

## Memorandum

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**To:** HONORABLE BOARD OF DIRECTORS

**From:** Suzanne R. Coffey, P.E., CEO

**CC:** William M. Wolfson, CACO

**Date:** November 4, 2022

**RE:** **EXPLANATION OF CEO November 2022 KPIs “RED, YELLOW, GREEN” REPORT**

OVERVIEW Last month there were three “yellow” and one “red” indicator. This month there are also three “yellow” and one “red” indicator.

Our “red” indicator relates to GLWA’s customer compliance percentage. For this metric to be “green” the customer pressures must be at least 98% of contracted amounts. This month we are reporting data from September 2022 and the measure remains “yellow” due to the 120-inch main break that was sustained. The main break has been repaired and normal contractual pressures resumed however due to reporting lag this measure is “yellow.” GLWA has yet to receive the after-event report. Pending receipt of that analysis, we do not feel additional action is necessary at this time.

Our first “yellow” indicator relates to the reliability of wholesale water and sewer revenue projection. For this measure to be “green,” water system wholesale billed revenues will equal at least 100% of the budgeted amount. This month we are reporting data from August 2022 and the measure is “yellow” with billed revenues at 99.7 % of budgeted charge revenue. Although billed is just slightly under budget at 99.7%, we anticipate that September and October forecasted usage will offset this variance with small revenue overages. At this time, GLWA does not believe further action is necessary but is prepared to address further performance shortfalls if they occur.

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 80.2 % of GLWA valves assessed were operational. This month the percentage of operational valves has slightly decreased to 80.0%. We do not see this change as significant and 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 August 2022, and the indicator was “yellow” at 73.5%. This month we are reporting data from September 2022 and the indicator is still “yellow but performance has improved to 75%. This underperformance continues to be seen on wastewater projects which remain unchanged at 52% of the approved capital spending plan. Water projects remain strong at 90 % of the approved capital spending plan. As earlier indicated, we believe the overall underperformance is due to supply chain issues, adjustments made to other system projects to allow for necessary system repairs, continued impact from wet weather challenges, and supply chain pressures. As previously indicated, GLWA recognizes these pressures, is planning for future supply chain impacts, and will continue to monitor causation and performance in this area with an eye on intermediate adjustments to the CIP.

**SPECIFIC RED AND YELLOW MEASURES FOLLOW:**

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

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. This month we are reporting data from August 2022 and the measure is “yellow” with billed revenues at 99.7 % of budgeted charge revenue. Although billed is just slightly under budget at 99.7%, we anticipate that September and October forecasted usage will offset this variance with small revenue overages. At this time, GLWA does not believe further action is necessary but is prepared to address further performance shortfalls if they occur.

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

Explanation and Responsive Actions: Our valve assessment project measure remains “yellow” this month and performance has slightly declined 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.

<b>EUM Attribute</b>	<b>Measure</b>	<b>Significance</b>	<b>Criteria</b>		<b>Status</b>
<b>Enterprise Resiliency</b>	Total CIP spend 80% or greater than approved spending plan	Method for establishing spending is aligned with budgeted revenue	<b>Green</b> <b>Yellow</b> <b>Red</b>	<b>&gt;80%</b> <b>70-80%</b> <b>&lt; 70%</b>	<b>Yellow</b>

Explanation and Responsive Actions: For this measure to be “green” GLWAs must expend at least 80% of its approved capital spending plan. Last month we reported data from August 2022, and the indicator was “yellow” at 73.5%. This month we are reporting data from September 2022 and the indicator is still “yellow but performance has improved to 75%. This underperformance continues to be seen on wastewater projects which remain unchanged at 52% of the approved capital spending plan. Water projects remain strong at 90 % of the approved capital spending plan. As earlier indicated, we believe the overall underperformance is due to supply chain issues, adjustments made to other system projects to allow for necessary system repairs, continued impact from wet weather challenges, and supply chain pressures. As previously indicated, GLWA recognizes these pressures, is planning for future supply chain impacts, and will continue to monitor causation and performance in this area with an eye on intermediate adjustments to the CIP.

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

Explanation and Responsive Actions: This customer satisfaction measure relates to GLWA’s customer compliance percentage. For this measure to be “green” the customer pressures must be at least 98% of contracted amounts. This month GLWA is reporting data from August 2022 and the measure is “yellow” due to the 120-inch main break that was sustained. The main break has been repaired and normal contractual pressures resumed however due to reporting lag this measure is “yellow.” GLWA has yet to receive the after-event report. Pending receipt of that analysis, we do not feel additional action is necessary at this time.