

Memorandum

To: HONORABLE BOARD OF DIRECTORS

From: Sue McCormick, CEO

CC: William M. Wolfson, CACO

Date: September 8, 2019

RE: EXPLANATION OF CEO September 2019 KPIs – “RED, YELLOW, GREEN REPORT

OVERVIEW Last month there Were one “red” and three “yellow” indicators. This month there are two “red” and two “yellow” indicators. This month our Operational Optimization metric pertaining to our average solids inventory has turned from “green” to “red.” This change is a direct result of the unprecedented storms we have experienced and the increased flow entering our system.

Finally, I want to again highlight our progress in cybersecurity training. Last month I advised you that GLWA had its best performance on this measure: We had a utility-wide timely completion rate of 96%. This month we remain at that 96% completion level.

EUM Attribute	Measure	Significance	Criteria	Status
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EUM Attribute	Measure	Significance	Criteria	Status
Operational Optimization	Monthly Average Solids Inventory Below 750 Dry Tons	Wastewater regulatory compliance	Green= Average below 725 Dry Tons Yellow = Average between 725 and 750 Dry Tons Red = Average above 750 Dry Tons	Red

Explanation and Responsive Actions: This measure is “red” having been “green” for some time. We believe this change is due to the recent extraordinary weather events. We are continuing to monitor this metric to determine its cause.

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: This measure moved from “red”, to “yellow” for the first time last month and remains “yellow” as we continue our valve assessment and rehabilitation project. 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	The number of investigative security reports will decrease each month	Risk prevention	Green = Decrease Yellow = Same as previous month Red = increase	Red

Explanation and Responsive Actions: As we have previously indicated this is a “stretch” measure and can be difficult to achieve. Our frequency of incident reports increased by approximately 25% from the previous month. We are reviewing the data to determine what, if any, operational changes may be warranted given the significant amount of this increase.

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 = 99.982 - 100% Yellow >=99.50% and <99.982% Red <99.50%	YELLOW

Explanation and Responsive Actions: Last month we revised the “green” metric from 100% to a range of 99.982 – 100%. During that month our network connectivity was 99.86%. This month we have seen an increase in network connectivity from 99.86% to 99.93%, however the metric remains “yellow.”