

Memorandum

To: HONORABLE BOARD OF DIRECTORS

From: Sue McCormick, CEO

CC: William M. Wolfson, CACO

Date: December 4, 2019

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

OVERVIEW Last month there was one “red” and 2 “yellow” indicators. This month there are also one “red” and two “yellow” indicators.

The “red” indicator this month relates to our Capital Improvement Program (CIP) spending rate. While we are reviewing the cause of the change in the color of this measure, our initial operating hypothesis is that there are two factors that have contributed to this change: one, a delay in completing negotiations related to projects moving from design to construction and two, while the measure is linear, the timing of the spending for certain capital projects will increase later in the current fiscal year.

The “red” indicator last month related to our goal of having the number of our investigative reports decline each month. This month we had a substantial reduction in our incident reports. However this reduction caused our efficiency measure, number of reports per patrol, to go from “green” to “yellow.”

The other One “yellow” indicator relates to our valve exercising and rehabilitation program and was reported last month. As we indicated, we have now completed our pilot evaluations and the metric remains “yellow” which indicates a need to focus on continued rehabilitation and repair of the systems valves.

SPECIFIC MEASURES ON FOLLOWING PAGE

EUM Attribute	Measure	Significance	Criteria	Status
Financial Viability	FY 2019 Total CIP Spend	Method for establishing spending is aligned with budgeted revenue	Green= >80% Yellow= 70-80% Red = < 70%	Red

Explanation and Responsive Actions: During the past month GLWA's CIP spending rate materially decreased causing the metric to go from "green" to "red." While we are reviewing the cause of the change in the color of this measure, our initial operating hypothesis is that there are two factors that have contributed to this change: one, a delay in completing negotiations related to projects moving from design to construction and two, while the measure is linear, the timing of the spending for certain capital projects will increase later in the current fiscal year. We will be conducting internal meetings this month to test the validity of this hypothesis and to plan any necessary actions to adjust our expenditure rate to align with the budget and projections.

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: We have completed the initial "pilot" phase of our valve assessment project and this 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. 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
Enterprise Resiliency	GLWA security patrols will produce an average of 2 security reports (incident and facility inspection) per patrol.	Risk prevention	Green = 1.9 - 2.7 average reports per patrol Yellow = 1.5 - <1.9 or ,>2.7 - 2.9 average reports per patrol Red = <1.5 or >2.9 average reports per patrol	YELLOW

Explanation and Responsive Actions: During the past month GLWA experienced a substantial decrease in incident reports from 60 to 38. The prior month the number of incident reports increased from 41 to 60. Although, over time, our monthly incident reports remain in range, the recent volatility has begun to erode the efficiency of our patrols, causing that measure to go from “green” to “yellow.” GLWA will continue to monitor and review its security operations to determine if the recent volatility in incident reports is a unique occurrence or warrants operational adjustments.