforts and has aligned the Authority's strategic initiatives as outlined herein to facilitate implementation of all related activities to be carried out by staff.