



**Minutes
Friday, May 17, 2024
1:00 to 4:00 p.m.**

Committee members present via Microsoft Teams or Rosemont Conference Room:
Chair Nancy Henjum, Chair Brian Risley, Lynette Crow-Iverson, Dave Donelson, David Leinweber and Michelle Talarico

Board Members present via Microsoft Teams:
Yolanda Avila and Randy Helms

Staff members present via Microsoft Teams or Rosemont Conference Room:
Travas Deal, Lisa Barbato, Pattie Bengler, Mike Francolino, Tristan Gearhart, Somer Mese, Kelly Aguayo, Jay Anderson, Joe Awad, Kerry Baugh, Peter Bejadhar, Steve Berry, Kevin Binkley, Kory Bond, Andie Buhl, Thad Clardy, Andrew Colosimo, Lauren Connolly, David Dalton, Jessica Davis, Steve Duling, Kalea Daub, Marcela Espinoza, Paul Goslin, Brian Grim, Kelly Guisinger, Mallorie Hansen, Brittany Harrison, Adam Hegstrom, John Hunter, Jason Green, Jennifer Jordan, Sarah LaBarre, JerrieAnn LaLond, Drew Latrell, Sam Lawson, Daniel Lewis, David Longrie, Mike Maksimowicz, Tara McGowan, Noemi Martinez, Jared Miller, Kelly Miller, Angelia Mora, Danielle Nieves, Daniel Norton, Jacqueline Nunez, Abigail Ortega, David Padgett, Jessica Ramirez, Jason Reynolds, Lindsay Riley, Jeff Rowbotham, David Ruddy, Juan Santos, Rodger Scriven, Scott Shirola, Leslie Smith, Debbie Snyder, Cali Standard, Lauren Swenson, Matthew Thieme, Shawn Timothy, Amy Trinidad, Natalie Watts, Al Wells, Kyle Wilson and Jane Zook

City of Colorado Springs staff members present via Microsoft Teams or Rosemont Conference Room:
Sally Barber, Renee Congden, Elli Harris-Mevis, Travis Easton, Callie Moyers and Shawn Alessio

Citizens present via Microsoft Teams or Rosemont Conference Room:
Larry Barrett, Candice Frankovelgia and Chris Lieber

1. Call to Order

Committee Chairs Nancy Henjum and Brian Risley called the meeting to order at 1:01 p.m. Ms. Henjum read a statement regarding the Colorado Open Meetings Law and the City Charter and noted that public comment would not be a part of the meeting. Individuals in the room introduced themselves.

2. Review Minutes

Minutes from the April 15, 2024, Finance Committee and the April 16, 2024, Strategic Planning Committee meetings were reviewed and approved for posting.

3. Purpose of Joint Meeting

Chairs Henjum and Risley explained the purpose of today's joint meeting. The purpose is to find alignment between the budgeting and rates work that the Finance Committee is doing with the long-term planning work that the Strategic Planning Committee is doing. This directly correlates to how the organization can move from our mission statement to our vision statement. It is imperative to align strategy and financial plans together.

4. Enterprise Strategic Plan Overview

Ms. Natalie Watts, Manager of Strategic Planning and Governance, reviewed the purpose of the organization's strategic plan. That is to 1) define and communicate what the organization is trying to accomplish; 2) communicate mission, vision and strategy to employees and other stakeholders; 3) align the day-to-day work that everyone is doing with vision and strategy; 4) prioritize programs, projects, and resources; and 5) improve performance using strategic performance measures and targets.

The Utilities Board's current focus areas are Rates (40%), Reliability (40%), and Relationships (20%). The organization's strategy map was also reviewed as were the strategic objectives:

- Deliver quality utilities
- Focus on the customer
- Support our community
- Financial accountability
- Enable employee empowerment

5. 5-Year Project Summary and Prioritization

Ms. Tara McGowan, Manager of Water and Wastewater Design, Ms. Sarah LaBarre, Manager of Electric and Gas Design, and Mr. Daniel Lewis, Supervisor of Supply Chain Support Analytics, presented the 5-year project summary and prioritization.

The organization has established teams that work together to manage their respective budgets (water, wastewater, electric, gas, and common electrical and operating budgets). These subject matter experts work with others within operations and finance to successfully manage these budgets. Budget objectives are to manage to financial targets, prioritize projects, manage human resources, and to document and communicate these goals.

Each service's 5-year budget was reviewed by category, asset type, and budget allocation (financial, regulatory, growth and reliability).

The electric service contains the fiber budget. It was noted there is a significant budget reduction from 2028 to 2029. The main reason for this reduction is in regulatory forecast.

The common budget is a mix of everything, including technology. The largest budget is in 2025, decreasing over the next four years. A substantial portion of the 2025 budget spend is replacement of the Maximo system, which is no longer supported, and the second phase of replacement is being done in 2025. Technology is 65% of the total budget and fleet is at 15% of the 2025 budget.

If Amara is approved as an annexation by City Council, this would be in addition to the numbers that are included in this presentation. This would need to be accomplished through an annexation rider, rate increases or re-prioritization. It is noted that regulatory items cannot be re-prioritized.

6. Financial Considerations

Mr. John Hunter, Financial Planning and Risk Manager, reviewed the organization's financial forecast model including inputs and outputs.

The 5-year financial outlook was reviewed. Capital expenditures are forecast to increase over the next five years, with the highest being in 2027.

Mr. Scott Shirola, Pricing and Rates Manager, reviewed the 2025 multi-year rate case with the choice of either a structured approach or a levelized approach. Board Members prefer the levelized approach (an equal base rate increase in each year). The electric Time-of-Day rates were reviewed.

7. Utilities Policy Advisory Committee (UPAC) Bylaws Changes and Policy Discussion

Ms. Watts reviewed recent changes to the UPAC bylaws. The first change is to include adding language to ensure an assignment is completed within the timeframe of the Utilities Board that approved the assignment. The second change is to establish a UPAC liaison to provide support, guidance and direction to UPAC as they move through an approved assignment. This liaison will either be the Chair or Vice Chair of the Utilities Board. Discussion will take place at the UPAC meeting on June 5 and at the June Utilities Board meeting on June 18.

Ms. Renee Congdon, Colorado Springs City Attorney, mentioned that there are administrative "clean up" items also included in the UPAC bylaws.

8. Undergrounding Discussion

Mr. Joe Awad, General Manager of Systems Planning and Projects, and Mr. Drew Latrell, Engineer V, reviewed proposed policy changes in response to Board Members' requests regarding electric transmission system undergrounding. The organization currently has 90% overhead transmission lines and 10% underground transmission lines.

Board Member Talarico and Board Member Avila have proposed separate requests for undergrounding portions of the Kelker to South Plant transmission line. The

current cost for over heading the line is \$20.9 million. Cost estimates of each of the proposed undergrounding plans vary.

This presentation, including the two proposed resolutions, and discussion will be added to the agenda of the May 22, 2024, Utilities Board Meeting.

9. Closing Remarks and Adjournment

The meeting adjourned at 4:04 p.m.