

2021 Strategic Plan

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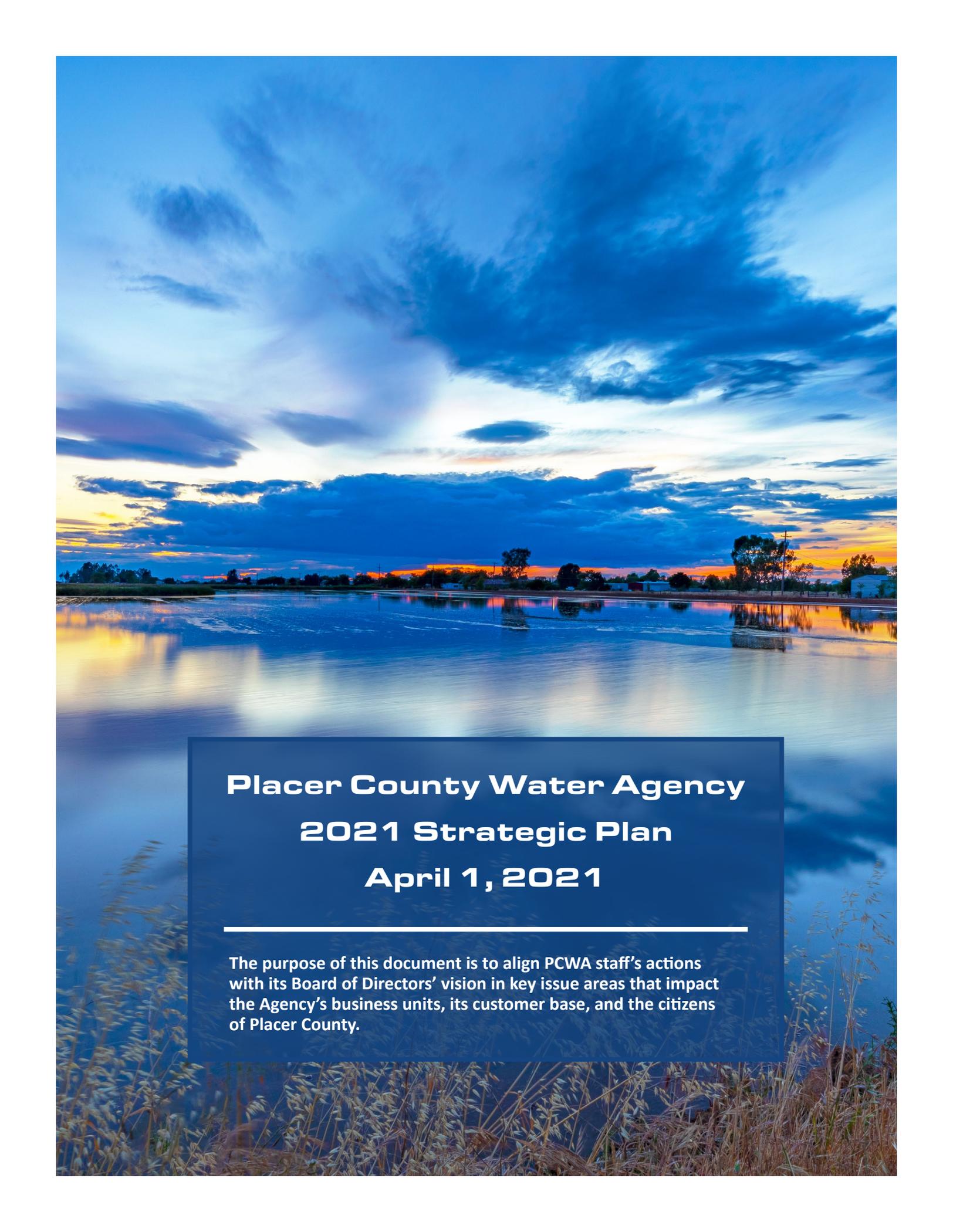
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Placer County Water Agency 2021 Strategic Plan April 1, 2021

The purpose of this document is to align PCWA staff's actions with its Board of Directors' vision 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 actions that diminish the Agency's ability to provide water to our customers. Further, increasing hydrologic 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 of water supplies, and maximize resilience to drought and climate change.

Direction:

- a. Middle Fork Project (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 reliable operation and maintenance by PG&E to meet water deliveries to the PCWA service area
 - Advocate for continued delivery of water to PCWA 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 the entire CVP Place of Use within 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. Ophir Water Treatment Plant, 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. These water systems vary significantly in age, initial construction quality, and standard of care since constructed. 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 from a public water system.

Strategic Goal: Maintain a high standard of service in terms of water quality, reliability, and value with feasible 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 technology 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 equitable and adequate to ensure the Agency has the funding to expand water service when needed
- Seek regional partnerships to increase feasibility and reduce financial risk of large infrastructure projects (e.g. Ophir Water Treatment Plant and RiverArc)
- Actively seek funds to extend service to unserved 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
- Develop a new Agency consolidation policy that addresses the needs of the consolidating district and protects the Agency's existing customers
- Seek state and federal funding to assist small water systems in consolidation



Canal System Sustainability

Issues: A majority of PCWA's 165 miles of canal infrastructure is beyond useful life 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 of water to many water treatment plants.

