

Memorandum

To: HONORABLE BOARD OF DIRECTORS

From: Sue McCormick, CEO

CC: William M. Wolfson, CACO

Date: January 8, 2021

RE: EXPLANATION OF CEO January 2021 KPIs – “RED, YELLOW, GREEN” REPORT

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

Our first “yellow” measure is the ratio of operable valves to valves assessed. to preventative maintenance projects completed as a percentage of total projects. The goal for this metric is 100% of GLWA valves are operational. is “yellow.” Last month we reported that 87.2 % of GLWA valves assessed in October were operational, this month that percentage has improved slightly to 89.3%

The second “Yellow” measure was our Water system wholesale monthly billed revenues will meet or exceed budgeted amount which became “yellow.” Although the measure was “yellow” our ratio of billed revenues to budgeted amounts remains positive for the year. We will examine this metric to determine if it is better expressed as a cumulative measure for the fiscal year.

SPECIFIC RED AND YELLOW MEASURES FOLLOW:

| 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: Our valve assessment project 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. As previously indicated, the fact that the metric remains “yellow” suggests a continued need for focused valve assessment, rehabilitation and repair throughout the system.

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

Explanation and Responsive Actions: In November, 2020, our Water system wholesale monthly billed revenues did not meet or exceed budgeted amount causing this measure to become “yellow.” Although the measure was “yellow” for the month, our ratio of billed revenues to budgeted amounts remains positive for the year. We will examine this metric to determine if it is better expressed as a cumulative measure for the fiscal year.