

Memorandum

To: HONORABLE BOARD OF DIRECTORS

From: Sue McCormick, CEO

CC: William M. Wolfson, CACO

Date: May 8, 2020

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

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

Before going into detail on the individual measures I want to again remind the Board that the key performance indicators are lag measures. This means that the effect of the COVID-19 pandemic and the emergency measures that we now see are not yet fully reflected in this month’s results. We expect that the impact of the COVID-19 pandemic emergency on GLWA’s operations will more fully appear in the June report.

Our Capital Improvement Program (CIP) spending rate remains “red.” We have previously detailed some of the reasons for this underperformance. As reported this month we saw that in February there was some improvement in this statistic with the performance improving from 54% to 57% of budgeted revenues.

This month we see two “red” measures related to our Wastewater Operations Group with our monthly solids inventory having exceeded 750 dry tons and more than 12.5% of those solids having been disposed of through landfilling which is above our aspirational goal of 10% or less. The high inventory for the month is largely due to the major rainstorm on the 28th of March (1.65 inches in 24 hrs.) which required the Central Offloading Facility (COF) to be placed in service. The increased landfilling percentage this month was due to a scheduled repair and replacement of belt conveyors in the incineration complex. This repair required that no incineration take place between March 16 -20 which resulted in increased landfilling of solids.

The one “yellow” measure relates to our Wide Area Network (WAN) Connectivity. This is an area where the COVID-19 pandemic impacted our performance. Our goal is to have network connectivity at least 99.98 percent of the time and this month the network was “up” 99.87 percent of the time. The cause of this underperformance was a site power

outage; however, our restoration time was longer than usual due to additional COVID-19 safety procedures performed as a part of the restoration effort.

The two “white” indicators relate to our valve exercising and rehabilitation program: The program was briefly paused as we wanted to have the opportunity to evaluate the Phase 1 data before drafting a solicitation to restart the program. These metrics are white as we complete the solicitation necessary to restart the program. We expect the solicitation process to be complete by the end of the current Fiscal Year and the program to restart in the first quarter of Fiscal Year 2020-21.

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.” Although continuing to lag the performance increased from 54% of the target to 57%. Wet weather experienced in 2019 has been identified as a major contributor to the underspending in the capital program. The impacts 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	White

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%	White

Explanation and Responsive Actions: The initial “pilot” phase of our valve assessment project has been completed. These metrics are white as we complete the solicitation necessary to move to Phase 2 of the program.

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: The high inventory for the month is largely due to the major rainstorm on the 28th of March (1.65 inches in 24 hrs.). As a result of this storm the Central Offloading Facility (COF) had to be placed in service to control the solids inventory. Although the monthly average solids inventory exceeded 750 dry tons, no violation of GLWA’s National Pollutant Discharge Elimination System (NPDES) Permit occurred because there were five or more “wet weather days” during the month.

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 = 99.98- 100% Yellow >=99.50% and <99.98% Red <99.50%	YELLOW

Explanation and Responsive Actions: This month the network had connections available 99.87 percent of the time. The cause of this underperformance was a single site power outage. Our restoration time following this incident was longer than usual due to additional COVID-19 safety procedures required to be performed as a part of that effort. We will continue to monitor this issue to determine if future operational adjustments are necessary.

EUM Attribute	Measure	Significance	Criteria	Status
Water Resource Sustainability	No more than 10% of GLWA solids will be disposed of through landfilling.	Community sustainability and watershed health	Green = 10% or less sent to landfills Red = >10% sent to landfill	Red

Explanation and Responsive Actions: During the past month, GLWA sent 12.5% of its solids to landfill. The increased percentage was due to a scheduled repair and replacement of belt conveyors in the incineration complex. This repair required that no incineration take place between March 16 and 20. Because the increased volume of landfilling was a planned decision, GLWA does not believe further action is required at this time.