

AGENDA

August 20, 2024

4:00 p.m. – 5:30 p.m.

[Click here to join the meeting](#)

Or call in (audio only)

[+1 719-733-3651,,15157314#](tel:+17197333651,15157314#)

4:00 p.m.	<p>Call to Order Pursuant to the Colorado Open Meetings Law and the City Charter, since three or more members of the Utilities Board may be attending this public meeting, it is noticed and open to the public. Pursuant to the Utilities Board Bylaws, this Committee of the Utilities Board has determined not to accept public comment at this meeting.</p>	Committee Member Dave Donelson
4:05 p.m.	<p>Review:</p> <ul style="list-style-type: none"> • July 16, 2024 Strategic Planning Committee minutes 	Committee
4:10 p.m.	<p>2024 Mid-Year Scorecard Results</p>	Natalie Watts, Strategic Planning and Governance Manager
4:30 p.m.	<p>Economic Development Update</p> <ul style="list-style-type: none"> • Southeast Wastewater System Extension • Electric System Planning for the Peak Innovation Park 	Jared Miller, Manager Strategic Customer Relations Lisa Barbato, Officer of Systems Planning and Projects
4:55 p.m.	<p>Plan Future Meeting: Oct. 15, 2024 <i>Please note: There will not be a September Strategic Planning Committee meeting because of the conflict with the Chamber & EDC's D.C. Fly In.</i></p>	Committee Member Dave Donelson
5:00 p.m.	<p>Adjournment</p>	Committee Member Dave Donelson



**Minutes
Strategic Planning Committee
July 16, 2024**

Committee members present in the Rosemont Conference Room or online:

Committee Chair Brian Risley, Mike O'Malley, Dave Donelson, Michelle Talarico and David Leinweber

Utilities Board members present in the Rosemont Conference Room or online:

Nancy Henjum

Staff members present in the Rosemont Conference Room or online:

Travas Deal, Renee Adams, Mike Francolino, Tristan Gearhart, Somer Mese, Alex Baird, Kerry Baugh, Andrew Colosimo, Matt Dudden, Ginny Halvorson, Tyrone Johnson, Jared Miller, Dan Norton, Chris Olney, Abigail Ortega, Gail Pecoraro, Jason Rigler and Natalie Watts

City of Colorado Springs staff members present in the Rosemont Conference Room or online:

Chris Bidlack and Renee Congdon

Call to Order

Committee Chair Brian Risley called the meeting to order at 4:02 p.m. and read into record the statement regarding the Colorado Open Meetings Law and the City Charter and noted that public comment would not be a part of the meeting.

Review Minutes

The minutes from the May 17, 2024 Joint Finance / Strategic Planning Committee meeting were reviewed and approved for posting.

Economic Development Update

Mr. Dan Norton, General Manager of Customer Services, introduced Mr. Jared Miller, Manager of Strategic Customer Relations, who reviewed the Economic Development Program Dashboard for January to June 2024.

So far in 2024, there have been 23 prospects, with 3,643 job impacts. The estimated capital investment is \$2.916 billion.

Potential revenue by industry (from the 23 prospects)

\$73.4 million – Technology

\$43.8 million – Manufacturing

\$10.8 million – Food and Beverage

\$600,000 – Office

\$400,000 – Government

\$200,000 – Retail

Mr. Miller explained the difference between technology and manufacturing is that technology deals mostly with information technology while manufacturing has to do with an industrial process.

Springs Utilities continues to partner with Peak Innovation Park (PIP) and has worked with 17 prospect opportunities so far in 2024. Springs Utilities has an executive agreement with PIP.

The reserve capacity process steps were discussed. This is how the organization manages large power prospects.

There are five steps to the Reserve Capacity Process. This is how the organization manages large power prospects.

1. Prospect load intake form complete for initial capacity assessment
2. For large loads, formal application for reserve capacity (within 30 days of load intake)
3. Service agreements initiated
4. Capacity held as customer works through development process and milestones are monitored

Three economic development forms have been developed and were reviewed with the Committee.

- Reserving and Resource & Distribution Capacity.

This form was reviewed by the Executive Team last week and has been partially rolled out last week. Board Member Talarico asked if the Chamber had been brought in to review this. Mr. Norton stated that they had reviewed this form.

