

Memorandum

To: HONORABLE BOARD OF DIRECTORS

From: Suzanne R. Coffey, P.E., ICEO

CC: William M. Wolfson, CACO

Date: February 2, 2022

RE: **EXPLANATION OF ICEO January 2022 KPIs “RED, YELLOW, GREEN” REPORT**

OVERVIEW Last month there were four “yellow” indicators. This month there are three “yellow” indicators.

Before highlighting the “yellow” indicators, I would like to point out that the measure related to GLWA’s total CIP spend has returned to “green” at an overall expenditure rate of 81% of its approved capital spending plan following five months of the measure being “yellow.” This month we are reporting data from December 2021. In December, GLWA’s spending on water capital projects was 93% of the approved capital spending plan and for wastewater the spending ratio is at 60%. It is important to note that the lag in spending for the wastewater system is not associated with capital improvements to vertical assets such as the WRRF but is primarily found in projects associated with improvements to the linear assets. We continue to believe that the cause of the wastewater underperformance is related to project delays associated with the frequent wet weather events experienced this summer and supply chain disruption.

Our first “yellow” measure relates to the reliability of wholesale water and sewer revenue projection. For the last three months this measure has been “yellow”. It is “yellow” again this month. For this measure to return to “green,” water system wholesale billed revenues will equal at least 100% of the budgeted amount. Last month we reported data from October 2021 and the measure was “yellow” with billed revenues at 95.9% of budgeted charge revenue. This month we reported data from November 2021 and the measure remained “yellow” with billed revenues improving to 96.7% of budgeted charge revenue. This result is consistent with our preliminary analysis reported that predicted continued improvements anticipated for this area. As we reported last month, this performance shortfall has been addressed through first quarter budget amendments.

Our second “yellow” indicator is the measure of the ratio of operable valves to valves assessed. Last month this measure was also “yellow”. The goal for this metric is 100% of GLWA valves are operational. Last month we reported that 81.3% of GLWA valves assessed

were operational. This month the percentage of operational valves remains unchanged at 81.3%. As previously indicated, it is not unreasonable to expect this indicator to remain “yellow” for the foreseeable future underscoring the value of this project.

Our third “yellow” indicator relates to customer satisfaction with contracted water pressure. For this measure to remain “green” GLWA must deliver water at greater than 90% of contracted pressures. In November and December of 2021 this measure was “yellow” as water pressure dipped to between 95 and 96% of contracted levels. This slight decline in pressure was associated with the break and repairs to the 14-mile main.

SPECIFIC RED AND YELLOW MEASURES ON FOLLOWING PAGE:

EUM Attribute	Measure	Significance	Criteria	Status	
Financial Viability	Water system wholesale billed revenues will meet or exceed budgeted amount	Methods for establishing revenue projections are reliable	Green Yellow Red	100% 85% - 99% <85%	Yellow

Explanation and Responsive Actions: This measure relates to the reliability of wholesale water and sewer revenue projection. For this measure to remain “green” water system wholesale billed revenues will equal at least 100% of the budgeted amount. Last month we reported data from October 2021 and the measure was “yellow” with billed revenues at 95.9% of budgeted charge revenue. This month we reported data from November 2021 and the measure remained “yellow” with billed revenues improving to 96.7% of budgeted charge revenue. This result is consistent with our preliminary analysis that predicted continued improvements in this area.

EUM Attribute	Measure	Significance	Criteria	Status	
Infrastructure Strategy and Performance	Water - 100% of GLWA valves assessed are operational	Reduced risk of unplanned downtime and service interruption	Green Yellow Red	>90% 80% - 90% <80%	Yellow

Explanation and Responsive Actions: Our valve assessment project measure remains “yellow” this month remaining from the previous month. As the Board is aware, under this project, valves are currently defined in one of three categories – minor repair, rehabilitation, or replacement. Where the valve ultimately ends up is determined at the end of the project which means that a valve can go from minor repair to rehabilitated during the contract and may be operational by the end of the contract period.

EUM Attribute	Measure	Significance	Criteria	Status
Customer Satisfaction	GLWA will maintain pressure variance within 98% of required contract amounts	System reliability	Green =95 -100% Yellow =90 - 95% Red < 90%	Yellow

Explanation and Responsive Actions: This measure relates to customer satisfaction with contracted water pressure. For this measure to be “green” GLWA must deliver water at greater than 90% of contracted pressures. In November and December of 2021 this measure was “yellow” as water pressure dipped to between 95 and 96% of contracted levels. This slight decline in pressure was associated with the break and repairs to the 14-mile main.