

TWENTY
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STRATEGIC PLAN



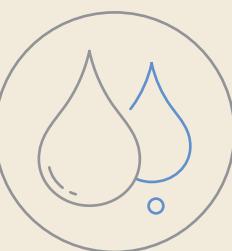
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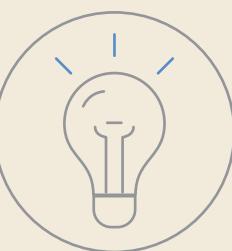
STRATEGIC PLAN

APRIL 18, 2024

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



WATER



ENERGY



STEWARDSHIP

WATER SUPPLY RELIABILITY

BACKGROUND:

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 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, defend against unnecessary restrictions on beneficial use of water, and maximize resilience to drought and climate change.

ACTIONS:

a. Middle Fork Project (MFP) Water Supplies

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

b. Drum Spaulding Supplies

- Represent PCWA in the PG&E divestiture of the Drum Spaulding hydroelectric system
- 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

c. Central Valley Project (CVP)

- 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
- Engage with regional partners in joint defense of re-initiation of consultation of the CVP biological opinion



d. Regional Water Supply Planning

- **Priority for 2024, continued from 2023:** 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)

Business Case: The Sites Reservoir project is complete with environmental review and will be undergoing design and permitting. Project funding is being generated, notably through a recently authorized federal loan. It is anticipated that this project will be complete by 2030. The Water Bank is nearing completion of environmental review. An implementation and governance committee has been launched. Several projects that make up the Water Bank have been funded and additional funding is being sought. The RiverArc project is being considered by the City of Sacramento as a potential priority over its own Sacramento River intake and treatment plant expansion. The project partners are eagerly supportive of this proposal and seeking funding to defray the project cost. All three of these regional projects are at critical points that warrant focus.

DRINKING WATER SYSTEM SUSTAINABILITY

BACKGROUND:

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.

ACTIONS:

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
- Initiate a multi- year meter replacement and small meter testing plan to prioritize meters that need to be replaced

b. Serving New Customers

- **Priority for 2024, continued from 2023:** Ensure connection fees are adequate to fund expansion of capacity when needed and without financial burden to existing customers

Business Case: Customer connection fees are established by means of a Water Connection Charge (WCC) program, which considers existing and future capacity, absorption, debt issuance, and a Capital Improvement Program (CIP) needed to serve the area for the program duration. Agency staff aims to update this Water Connection Charge Study every 5 years, or considerable changes to past assumptions. With the last study for lower Zone 6 completed in 2017, a new WCC Study is underway to analyze Capital Improvement Program (CIP) costs for planned improvements and analyze expenditures and debt issuance to further evaluate the Agency's Water Connection Charges (WCC's) across wholesale and retail customers. Retail demands will further be analyzed to evaluate the assessment of Units of Capacity for various lot size categories identified in the Rules and Regulations.

- Time construction of 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



c. Water System Consolidations

- **Priority for 2024, continued from 2023:** Be responsive to consolidation requests by existing water systems & seek state and federal funding

Business Case: The Agency has several active grant funding applications for consolidation projects in development with the State Water Resources Control Board. These projects are in various stages of planning, design, or construction preparation and will need Agency support to get to executed funding agreements. Potential funding from the State is on the order of tens of millions of dollars, with additional funding available as an incentive to consolidating entities (like PCWA). Therefore, it is imperative to secure and leverage these funds while they are available, especially considering that the fiscal climate could change soon. These monies will significantly bolster the resources already provided by the Agency and their partners to implement infrastructure associated with consolidations. The Agency will also continue to provide technical assistance and support to entities that want to consider or investigate potential consolidation as an option. The Agency remains committed to the goal of ensuring that the residents of Placer County have access to safe, reliable, and affordable drinking water.



CANAL SYSTEM SUSTAINABILITY

BACKGROUND:

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.

ACTIONS:

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 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

BACKGROUND:

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.

