

## Memorandum

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**To:** HONORABLE BOARD OF DIRECTORS

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

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

**Date:** July 11, 2022

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

OVERVIEW Last month there were three “yellow” indicators. This month there are five “yellow” indicators. This month we are including a new slide on the organizations staffing metrics. Next month we will add “red, yellow and green” indicators for that metric. Also, this month we are changing our measure for the days to pay an invoice to better align with our continued performance improvements in this area. Starting this month for this indicator to be green the average time to pay and invoice is 40 days or less, “yellow” is defined as greater than 40 days but less than 45 days, and “red” is now an average payment time greater than 45 days.

Our first “yellow” indicator relates to the reliability of wholesale water and sewer revenue projection. For the last six 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 March 2022 and the measure was “yellow” with billed revenues at 98 % of budgeted charge revenue. This month we reported data from April 2022 and the measure remains “yellow” with billed revenues slightly improving to 98.2 % of budgeted charge revenue. This result is consistent with our preliminary analysis that predicted continued improvements anticipated for this area. GLWA believes it has addressed any remaining, performance shortfall through 3<sup>rd</sup> and 4<sup>th</sup> quarter budget amendments.

Our second “yellow” indicator is the measure of the ratio of preventative work orders to total maintenance work orders for the wastewater operations group. For this measure to be “green” preventative maintenance work orders must be 75 percent and 85 percent of total work orders. This month the indicator was “yellow” at 87 percent. While GLWA will continue to monitor this area, we do not believe operational changes are required at this time.

Our third “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 81.1 % of GLWA valves assessed were operational. This month the percentage of operational valves has decreased slightly improved to 81.0%. 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 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 April 2022 and the indicator was “yellow” at 79%. This month the indicator remains “yellow” and continues at 79%. We continue to 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 also recognize that there is growing pressure on the supply change and are planning for future impacts and will continue to monitor causation and performance in this area with an eye on intermediate adjustments to the CIP.

Last month our performance on capital projects for the water system was 89% of the approved capital spending plan and this month it is 88%. For wastewater capital projects the performance last month was 62.5 % of the approved capital spending plan and this month it is just below 62 %.

Our fifth “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 “green.” This month our network up time declined to 99.96% causing the indicator to turn “yellow.” During this period GLWA again experienced downtime due to power outages at several locations. Although GLWA will continue to monitor this issue, given the very slight decline, we do not feel additional action is necessary at this time.

**SPECIFIC RED AND YELLOW MEASURES ON FOLLOWING PAGE:**

EUM Attribute	Measure	Significance	Criteria	Status	
<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>Red</b>	<b>100%</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. Last month we reported data from February 2022 and the measure was “yellow” with billed revenues at 97.9 % of budgeted charge revenue. Last month we reported data from March 2022 and the measure was “yellow” with billed revenues at 98 % of budgeted charge revenue. This month we reported data from April 2022 and the measure remains “yellow” with billed revenues slightly improving to 98.2 % of budgeted charge revenue. This result is consistent with our preliminary analysis that predicted continued improvements anticipated for this area. GLWA believes it has addressed any remaining, performance shortfall through 3rd and 4th quarter budget amendments.

EUM Attribute	Measure	Significance	Criteria	Status	
<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>Red</b>	<b>&gt;90%</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 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
<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> >80% <b>Yellow</b> 70-80% <b>Red</b> < 70%	<b>Yellow</b>

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 (just under 62%). 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. GLWA also recognize that there is growing pressure on the supply change and are planning for future impacts and will continue to monitor causation and performance in this area with an eye on intermediate adjustments to the CIP.

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

Explanation and Responsive Actions: This month our network was up 99.96% of the time, below the 99.98 % goal. During this period GLWA again experienced downtime due to power outages at several locations. The IT Group is evaluating affected locations to determine what, if anything is needed to improve performance.