

Memorandum

To: HONORABLE BOARD OF DIRECTORS

From: Sue McCormick, CEO

CC: William M. Wolfson, CACO

Date: January 3, 2020

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

OVERVIEW Last month there was one “red” and two “yellow” indicators. This month there is one “red” and three “yellow” indicators. In addition, this month we have reordered the “Red, Yellow, Green” report to better align with the Key Performance Indicators report. Finally, we have removed the measure regarding the number of investigative security reports from the “Red, Yellow, Green” report. Especially with the addition of the metric measuring the efficiency of our reports, this input is no longer necessary. While the exact number of incident reports may vary from month-to-month, the overall range has remained consistent leading us to conclude that it is no longer necessary to track this measure as a monthly KP.

Our Capital Improvement Program (CIP) spending rate remains “red” again this month. We have still not determined the root cause for this change but continue to believe that a delay in completing negotiations related to projects moving from design to construction. As we continue to focus on overall spending, we have separated the information into two slides this month; one for water CIP spending and one for sewer CIP spending to provide additional focus. We have also convened a series of monthly meetings to address factors which may be inhibiting our capital spend rate.

Two of the other “yellow” indicators relates to our valve exercising and rehabilitation program: As we indicated, we previously indicated the metric indicates a need to focus on continued rehabilitation and repair of the systems valves. The second “yellow” metric reflects a slower pace of valve exercising as may be anticipated in the colder months. Our final “yellow” indicator relates to our first-time success on system data back-ups. This measure was “yellow” due to a unique software problem that has been addressed.

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: GLWA's CIP spending rate continues to lag for the second month causing the metric to remain "red." GLWA continues to focus on determining the root cause and has established a series of monthly meetings to address the challenge.

EUM Attribute	Measure	Significance	Criteria	Status
Infrastructure Strategy and Performance	Water - 25 or more valves exercised per month	Reduced risk of unplanned downtime or emergency repairs	Green = 25 or more per month Yellow= 21 - 24 per month Red = 20 or less per month	YELLOW

Explanation and Responsive Actions: The initial "pilot" phase of our valve assessment project underscores the need for focused valve exercising as a component of optimized system operations. Unfortunately, particularly in the winter season the opportunities to exercise valves can be limited by the weather. This appears to have occurred in November causing this metric to turn "yellow." While GLWA will continue to monitor this progress, it does not believe that additional action is required at this time.

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: Following the initial "pilot" phase of our valve assessment project, 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	At least 99% of GLWA system data back-ups will be successful on the first attempt.	Network management protects data and promotes Employee Productivity	Green = 95 - 100% first attempt success Yellow = 90 - <95% first attempt success Red <90% first attempt success	YELLOW

Explanation and Responsive Actions: During the past month GLWA experienced a 92% success rate for first time data back-ups causing this measure to turn “yellow.” While GLWA will continue to monitor the situation, we believe the change is due to a software issue that has now been addressed.