ACTIONS:

a. Infrastructure

- Pursue US Forest Service road use agreements or master stewardship agreements for non-project, general use to ensure road reliability and accessibility to PCWA facilities
- 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
- Pursue US Forest Service master stewardship agreements for forest management work to protect PCWA facilities
- 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

BACKGROUND: The Agency's most frequent interactions with customers are related to new service connections, water billing inquiries, water efficiency questions, and our messaging intended to inform customers 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 serve and 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.

ACTIONS:



- **Priority for 2024:** Conduct a comprehensive survey to gauge perception, interests, and understanding of Agency services

Business Case: Our service area has seen significant changes in population and possibly demographics. Additionally, technology is changing the way residents learn of news and information, and how they feel about what they learn. A survey will help the Agency with its future communications planning efforts and serve to keep the Agency Board informed about trends that drive the development of policies aimed at the improvement of the customer experience. Staff is currently developing a communications campaign that will be deployed beginning this year. This campaign is intended to be adaptable and can be calibrated next year using survey results.

- Develop a new communications campaign with a focus on water supply reliability and projects that ensure "water for our future"
- Work with customers for a positive transition to our new customer portal that will enhance functions, such as self-service options, bill payment, water efficiency information, and consumption analytics



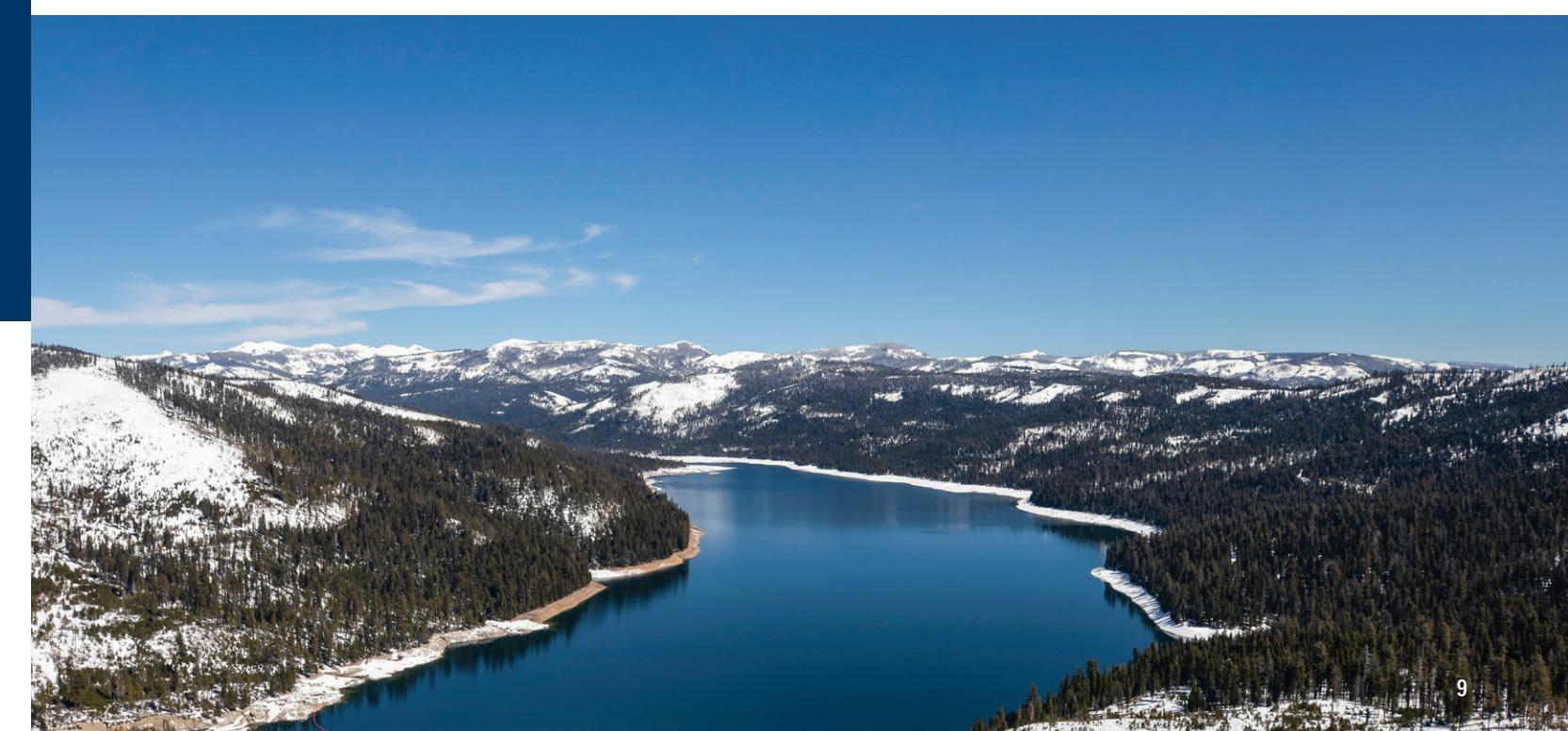
AGENCY FINANCIAL HEALTH

BACKGROUND: 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 infrastructure maintenance 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.

ACTIONS:

- Prioritize funding of the renewal and replacement program to target deferred maintenance and to enhance water system reliability
- Review the cost-of-service detail and methodology for allocation between customer classes and/or systems
- 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, power, 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

BACKGROUND:

The Agency competes with other public and private utilities in northern California for a limited pool of managers, professionals, and specialized labor. Furthermore, the expectations and desires of the current labor pool are quickly evolving, requiring employers to find new ways to compellingly communicate why they are an employer of choice to potential candidates who have the specific, specialized skills that are in demand as baby boomers retire from the workforce.

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.

ACTIONS:



- **Priority for 2024:** Recruit and retain highly skilled, ambitious employees and maintain competitive advantage as an employer of choice, capitalizing on our collaborative culture, total compensation package, and organizational reputation

Business Case: The success of PCWA, and public sector organizations in general, hinges on the quality of their workforce. Traditional recruitment methods often fail to attract and retain top talent due to various challenges, such as the hiring process, limited compensation packages, and an overall lack of communication regarding organizational culture and values. To address these issues, alternative recruitment and retention strategies must be explored as additions to current methods to meet the changing labor market and intense competition for talent. These innovative recruitment and retention strategies will allow PCWA to attract and retain skilled employees who build a strong and dynamic workforce within the Agency.

- Build and maintain a desirable organizational reputation through communication of transparent values, stewardship in the community, and promotion of a positive workplace culture
- Explore and develop strategic recruitment advertising and candidate sourcing programs using modern technology and recruitment techniques
- Participate in student-focused programs, such as career days, job shadowing, and paid internships
- 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
- 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 (IT) & OPERATIONAL TECHNOLOGIES (OT)

BACKGROUND:

Technology is a tool in every facet of Agency operations. PCWA operations are made more efficient by IT/OT; however, this comes with cost of investment and threats of breaches to our cybersecurity infrastructure. This part of the strategic plan focuses on high-level IT/OT principles.

STRATEGIC GOAL:

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

ACTIONS:

- Ensure that IT/OT infrastructure is robust, scalable, and reliable to support uninterrupted service delivery by investing in hardware, software, and networking technologies to minimize downtime and maximize performance
- Strengthen cybersecurity measures to protect sensitive customer data, intellectual property, and critical infrastructure from cyber threats
 - ◆ Implement advanced security protocols
 - ◆ Conduct regular security audits
 - ◆ Provide cybersecurity training to employees
- Enhance Customer Experience: Focus on delivering exceptional customer service by investing in user-friendly interfaces, streamlined processes, and responsive customer support systems
 - ◆ Develop and or adopt mobile applications
 - ◆ Deploy self-service portals
 - ◆ Provide tools to enhance customer satisfaction and loyalty
- Streamline internal processes and workflows through the adoption of automation and data analytics technologies
- Build and maintain relationships with industry partners and government entities to understand and manage emerging threats and opportunities



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