

2022 STRATEGIC PLAN



PCWA
water • energy • stewardship

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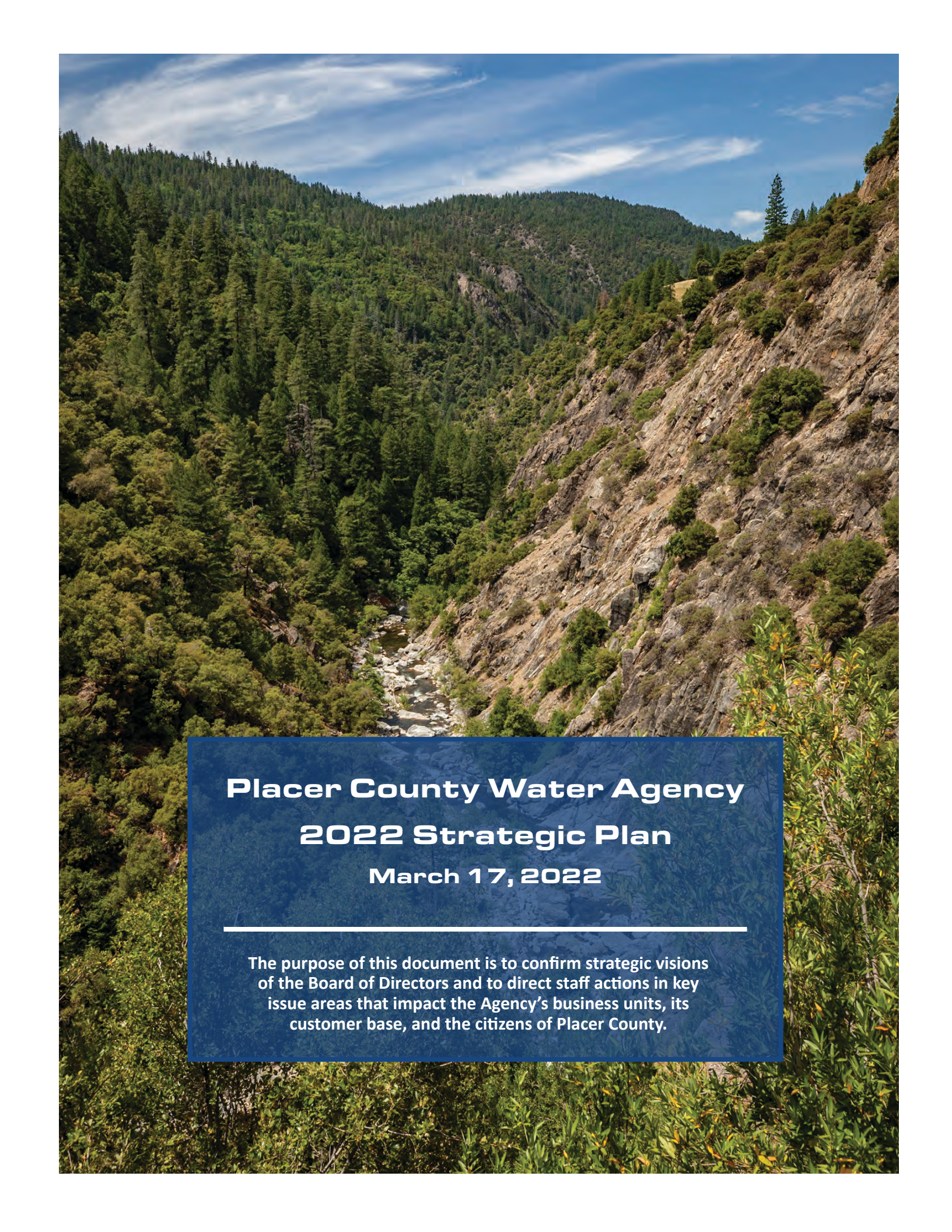
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Placer County Water Agency 2022 Strategic Plan

March 17, 2022

The purpose of this document is to confirm strategic visions of the Board of Directors and to direct staff actions in key issue areas that impact the Agency's business units, its customer base, and the citizens of Placer County.



Water Supply Reliability

Issues: The greatest threats to water supply reliability in PCWA's service area are legislative and regulatory action that diminish the Agency's ability to provide water to our customers. Further, increasing hydrological variability will require regional collaboration to build infrastructure that captures, stores, and conveys water resources across jurisdictional boundaries.

