

Memorandum

To: HONORABLE BOARD OF DIRECTORS

From: Sue McCormick, CEO

CC: William M. Wolfson, CACO

Date: February 7, 2020

RE: EXPLANATION OF CEO February 2020 KPIs – “RED, YELLOW, GREEN” REPORT

OVERVIEW Last month there was one “red” and three “yellow” indicators. This month there are two “red” and two “yellow” indicators.

Our Capital Improvement Program (CIP) spending rate remains “red” again this month. We continue to search out the causes and correct this performance lag, but it appears this performance challenge will take some time to correct. Although we are now reporting water and sewer CIP activity separately, the challenge remains in all areas of operations.

The other “red” and one of the “yellow” indicators relate to our valve exercising and rehabilitation program: The number of valves assessed has turned “red” in large part due to the weather. In addition, as we previously indicated, the percentage of operational valves remains consistently “yellow” at approximately 83% . Our final “yellow” indicator relates to our wide area network connectivity, which at 99.96% availability fell slightly below the 99.98% minimum “green” standard.

SPECIFIC MEASURES ON FOLLOWING PAGE

EUM Attribute	Measure	Significance	Criteria	Status
Financial Viability	FY 2019 Total CIP Spend	Method for establishing spending is aligned with budgeted revenue	Green= >80% Yellow= 70-80% Red = < 70%	Red

Explanation and Responsive Actions: GLWA’s CIP spending rate continues to lag for the second month causing the metric to remain “red.” GLWA continues to focus on determining the root cause and has established a series of monthly meetings to address the challenge. Despite these efforts it may take some time to re-align the performance in this area to the operational plan.

EUM Attribute	Measure	Significance	Criteria	Status
Infrastructure Strategy and Performance	Water - 25 or more valves exercised per month	Reduced risk of unplanned downtime or emergency repairs	Green = 25 or more per month Yellow= 21 - 24 per month Red = 20 or less per month	RED

Explanation and Responsive Actions: The initial “pilot” phase of our valve assessment project underscores the need for focused valve exercising as a component of optimized system operations. Unfortunately, particularly in the winter season the opportunities to exercise valves can be limited by the weather. This appears to have occurred in November causing this metric to turn “yellow” and in December causing the metric to turn “red.” While GLWA will continue to monitor this progress, it does not believe that additional action is required at this time.

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 = 90-100% Yellow = 80 - ,90% Red = <80%	YELLOW

Explanation and Responsive Actions: Following the initial “pilot” phase of our valve assessment project, this metric remains “yellow.” 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. The fact that the metric remains “yellow” and the percentage of operational valves remains relatively constant at approximately 83%, suggests a continued need for focused valve assessment, rehabilitation and repair throughout the system.

EUM Attribute	Measure	Significance	Criteria	Status
Enterprise Resiliency	All GLWA sites (59) with Wide Area Network (WAN) connections will have 100% availability excluding schedule down time for maintenance.	Network Connectivity promotes Employee Productivity	Green = 99.98 - 100% Yellow >=99.50% and <99.98% Red <99.50%	YELLOW

Explanation and Responsive Actions: During the past month GLWA experienced a 99.96% availability rate causing this measure to turn “yellow.” As the Board is aware, this is one of our more challenging metrics and while GLWA will continue to monitor the situation, we do not believe additional action is necessary at this time.