



15 August 2014

**MEMORANDUM CIRCULAR NO. 005 . 14**

**TO: ALL WATER DISTRICTS**

**SUBJECT: KEY PERFORMANCE INDICATORS (KPIs) TO MONITOR WATER DISTRICT PERFORMANCE AFTER TARIFF APPROVAL**

Pursuant to LWUA Board of Trustees Resolution No. 77 S. of 2014, dated 10 July 2014, the need to establish Key Performance Indicators (KPIs) to monitor WD performance after every tariff approval has been defined, based upon the following rationale:

1. Tariff adjustments should not include passing on the cost of WD inefficiency to the consumers;
2. Projections and targets adopted by the Water District in support of their tariff adjustment should be attained and/or implemented as scheduled;
3. CAPEX programs intended to be funded from WD revenues should be implemented;
4. Motivate WDs to improve their level of service and attain performance levels required for various concerns such as incentives, credit classification, re-categorization, loan application, Board per diem adjustments, and other performance based concerns.

**KEY PERFORMANCE INDICATORS**

A. General Indicators extracted from the WD's 10-year Cash Flow Projections:

Indicator	Description
Non Revenue Water(NRW)	$(\text{CuM Produced} - \text{CuM Billed}) \div \text{CuM Produced}$
Collection Efficiency	$\text{Total Current Collection} \div \text{Total Current Billing}$
Market Growth	No. of SC generated for specific years in the CF
Capital Expenditure	Actual implementation of Scheduled CAPEX as in CF
Cost Control	Deviation from the Amount of Fixed & other O & M costs in CF
Reserves	Actual amount of Reserves as Compared to CF projections
Staff Productivity Index	Ratio of WD Employees to Active Connections

B. Other specific indicators for the particular WD as identified by the LWUA Development Group, which are crucial to the WD's overall viability.

005. 14

MEASURE OF PERFORMANCE: WDs should achieve acceptable performance levels on the KPIs indicated in the above table.

PERFORMANCE REVIEW: LWUA's WD Development Group shall conduct a semi annual review of the WD's performance.

SANCTIONS: If the WD, for no justifiable reason, fails to achieve the desired performance in the specified Key Performance Indicators, LWUA may withhold action or approval on:

1. Subsequent tariff adjustments or Financial Assistance
2. Issuance of Authority for Foreign Travels
3. Adjustments in WD Board Per Diems
4. Other WD requests as may be deemed applicable

EFFECTIVITY: This Memo Circular takes effect immediately.

For compliance.



**ANDRES F. IBARRA**  
Administrator