Strategic Goal: Protect and ensure reliability of water supplies for the future of Placer County, while maintaining local control, defending against unnecessary restrictions on beneficial use of water, and maximizing resilience to drought and climate change.

Direction:

a. Middle Fork Project (MFP) Water Supplies

- Maintain local control of and defend MFP water supplies
- Obtain State Water Resources Control Board (SWRCB) approval to put MFP consumptive water rights to full beneficial use
- Reaffirm PCWA's commitment to the Water Forum and to the co-equal goals through the current re-negotiation of the Water Forum Agreement
- Maintain viability of annual water transfers to meet Water Forum commitments in the short-term
- Obtain SWRCB approval to expand the MFP place of use to meet Water Forum commitments in the long-term

b. Drum Spaulding Water Supplies

- Advocate for operation and maintenance by PG&E to reliably meet water deliveries to the PCWA service area
- Advocate for continued delivery of water to PCWA pursuant to our water supply contracts in the ongoing FERC re-licensing process

- Support continued PG&E ownership of the system, but prepare for their possible divestiture
- c. Central Valley Project (CVP) Water Supplies
- Expand existing contract Place of Use to include all western Placer County
 - Pursue additional Point of Diversion under PCWA's CVP Contract to include the Sacramento River (RiverArc) to serve western Placer County
- d. Regional Water Supply Planning
- Engage with regional partners in joint defense in Phase 2 of the State's Water Quality Control Plan Update
 - Advocate for local control over beneficial uses of water and water system operations in state and federal regulatory proceedings (such as the State's water budget regulations)
 - Advocate and plan for drought and climate change resilience under the leadership and collaboration of regional partnerships and projects (e.g. Sites Reservoir, RiverArc, and the Water Bank)





Drinking Water System Sustainability

Issues: The Agency has purchased, consolidated, and built water systems throughout the county at various times in its history. As inherited by PCWA, these water systems vary significantly in age, initial construction quality, and standard of care. With limited funds, it is important to identify weaknesses before failures occur, which cause customer outages and excessive repair costs. In addition, many rural areas of the county do not have access to safe and reliable drinking water.

Strategic Goal: Maintain a high standard of service in terms of water quality, reliability, and value with cost effective infrastructure plans.

Direction:

a. Serving Existing Customers

- Target a standard of care that renews or replaces infrastructure prior to end of life
- Invest in the best condition assessment and asset management practices available to prioritize projects
- Ensure adequacy of renewal and replacement and reserve funds to support the target standard of care

b. Serving New Customers

- Be prepared to serve new Placer County residents and businesses with feasible plans for expanding water treatment and delivery capacity
- Ensure connection fees are adequate to fund expansion of capacity when needed and without financial burden to existing customers
- Time construction of Ophir Water Treatment Plant, as well as other large investments in capacity, to take greatest advantage of market prices, borrowing costs, and partnerships, resulting in an optimal funding plan for PCWA
- Actively seek funding to extend service to unserved and under-served areas through the County-Wide Master Plan
- Update the Agency's improvement district policy to provide for a fixed fee payment for preliminary investigations and criteria for PCWA investment

c. Water System Consolidations

- Be responsive to consolidation requests by existing water systems
- Seek state and federal funding to assist water systems in consolidation



Canal System Sustainability

Issues: A majority of PCWA's 170 miles of canal infrastructure is very old and operating at or near capacity. These canals traverse wooded lands in the foothills, where they are vulnerable to fire and landslides. The water delivered from these canals supports a variety of agriculture in western Placer County, as well as being the conveyance to many water treatment plants.

Strategic Goal: Preserve the canal system for agricultural sustainability and other beneficial uses of water, and to protect delivery to water treatment plants.

