

Memorandum

To: HONORABLE BOARD OF DIRECTORS

From: Sue McCormick, CEO

CC: William M. Wolfson, CACO

Date: October 9, 2020

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

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

Our Capital Improvement Program (CIP) spending rate has been moved from the *Financial Viability* to the *Enterprise Resiliency* section of the report. This measure starts the new fiscal year (FY 21) as “red” averaging over 69% but just shy of 70% which would cause the measure to turn “yellow.” While the metric closed out the prior fiscal year (FY 20) as “red”, since identifying the underperformance, the performance for this metric improved from 54 to 66%; despite the Continued COVID-19 pandemic. As we enter this new fiscal year, we continue review the factors that contributed to this underperformance to determine if there are additional ways to support and accelerate the improving performance trend. Our spending rate is better for water CIP projects, 71%, which would be considered “yellow” as a stand-alone measure, , the spending rate for wastewater projects alone was 67% which would be considered “red.”

Our second “red” measure is our monthly solids inventory which exceeded an average of 750 dry tons. Two factors primarily contributed to this result: First, there were three days in which the biosolids drying facility process was shut down to accommodate maintenance work and second, there were eight wet weather days in the month of August. Because there were over five days of wet weather, the increased average inventory is allowed under GLWA’s NPDES (National Pollutant Discharge Elimination System) Permit.

The two “white” indicators relate to our valve exercising and rehabilitation program remain: 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 remain “white” as we restart the program. We expect to have updated results as early as next month.

SPECIFIC RED AND YELLOW MEASURES ON FOLLOWING PAGE

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 begin Phase 2 of the program. We hope to begin receiving Phase 2 results as early as next month.

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: In August 2020, GLWA’s average monthly solids inventory exceeded a monthly average of 750 dry tons. Two factors primarily contributed to this result: First there were three days in which the Biosolids drying facility process was shut down to accommodate maintenance work and second, there were eight wet weather days in the month of August. Because there were over five days of wet weather, the increased inventory is allowed under GLWA’s NPDES (National Pollutant Discharge Elimination System) Permit. While these results do not in themselves suggest a need for operational changes, especially given the September 2020 fire at the Water Resources Recovery Facility GLWA will continue to monitor its operations and inventory.

EUM Attribute	Measure	Significance	Criteria	Status
Enterprise Resiliency	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 begins the 2020-21 fiscal year as rate "red." Although improving, performance continues to lag. The spending rate is 69% of the target for the utility. The performance is better on water (71%) projects than on sewer projects (67%). GLWA will continue to focus on improving our results for the metric and hopes to see the improving performance trend continue throughout the current fiscal year.

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: Our value measure for security patrols is "yellow" this month. Our ratio of reports to patrols is 1.7% slightly below the 1.9% to 2.7% range for "green." We believe that the decrease in patrols per shift is related to a decline in activity that would typically require a response and an improvement in facility maintenance preventative measures. We will continue to monitor this measure to determine if any adjustment is required.