- Application for Request for Reserving Resource & Distribution Capacity

Board Member O'Malley asked if this was limited to the Peak Industrial Park. Mr. Mike Francolino, Chief Customer and Enterprise Services Officer said these are minimums, not maximums for use by the entire community. Ms. Abigail Ortega, General Manager of Resource Infrastructure Planning, stated that these are minimums, not maximums. Chief Executive Officer Travas Deal said that this is the reservation type of process for more than 20 mw.

- The Interconnection Study Cost Requirement for Large Load Customers Agreement
This enables the Resource Infrastructure Planning Department the large load step increase of loads greater than 30 mw.

A communication plan is being developed to roll this new process out.

Mr. Mike Francolino thanked members of the economic development team for their work on this initiative.

Plan for Future Meeting

Mr. Risley said the next meeting is scheduled for Aug. 20, 2024.

Adjournment

The meeting adjourned at 4:44 p.m.



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2024 Mid-Year Scorecard Results

Natalie Watts

Manager – Strategic Planning and Governance

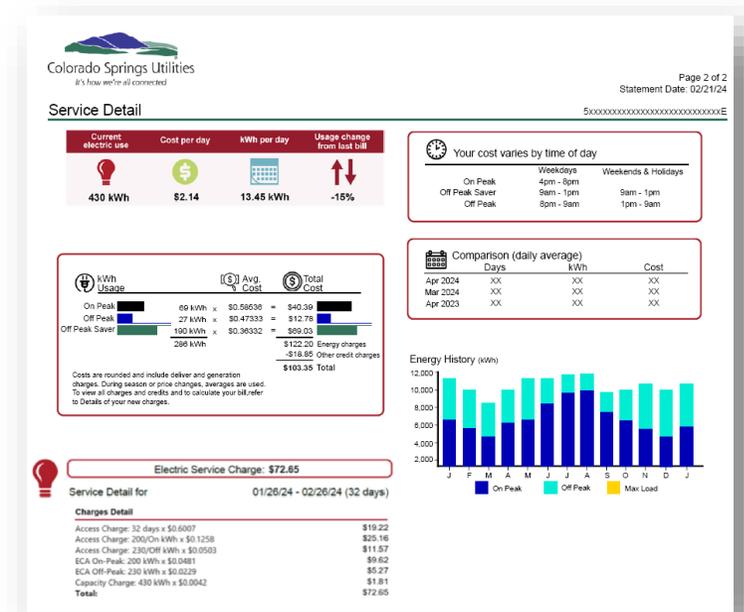
2024 Mid-Year Scorecard Results

- Measures were approved at November 2023 Utilities Board meeting
- Total of 24 measures
- Mid-year results = **Meets Expectations** (3.70 on a scale of 1 to 5)
- All results are as of June 30, 2024



8 measures = Far Exceeds Expectations

1. Residential Electric Service - Front Range Comparison
2. Residential Natural Gas Service - Front Range Comparison
3. Residential Wastewater Service Bill - Front Range Comparison
4. Small Commercial 4 Service Bill - Front Range Comparison
5. Large Comm/Indust 4-Service Bill - Front Range Comparison
6. Indust Electric-intensive Cust Bill - Front Range Comparison
7. Environmental Index
8. Safety: Occupational Injuries and Illnesses Rate



3 measures = Exceeds Expectations

1. Bond Rating
2. Electric - SAIDI - Interruptions in minutes per year
3. Workforce Index

MOODY'S RATINGS

Rating Action: Moody's Ratings assigns Aa2 to Colorado Springs (City of) CO Combined Utility Enterprise's Utilities System Revenue Bonds, Series 2024A and 2024B, outstanding ratings are affirmed; outlook remains stable

26 Jul 2024

New York, July 26, 2024 -- Moody's Ratings (Moody's) has assigned an Aa2 rating to the Colorado Springs (City of) CO Combined Utility Enterprise's (CSU) proposed issuances of up to \$385 million of Utilities System Improvement Revenue Bonds, Series 2024A and \$103 million of Utilities System Refunding Revenue Bonds, Series 2024B. Concurrent with the rating assignment, the outstanding revenue bonds and bank bond ratings have been affirmed at Aa2 and the variable rate revenue bonds have also been affirmed at VMIG 1. The outlook is stable.

RATINGS RATIONALE

Today's rating action reflects the inherent strength of CSU's above average service territory, which encompasses the City of Colorado Springs and portions of the surrounding area. The service territory has seen a steady increase in population growth along with low unemployment rates. The territory is further bolstered by a substantial military presence, contributing to its stability. The credit assessment also incorporates the utility's diversified revenue sources, from its electric, gas, water, and wastewater services. The degree of diversity is likely to increase over the next several years owing to capital investment requirements for CSU's water and wastewater sectors. Along with the diversification of revenue and strong service territory, management has a long track record of timely and effective rate increases to ensure strong, stable credit metrics.