Direction:

a. Infrastructure

- Follow the same direction as given for the drinking water system for standard of care, asset management, and funding
- Invest in bolstering the canal system by elimination of failure points, such as wooden flumes, poor pipeline materials, unstable soils, and tree hazards
- Develop rules and regulations to provide access, manage encroachments, and obtain land rights necessary to protect water quality and maintain reliability
- Develop an outreach program to educate customers regarding canal systems, water use efficiency, access, and encroachments
- Implement the Auburn Ravine fish passage permit requirements and seek funding if screen improvements are required

b. Beneficial Use of Water

- Conduct voluntary annual surveys of canal customers to help quantify how water is being used beneficially and to comply with the Water Forum commitment
- Target efficiency and reliability gains through investment in new ideas and technologies on both the Agency and customer side of delivery points
- Invest in minimizing water loss through canal lining, conversion of open canal to pipeline, and automation of flow control
- Where economically justifiable, improve canal system capacity to serve new customers



Power System Sustainability

Issues: The Middle Fork Project (MFP) was completed in 1967, and while upgrades and reinvestments have been made over the past decade, major segments of infrastructure are now over 60 years old. In addition, California's energy market is transitioning to a carbon-free generating network, potentially creating financial incentives for hydropower and other carbon-free generating resources.

Strategic Goal: Optimize the sale of energy and energy related products, while maintaining a standard of care that ensures power generating reliability while assuring water supply for the people of Placer County.

Direction:

a. Infrastructure

- Maintain a standard of care for MFP infrastructure that ensures high reliability using best asset management practices
- Continue to enhance power generating infrastructure to be responsive to market conditions
- Support the ancillary use of MFP reservoirs for regional flood protection if compatible with PCWA interests
- Advocate for adequate Middle Fork Project Finance Authority reserves to maintain financial sustainability and meet unforeseen circumstances
- Develop partnerships and funding alliances that equitably distribute the cost to manage forest land in our watershed based on regional and statewide benefits

b. Energy Marketing

- Advocate for legislation and regulation that recognizes hydropower as a renewable energy source that contributes to a carbon-free economy
- Optimize energy production value while meeting all regulatory requirements



High Customer Confidence

Issues: The Agency's most frequent interfaces with customers are bills, new service connections, water-wise house calls, and our messaging intended to inform them of PCWA's various initiatives in water, energy, and stewardship. As communications technology advances and preferences change, our challenge will be to stay current with the most effective options to interact with our customers.

Strategic Goal: Preserve, grow, and enhance confidence in PCWA as a water purveyor and as a steward of our natural resources.

Direction:

- Use multiple platforms for customer engagement (e.g. social media and postcards) to adapt to broad customer needs and result in positive customer experiences
- Prioritize communications on these topics: drought planning, infrastructure, workforce, bill payment options, cost of service, rate components, water quality, and watershed stewardship
- Implement customer surveys and other outreach to better understand customer needs
- Deploy technology, including a new Enterprise Resource Planning system, to increase the use of electronic billing and payment, while enhancing customer convenience



Agency Financial Health

Issues: Agency financial resources are derived from enterprise funds that vary year to year based on hydrology, water, and energy sales. Additionally, the Agency strives to evenly spread the cost of maintenance of infrastructure over time, but periodically, there are failures and other circumstances that result in extraordinary funding needs.

Strategic Goal: Ensure the Agency's financial health through adequate resources and ample reserves to operate and maintain water, power, and stewardship functions, while practicing cost control and risk management.

Direction:

- Prioritize funding of the renewal and replacement program to target deferred maintenance and to enhance water system reliability
- Develop budgets and rates that adequately cover the impacts of inflation on primarily fixed operating costs in the Water System
- Prioritize resources/appropriations for Federal Energy Regulatory Commission License Implementation projects
- Strive to achieve funding of reserve targets commensurate with risk and resource needs in water and agency wide
- Budget annual operations with restraint and consideration for rates, monitor costs considering inflationary trends
- Maintain best-in-class posture and a strong credit rating for future borrowing and seek strategic debt issuances for over-all financial health
- Keep financial policies up to date and adaptable to changing conditions