Strategic Goal: Preserve the canal system for agricultural sustainability and other beneficial uses of water, and to protect the delivery of water 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, and unstable soils
- Obtain adequate land rights to ensure proper maintenance as projects are constructed by PCWA crews and by land development
- Implement the Auburn Ravine fish passage permit requirements and develop a funding plan 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
- 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 attributes, while maintaining a standard of care that ensures high-generating reliability and assures water supply for the people of Placer County.

Direction:

a. Infrastructure

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



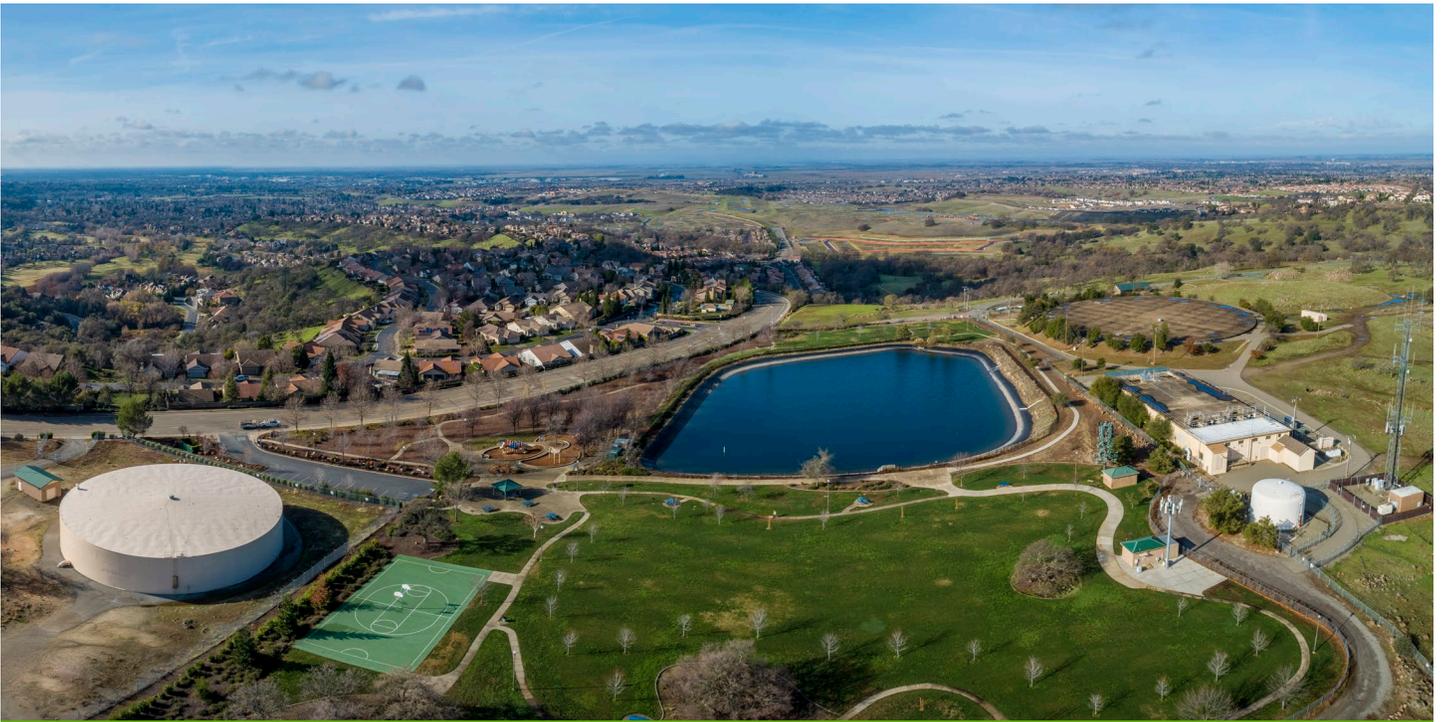
High Customer Confidence

Issues: It is critical for PCWA to be informative and transparent about our services. The Agency's most frequent interfaces with customers are bill payments, 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, the Agency's 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 regarding reliability, quality, and value of water delivered.

Direction:

- Maintain multiple platforms for customer engagement (e.g. social media and newsletters) to appeal to broad customer needs and result in positive customer experiences
- Enhance communications on these topics: bill payment options, cost of service, water quality, and watershed stewardship
- Deploy technology to make customer bill payment as easy and low cost as possible, while enhancing the customer's experience
- Convert to monthly billing to match other utility industries and for rate affordability



Agency Financial Health

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

Strategic Goal: Ensure adequate resources to operate and maintain the water and power systems, along with stewardship functions, and ensure long-term financial health through reserves, cost control, and risk management.

Direction:

- Target near-term 90% funding of overall pension liability and establish a long-term funding plan for pension liability and other post-employment benefits
- Set reserve targets that are commensurate with risk and/or estimated funding needs in water and agency wide
- Maintain best-in-class posture and a strong credit rating for future borrowing
- 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:

- 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
- Participate in student-focused programs, such as career days, job shadowing, and paid internships



Information Technology

Issues: Technology can be a useful 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 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 a disaster

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