CSU has a considerable capital spending program for the next five years (2025-2029)

11 measures = Meets Expectations

1. Residential Water Service Bill – Front Range Comparison
2. Days Cash on Hand – Current Year
3. Days Cash on Hand – 3 Year Average
4. Adjusted Debt Service Coverage – 3 Year Average
5. Debt Ratio – Current Year
6. Debt Ratio – 3 Year Average
7. Natural Gas – Failures per 100 miles of pipe
8. Water – Failures per 100 miles of mainline
9. Wastewater – Failures per 100 miles of mainline
10. Customer Satisfaction – Residential
11. Customer Satisfaction – Business



1 measure = Partially Meets Expectation

- Adjusted Debt Service Coverage - Current Year



0 measures = Does Not Meet Expectations



Next Steps

- Informational presentation to the Utilities Board at the Aug. 21, 2024 meeting
- Year-end scorecard results for 2024 will be presented to the Strategic Planning Committee and Utilities Board at the March 2025 meetings





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2024 Colorado Springs Utilities Enterprise Balanced Scorecard - Mid-year

The Balanced Scorecard measures the organization's performance in achieving enterprise Strategic Objectives

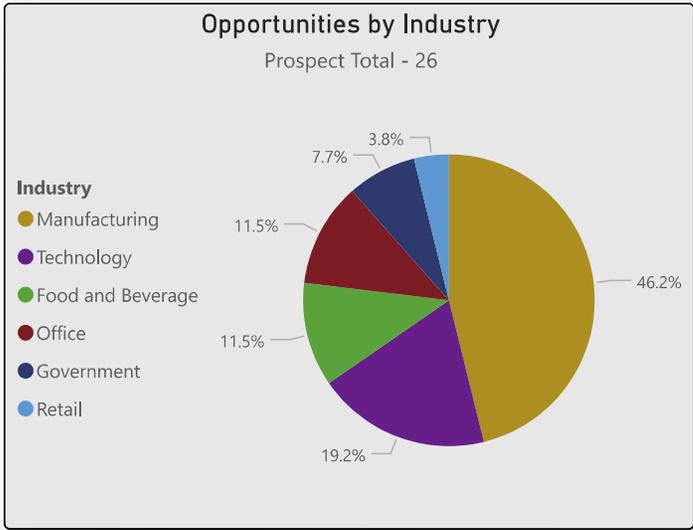
Utilities Board Strategic Focus Weight	Strategic Objective	Performance Measure	Responsible Officer	Weight	1 Does Not Meet Expectations	2 Partially Meets Expectations	3 Meets Expectations	4 Exceeds Expectations	5 Far Exceeds Expectations	Result	Trend	Rating	Weighted Rating
Rates 40%	Financial Accountability	1. Residential Electric Service - Front Range Comparison	Tristan Gearhart	3.0	>10.0% higher than average	5.1 – 10.0% higher than average	+/- 5.0% of average	5.1 – 10.0% lower than average	>10.0% lower than average	-15.78%	▼	5	0.15
		2. Residential Natural Gas Service - Front Range Comparison		3.0	>10.0% higher than average	5.1 – 10.0% higher than average	+/- 5.0% of average	5.1 – 10.0% lower than average	>10.0% lower than average	-34.01%	▲	5	0.15
		3. Residential Water Service - Front Range Comparison		3.0	>25.0% higher than average	20.1 – 25.0% higher than average	10.1 – 20.0% higher than average	5.0 – 10.0% higher than average	<5.0% higher than average	12.01%	▲	3	0.09
		4. Residential Wastewater Service - Front Range Comparison		3.0	>10.0% higher than average	5.1 – 10.0% higher than average	+/- 5.0% of average	5.1 – 10.0% lower than average	>10.0% lower than average	-15.23%	▲	5	0.15
		5. Small Comm 4-Service Bill - Front Range Comparison		3.0	>10.0% higher than average	5.1 – 10.0% higher than average	+/- 5.0% of average	5.1 – 10.0% lower than average	>10.0% lower than average	-28.04%	▲	5	0.15
		6. Large Comm/Indust 4-Service Bill - Front Range Comparison		3.0	>10.0% higher than average	5.1 – 10.0% higher than average	+/- 5.0% of average	5.1 – 10.0% lower than average	>10.0% lower than average	-22.25%	▲	5	0.15
		7. Indust Electric-intensive Cust Bill - Front Range Comparison		1.0	>10.0% higher than average	5.1 – 10.0% higher than average	+/- 5.0% of average	5.1 – 10.0% lower than average	>10.0% lower than average	-26.08%	▼	5	0.05
