

Memorandum

To: HONORABLE BOARD OF DIRECTORS

From: Sue McCormick, CEO

CC: William M. Wolfson, CACO

Date: April 8, 2020

RE: EXPLANATION OF CEO March 2020 KPIs – “RED, YELLOW, GREEN” REPORT

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

Before going into detail on the individual measures I must offer a general note of caution and perspective on the key performance indicators; they are lag measures. This means that the effect of the COVID-19 pandemic and the emergency measures that we now see are not reflected in these results. We expect that the impact of the COVID-19 pandemic emergency on GLWA’s operations will begin to appear in next month’s report.

Our Capital Improvement Program (CIP) spending rate remains “red.” Last month we detailed some of the factors leading to our performance lag in this area and, in particular, the wet weather we experienced in 2019. Next month we will begin to see some of the impact of the COVID-19 pandemic emergency on our performance in this area. While our operating strategy is to maintain general continuity and quality of performance, we anticipate some further slippage as we are delaying certain capital projects that do not immediately impact system performance to protect GLWA team members’ and the public’s health.

Another of the “red” and the sole “yellow” indicator relate to our valve exercising and rehabilitation program: Last month the Board received a presentation regarding this program and as indicated, we do not anticipate substantial changes in this performance measure until the weather changes.

This month the measure on General Counsel’s handling of information requests is “white” indicating the possibility of a data error because April’s data is concluded before the reporting period has ended. Given the trend for this metric, we do not see this as a cause for concern, but we will correct the data in our May report.

SPECIFIC RED AND YELLOW MEASURES FOLLOW

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 causing the metric to remain "red." GLWA is focused on determining the root cause and has established a series of monthly meetings to address the challenge. Wet weather experienced in 2019 has been identified as a major contributor to the underspending in the capital program. The impact of these wet weather delays are anticipated to be amplified by the COVID-19 pandemic emergency's impact on operations.

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	RED

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. 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” and the percentage of operational valves remains relatively constant at approximately 83%, 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 measure is 93%, successful back-up rate which is “yellow.” GLWA has been experiencing a storage network issue and are working to determine the root cause. In the interim, any failed backups are remediated and successfully backed manually. We will continue to monitor this issue to determine if future operational adjustments are necessary.