

Memorandum

To: HONORABLE BOARD OF DIRECTORS

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

CC: William M. Wolfson, CACO

Date: June 3, 2022

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

OVERVIEW Last month there were three “yellow” indicators. This month there are three “yellow” indicators. The “yellow” indicators for both months are the same.

Our first “yellow” indicator relates to the reliability of wholesale water and sewer revenue projection. For the last five 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 February 2022 and the measure was “yellow” with billed revenues at 97.9 % of budgeted charge revenue. This month we reported data from March 2022 and the measure remains “yellow” with billed revenues improving to 98 % of budgeted charge revenue. This result is consistent with our preliminary analysis that predicted continued improvements anticipated for this area. As may be appropriate, GLWA will address any remaining, this performance shortfall through 4th quarter budget amendments.

Our second “yellow” indicator is the measure of the ratio of operable valves to valves assessed. Last month this indicator was also “yellow”. The goal for this metric is 100% of GLWA valves are operational. Last month we reported that 80.5 % of GLWA valves assessed were operational. This month the percentage of operational valves has slightly improved to 81.1%. As previously stated, 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 GLWA’s total CIP spend. For this measure to be “green” GLWAs must expend at least 80% of its approved capital spending plan. Last month we reported data from March 2022 and the indicator was “yellow” at 78%. This month the indicator remains “yellow”, but the performance has improved to just above 79%. We believe this slight underperformance is due to supply chain issues, the need to rebid a project, and the adjustments made to other system projects to allow for repairs and operations related to the 14-mile main break, and continued wet weather challenges. GLWA will continue to monitor causation and performance in this area.

Last month our performance on capital projects for the water system was 87% of the approved capital spending plan and this month it is 89%. For wastewater capital projects the performance last month was 61% of the approved capital spending plan and this month it is 62.5%.

Finally, GLWA is in the process of developed a measure that will track staffing levels by showing month over month hires, separations, and changes to staffing levels. We anticipate adding this measure to our KPIs in July 2022

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 February 2022 and the measure was “yellow” with billed revenues at 97.9 % of budgeted charge revenue. This month we reported data from March 2022 and the measure remains “yellow” with billed revenues improving to 98 % of budgeted charge revenue. This result is consistent with our preliminary analysis that predicted continued improvements anticipated for this area. As may be appropriate, GLWA will address any remaining, this performance shortfall through 4th quarter budget amendments.

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 but has slightly improved 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
Enterprise Resiliency	Total CIP spend 80% or greater than approved spending plan	Method for establishing spending is aligned with budgeted revenue	Green Yellow Red	>80% 70-80% < 70%	Yellow

Explanation and Responsive Actions: For this measure to be “green” GLWA’s capital spending must be 80% or greater of the approved spending plan. This month the CIP spend metric was again “yellow” at just above 79% of spending plan. The underperformance was primarily driven by underperformance on sewer lateral asset capital projects (62.5%). GLWA believes this slight underperformance is due to supply chain issues, the need to rebid a project, adjustments to system projects to allow for repairs and operations related to the 14-mile main break to be completed, as well as continued wet weather challenges. GLWA will continue to monitor causation and performance in this area.