		8. Industrial Electric - Nationwide Comparison		1.0	>10.0% higher than average	5.1 – 10.0% higher than average	+/- 5.0% of average	5.1 – 10.0% lower than average	>10.0% lower than average	Available after Year-End	N/A	N/A	N/A
		9. Days Cash on Hand - Current Year		2.5	<140 days	140 - 150 days	151 - 160 days	161 - 180 days	>180 days	153	▲	3	0.08
		10. Days Cash on Hand - 3 Year Average		2.5	<140 days	140 - 150 days	151 - 160 days	161 - 180 days	>180 days	154	—	3	0.08
		11. Adjusted Debt Service Coverage - Current Year		2.5	< 1.75 times	1.75 - 1.79 times	1.80 - 1.90 times	1.91-1.95 times	> 1.95 times	1.77	▲	2	0.05
		12. Adjusted Debt Service Coverage - 3 Year Average		2.5	< 1.75 times	1.75 - 1.79 times	1.80 - 1.90 times	1.91-1.95 times	> 1.95 times	1.84	▲	3	0.08
		13. Debt Ratio - Current Year		2.5	>56.3%	56.3 - 54.3%	54.2 - 50.2%	50.1 - 48.1%	<48.1%	51.0%	▼	3	0.08
		14. Debt Ratio - 3 Year Average		2.5	>56.3%	56.3 - 54.3%	54.2 - 50.2%	50.1 - 48.1%	<48.1%	50.3%	▲	3	0.08
		15. Bond Rating		5.0	Any 2 of the 3 ratings from the agencies less than AA (S&P)/Aa2 (Moody's)/AA (Fitch)	Any 1 of the 3 ratings from the agencies less than AA (S&P)/Aa2 (Moody's)/AA (Fitch)	Standard & Poors AA Moody's Investors Service: Aa2 Fitch Ratings : AA	Any 1 of the 3 ratings from the agencies greater than AA (S&P)/Aa2 (Moody's)/AA (Fitch)	Any 2 of the 3 ratings from the agencies greater than AA (S&P)/Aa2 (Moody's)/AA (Fitch)	Standard & Poors AA+ Moody's Investors Service: Aa2 Fitch Ratings : AA	—	4	0.20
Reliability 40%	Deliver Quality Utilities	16. Electric - SAIDI - Interruptions in minutes per year	Somar Mese	10.0	> 57.50 minutes	57.50 – 52.51 minutes	52.50 – 47.51 minutes	47.50 – 42.50 minutes	< 42.50 minutes	44.00	▲	4	0.40
		17. Natural Gas - Failures per 100 miles of pipe		10.0	> 8.00 failures	8.00 - 6.01 failures	6.00 - 4.00 failures	3.99 - 2.00 failures	< 2.00 failures	4.27	▼	3	0.30
		18. Water - Failures per 100 miles of mainline		10.0	> 14.00 failures	14.00 – 12.01 failures	12.00 – 10.00 failures	9.99 – 8.00 failures	< 8.00 failures	10.63	▼	3	0.30
		19. Wastewater - Failures per 100 miles of mainline		10.0	> 1.00 failures	1.00 - 0.76 failures	0.75 - 0.51 failures	0.50 - 0.25 failures	< 0.25 failures	0.60	—	3	0.30
Relationships 20%	Focus on the Customer	20. Customer Satisfaction - Residential	Mike Francolino	3.0	< 1.50	1.50 - 2.49	2.50 - 3.49	3.50 - 4.49	> 4.49	3.27	▲	3	0.09
		21. Customer Satisfaction - Business		3.0	< 1.50	1.50 - 2.49	2.50 - 3.49	3.50 - 4.49	> 4.49	2.50	▼	3	0.09
	Support our Community	22. Environmental Stewardship	Lisa Barbato	3.0	< 65.00	65.00 – 74.99	75.00 – 85.99	86.00 – 94.99	> 94.99	98.00	—	5	0.15
		Enable Employee Empowerment	23. Safety: Occupational Injuries and Illnesses Rate	Renee Adams	8.0	> 20% Above Benchmark	10.01 - 20% Above Benchmark	+/-10% of Benchmark	10.01 - 20% Below Benchmark	> 20% Below Benchmark	-79.00	—	5
24. Skilled Workforce	3.0		< 1.50		1.50 - 2.69	2.70 - 3.49	3.50 - 4.60	> 4.60	3.96	▲	4	0.12	
										Performance Measure Total:		3.70	

