

Memorandum

To: HONORABLE BOARD OF DIRECTORS

From: Sue McCormick, CEO

CC: William M. Wolfson, CACO

Date: January 5, 2018

**RE: EXPLANATION OF CEO JANUARY, 2018 KPIs – “RED, YELLOW, GREEN
REPORT**

OVERVIEW: Last month there were 2 “red” and no “yellow” indicators. This month there are 1 “red”, and 2 “yellow” indicators. The sole “red” metric this month is a small increase in the number of investigative reports generated by our Security & Integrity Team. We have advised you that this is a “stretch” goal and very difficult to control as it is an “input” measure.

The first yellow metric this month is our goal to maintain 100% availability of all GLWA sites with Wide Area Network (WAN) connections. Last month this metric was “red” and this month it has returned to “yellow” with connectivity increasing from 99.44% in November to 99.62% in December, 2017. While this is a “stretch” goal, our connectivity percentages continue to improve

The second yellow metric relates to our effluent phosphorus concentration. Although we are well within Permit levels, GLWA has set a goal to be at least 20% below Permit levels. Because the Permit levels are seasonally adjusted and because we track this metric on a cumulative Fiscal Year basis, we have found that early in the Fiscal Year, the measure will turn “yellow” (currently at 82% slightly above target) we are confident that GLWA will maintain its continued track record of excellence in this area.

With the start of a new year GLWA will review and as appropriate revise these monthly KPIs. We anticipate to complete this process to take 40-60 days. We have already received a suggestion from Director Baker for a revised KPI to track the speed of procurements and welcome other suggestions as well.

Red or Yellow Indicators:

SPECIFIC “RED” OR “YELLOW” INDICATORS ARE DISCUSSED ON THE FOLLOWING PAGES.

EUM Attribute	Measure	Significance	Criteria	Status
Enterprise Resiliency	The number of investigative security reports will decrease each month	Risk prevention	<i>Green = Decrease Yellow = Same as previous month Red = increase</i>	RED

Explanation and Responsive Actions: The past month saw a small increase in the number of investigative reports written by GLWA's Security & Integrity Team. As the Board will recall starting in the spring of 2017, GLWA greatly increased its number of patrols. Despite this increase in surveillance, the number of investigative reports has remained relatively constant month over month. Because of the nature of this goal even a small increase in reports turns the metric from "green" to "red." Despite the change, GLWA believes its current security operations are effective and, at this time, does not see a need to change its current practices in this area.

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.	Information Technology - Network Connectivity promotes Employee Productivity.	<i>Green = 100% Yellow >=99.50% and <100% Red <99.50%</i>	YELLOW

Explanation and Responsive Actions: The above Information Technology metrics support communication ability necessary in supporting employee productivity, workflow optimization, and enterprise integration.

Network uptime continues to improve from 99.23% in October to 99.44% in November, and 99.62% in December, 2017. While this measure remains a "stretch" goal, given the continued performance in this area, GLWA will continue its current efforts to maximize connectivity.

EUM Attribute	Measure	Significance	Criteria	Status
Product Quality	Effluent phosphorus concentration will be at least 20% below Permit levels	<i>Wastewater regulatory compliance</i>	<i>Green= below 80% of Permit Levels Yellow = between 80 and 100% of Permit levels Red = exceeds Permit levels</i>	YELLOW

Explanation and Responsive Actions: GLWA has established a goal of 100% compliance with the Safe Drinking Water Act. During the month of October there was a break in the 14 Mile Road Main that serves a significant portion of GLWA's customers. While this was the first disruptive break on the main, it had significant consequences for the system and our customers. GLWA is reviewing the cause and potential actions to improve the reinforcement of this main. We expect to have a preliminary determination and recommendation regarding these actions to the Board in January or February of 2018.