

Memorandum

To: HONORABLE BOARD OF DIRECTORS

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

CC: William M. Wolfson, CACO

Date: April 9, 2022

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

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

Our first “yellow” measure relates to the reliability of wholesale water and sewer revenue projection. This measure remains “yellow”. 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 December 2021 and the measure was “yellow” with billed revenues at 97.2% of budgeted charge revenue. This month we reported data from January 2022 and the measure remained “yellow” with billed revenues improving to 97.6% of budgeted charge revenue. This result is consistent with our preliminary analysis which predicted continued improvements for this area. As we previously reported, 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 78.0% of GLWA valves assessed were operational. This month the percentage of operational valves has slightly improved to 79.7%. 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 our network up-time percentage. For this metric to be “green” the network must be up at least 99.98% of the time. Last month the indicator was “yellow” with an up time of 99.96%. This month our network up time declined to 99.87% and the indicator remains “yellow.” During this period GLWA again experienced downtime due to power outages at Bluehill, Northeast, and the effluent building. The IT Group is evaluating affected location to determine what, if anything is needed to improve performance.

Our fourth “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 January 2022 and the metric was “green” at 80%. This month the metric is “yellow”, and the performance declined slightly to 78%. We believe this slight decline is due to Omicron COVID-19 variant surge, associated supply chain issues, and the need to adjust system projects to allow for repairs and operations related to the 14-mile main break. GLWA will continue to monitor causation and performance in this area.

Last month our performance on capital projects for the water system was 90% of the approved capital spending plan and this month it is 88%. For wastewater capital projects the performance has very slightly declined from 63% of the approved capital spending plan to 61%. As we earlier indicated this drag on performance appears to be associated with projects pertaining to system lateral assets.

Our fifth “yellow” indicator relates to customer satisfaction with contracted water pressure. This month we have revised the standards for this measure. This revision causes the indicator to remain “yellow” this month. As revised, for this measure to be “green” GLWA must deliver water at or above 98% of contracted pressures. It will turn “yellow” if water is delivered between 95% and 98% of contracted pressures. And it will become “red” if the pressures at which water is delivered fall below 95% of contracted values.

Last month we reported data from January 2022 and this measure was slightly above 95% and therefore was “yellow”. This month we are reporting data from February 2022 and the measure has improved to be slightly above 97% but remains “yellow”. Continued work on various projects is the reason the measure is yet again “yellow”.

Although not a “yellow” or “red” measure, with the recent focus on cybersecurity, I would like to highlight GLWA’s most recent performance with its *Know B4* cyber security training. Last month GLWA had its highest performance with 97% of its team members having completed that monthly training in a successful and timely manner.

Finally, this is the last month that you will see a key performance indicator associated with GLWA’s meeting the wastewater staffing targets associated with the Administrative Consent Order (ACO) that was put into effect over 20 years ago to assure compliance by DWSD and GLWA with the requirements of the NPDES (National Pollutant Discharge Elimination System) Permit. I am pleased to advise the Board that having met all the conditions of the ACO, that order has been dismissed by the State of Michigan. The ACO was the last piece of extraordinary federal and state oversight of our system and is an important recognition of our operational progress and performance.

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 December 2021 and the measure was “yellow” with billed revenues at 97.2% of budgeted charge revenue. This month we reported data from January 2022 and the measure remained “yellow” with billed revenues improving to 97.6% of budgeted charge revenue. This result is consistent with our preliminary analysis reported that predicted continued improvements anticipated for this area. As we previously reported, this performance shortfall has been addressed through first 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	>=85% 75% - 85% <70%	Yellow

Explanation and Responsive Actions: Our valve assessment project measure remains “yellow” this month but 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.

EUM Attribute	Measure	Significance	Criteria	Status
Enterprise Resiliency	All GLWA sites with Wide Area Network connections will have 100% availability	Network connectivity promotes employee productivity	Green >99.98% Yellow 99.50% - 99.98% Red <99.50%	Yellow

Explanation and Responsive Actions: This month our network was up 99.87% of the time, below the 99.98 % goal. During this period GLWA again experienced downtime due to power outages at Bluehill, Northeast, and the effluent building. The IT Group is evaluating affected locations to determine what, if anything is needed to improve performance.

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 >80% Yellow 70-80% Red < 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 78% of spending plan. The underperformance was primarily driven by underperformance on sewer lateral asset capital projects (61%). GLWA believes this slight decline is due to February’s Omicron COVID-19 variant surge, associated supply chain issues and the need to adjust system projects to allow for repairs and operations related to the 14-mile main break. GLWA will continue to monitor causation and performance in this area.

EUM Attribute	Measure	Significance	Criteria	Status
Customer Satisfaction	GLWA will maintain pressure variance within 98% of required contract amounts	System reliability	Green Yellow Red	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 98% of contracted pressures. In February this measure was “yellow” as water pressure increased from 95% the previous month to slightly above 97% of contracted levels.