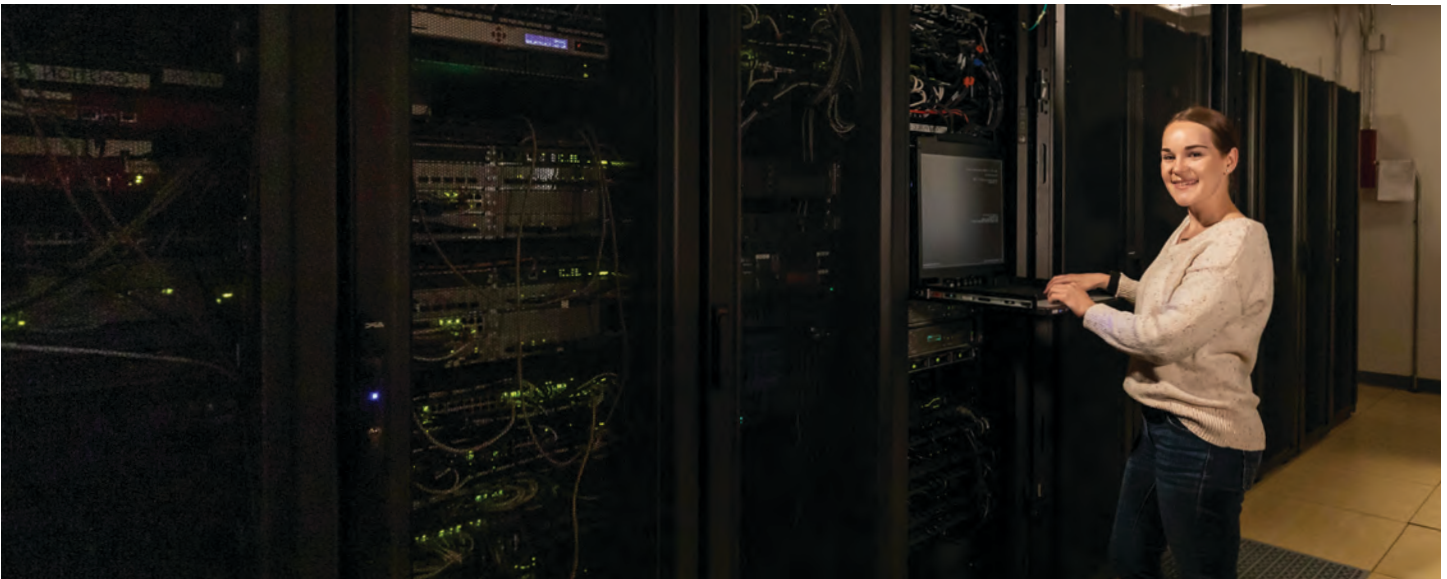
Dynamic Workforce

Issues: The Agency competes for a limited pool of managers, professionals, and specialized labor with other public and private utilities in northern California. Furthermore, as Baby Boomers retire, there are fewer workers to replace retirees in positions that require specific, specialized skill sets.

Strategic Goal: Attract and retain a high-performing workforce that will thrive in our culture, which encourages employees to fully utilize their talents to optimize their potential at PCWA, while preserving a safe and efficient workplace.

Direction:

- Participate in student-focused programs, such as career days, job shadowing, and paid internships
- Recruit highly skilled, ambitious employees with our collaborative culture, workplace qualities, and a compensation package that reasonably aligns with the regional labor market
- Proactively plan for employee succession with internal employee development programs that foster career growth, upward mobility, and leadership
- Reevaluate staffing needs as hiring opportunities arise to increase operational efficiencies, considering how technology is changing workload and workflow
- Centralize appropriate functions that span Agency departments, such as safety programs and regulatory compliance
- Foster a workplace environment where safety is the highest priority, jobsite hazards are reduced or eliminated, and the health and safety of employees is recognized as paramount



Information Technologies

Issues: Technology can be useful as a tool to reduce labor costs, increase productivity, and provide more reliable and cost-effective service for our customers. However, technology costs can be high, both to implement and to maintain, so the Agency must balance new technology initiatives with limited funding.

Strategic Goal: Provide secure, reliable, sustainable, flexible, and effective IT/OT infrastructure that has a high return on investment to support and protect the operational objectives of PCWA.

Direction:

a. Workflow Efficiency

- Use technology as a workforce multiplier to optimize staff productivity and efficiency
- Adequately train employees with new technologies so they embrace changes and innovations within their workflow
- Deploy industry standard technology for systems supporting workflow efficiency

b. Cybersecurity

- Make cybersecurity a critical priority of the agency, its employees, and IT infrastructure, including employee culture and training
- Deploy leading edge technology for systems supporting cybersecurity
- Deploy defense-in-depth strategies to provide multiple layers of cybersecurity

c. Disaster Recovery and Business Continuity

- Ensure readiness to continue Agency operations with minimal disruption in the event of disaster
- Deploy leading edge technology to ensure critical infrastructure does not become obsolete

