

Greetings Board members, NID Management and staff, to all those here in-person and out in Zoomland.

This strategic plan process has had several stops and starts. A strategic plan is what I call the executive summary of the old master plan concept. So it is the core of the master planning effort in the concept of integrated water management and its framework. I have found it useful to know that plans such as a strategic, master, the Urban and Agricultural Water Management Plans, drought plans, emergency operations plans are all referred to as the general set of plans for the planning and management of water resources under an integrated water framework. Such general plans fall outside the actions defined as a project under the California Environment Quality Act (CEQA) and therefore do not need a CEQA determination.

I have developed a robust glossary of terms over time related to water resources to increase shared meaning, decrease definitional noise across sectors and stakeholders, and resolve confounding issues. I am willing to provide a full version of the glossary to aid our efforts. I encourage the Board to incorporate a specific strategic plan glossary into the draft and final Strategic Plan.

I turn my attention to a few specific strategic plan terms now for use in this effort.

The terms **Strategic Intent, Driving Strategy, and Strategic Imperative** are meant to give core context in all general and coordinated plans developed by a water purveyor under a IWM framework. They provide important shared meaning among stakeholders when engaged in planning efforts.

Important Core Strategic Terms Towards Vision, Mission, Core Values, and Principles:

- ❖ **Strategic Intent.** The strategic intent is the visible focus point, or theme, of our plan. It drives our strategies and acts as the motivation for our actions. Simply put, the strategic intent is our internal vision -- the desired outcome that can allow all involved to understand our basis of operation and decision-making.
- ❖ **Driving Strategy.** Driving strategies are the statements of how we will achieve our strategic intent. The driving strategies guide actions and priorities, and as such have resource allocation implications. The statement of driving strategies makes clear to everyone that we know what we have to be doing. The driving strategies are not time sensitive and can change as circumstances require.
- ❖ **Imperative.** A strategic imperative, is an issue, concern, or problem that: (a) confronts the organization now, or will soon; (b) cuts across and affects several major components of the organization; (c) will require strategic rather than administrative or short-term action to resolve; (d) will have serious consequences if not resolved; and (e) has not yet been resolved in the planning processes to-date. Imperatives are the main focus of strategic planning. Using "imperatives" narrows the focus of the Plan to the most important areas that we should be addressing and as such prioritizes the use of resources and effort. We try to limit the number of imperatives so that the focus of the organization is clear.

The focus on the basic Mission, Vision, Goals, Objectives, and Actions without meaningful understanding and documented strategic intent, driving strategies, and imperatives to be employed across all adopted plans is not productive or recommended. Some strategic issues are sensitive institutional and cultural topics and require special facilitation practices and attention.

Here are some imperative issues we are facing right now:

- What is the definition of our “Basic Water Need” using 1) traditional in-district human consumptive and non-consumptive beneficial uses, 2) water required for power income, and 3) water used as a commodity.
- Acknowledging the water needed for the environment and how we steward it.
- Managing the “Financial Structure” to secure the “Basic Water Need.”
- Leverage hydro-electric power income for “Financial Structure” viability.
- Define “Surplus Water”.
- Determine the viability of the additional water rights, storage, and conveyance proposed to provide additional “Surplus Water” to sell as a commodity for “Financial Structure”.
- Utilize “Surplus Water” as a commodity and income for “Financial Structure” viability.

Furthermore:

Understanding the past and present revenue sources with a focus on net power income and using best available data to forecast net power income is essential to develop strategic intent, driving strategies, and imperatives. A perfect example are the technical and institutional challenges for compliance for the Yuba-Bear River FERC relicensing, including near- and long-term net power income forecasts to aid data-driven decision making in the Strategic Plan and Plan For Water process. Understanding the readiness of the District to meet this challenge, including its impacts on other district activities, and other factors is a strategic imperative in the Strategic Plan and is advised at this time.

NID has been projecting a basic Demand Model that may never come, or only be fulfilled many generations from now. It appears that NID has been constructing capital improvements for a yet to be adopted Demand Model that includes selling “Surplus Water” out of the District as a commodity. Thus, these now built-in capacity enhancements are stranded assets which may or may not be utilized, yet must be maintained for up to 50 years. NID’s unique “Demand Model” apparently involves using water explicitly as a commodity in the “Financial Structure” or in the form of water transfers after declaring “Surplus Water” as a standard management practice— which is a strategic directive. Yet, treating water as a commodity component derived from an annual “Surplus Water” declaration as a strategic intent is not a defined consumptive or non-consumptive beneficial use of water in California. It is purely for income. The pros and cons of using water as a commodity are unsettled and the debate continues. This is a current institutional and culturally sensitive issue that must be addressed openly in this forum.