As of 6/30/2024

Trend Key
▲ Favorable
▼ Unfavorable
— No Change

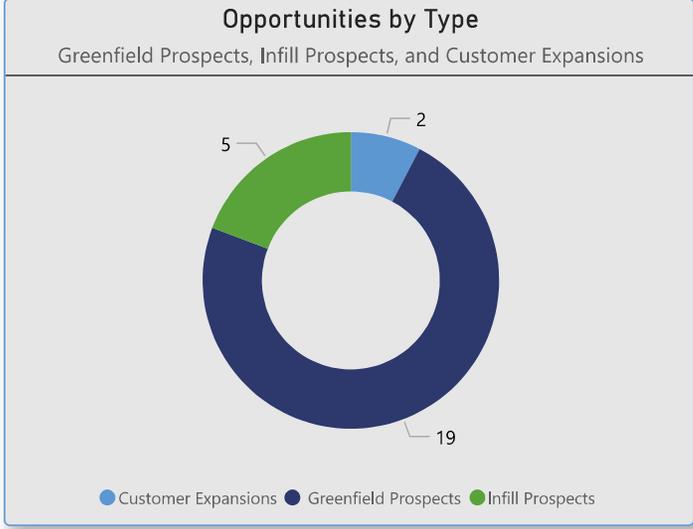
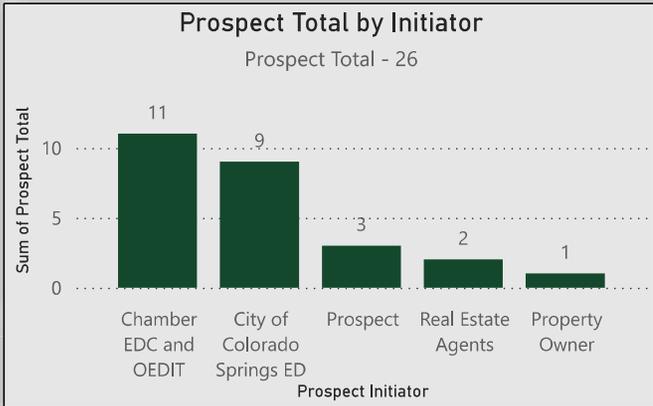
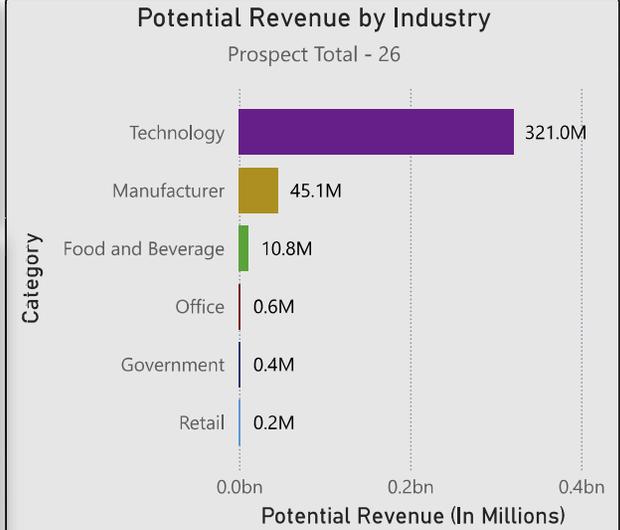
Rating Scale				
1 Does Not Meet Expectations	2 Partially Meets Expectations	3 Meets Expectations	4 Exceeds Expectations	5 Far Exceeds Expectations
<2.00	2.00 - 2.99	3.00 - 3.74	3.75 - 4.49	>4.49

Economic Development Program Dashboard (January - July 2024)



Prospects Summary

2024 Prospects - 26
 Estimated Job Impacts - 3743
 Estimated Capital Investment - \$4.42 Billion
 Carryover Prospects 2021 - 2023 - 6
 Carryover Prospects Job Impacts - 1697
 Carryover Projects Capital Investment - \$2.9 Billion



Business Retention Visits

In-Person Meetings - 46
 Virtual Meetings - 40

