



Minutes
Utilities Policy Advisory Committee (UPAC)
Wednesday, Feb. 1, 2023
Blue River Boardroom, 5th floor, 121 S. Tejon St., Colorado Springs, CO
and Microsoft Teams Virtual Meeting

Committee members present in the boardroom or via Microsoft Teams: Chair Larry Barrett, Vice Chair Hilary Dussing, Gary Burghart, Katherine Danner, Chris Francis, Scott Smith, Scott Callihan and Ruth Ann Schonbachler

Committee members excused: Michael Borden

Staff members present in the Boardroom or via Microsoft Teams: Al Wells, Monica Indrebo, Kerry Baugh, Christian Nelson, Natalie Watts, Tara McGowan, Scott Shirola, Joe Awad, Brian Grim, Ian Gardone, Jessica Thiel, Joe Marcotte, John Hunter, Justin Fecteau, Kyle Wilson, Larry Dunn, Matthew Thieme, Patricia Marlow, Sydni Sich, Thad Clardy, Tiffany Runge, Tim Benedict, Jamie Fabos, Abigail Ortega, Danielle Nieves, Leslie McKiernan, Todd Sturtevant, Lisa Barbato, Tristan Gearhart, and David Longrie

City of Colorado Springs staff present in the boardroom or via Microsoft Teams: David Beckett and Chris Bidlack

Citizens Present: Dave Donelson, Greg Barbuto, Diedre Smith and Robert Knapp

1. Call to Order

Chair Larry Barrett called the meeting to order at 8:02 a.m.

2. Approval of Jan. 11, 2023, UPAC Meeting Minutes

Committee Member Kate Danner motioned, and Vice Chair Hilary Dussing seconded the motion to approve the Jan. 11, 2023 meeting minutes. The minutes were unanimously approved with a voice vote.

3. Guest Speaker, Scott Smith, Colorado Springs Housing and Building Association (HBA)

Mr. Scott Smith introduced the Housing & Building Association's development market data to help UPAC consider development impacts on the broader community. This included review of data collected over several years on building permits, housing costs, median incomes and development trends for the Colorado Springs area. Mr. Smith also broke down single family lot expenses for water, wastewater, electric and gas into individual fees and charges.

Mr. Smith said the current cost recovery structure is a significant cost percentage per new home and the implementation of new capital recovery fees shifts additional costs

to new ratepayers and will add more challenges to the housing affordability problem. Water and wastewater recoveries currently are in place for all phases from the utility plant to the consumer. However, the current recovery fee program for water and wastewater should be evaluated and considered for fairness and equity. The determination of Electric and Gas recovery fees is complex, and the cost benefit will require more analysis. Additionally, infill and redevelopment issues are a case-by-case basis and new policies should be considered for fairness on cost impacts that can prevent an otherwise desirable project. Though sustainability and conservation incentives can be built into the connection rates, economic development incentives need to be considered up front.

4. Guest Speakers Ann Kidd and Clarissa Thomas, Pikes Peak Association of Realtors

Ms. Ann Kidd, former Chair of the Pikes Peak Association of Realtors (PPAR) and Ms. Clarissa Thomas, Vice President of Public Policy at PPAR, introduced the impact of development costs and utilities rates on new homebuyers and renters in Colorado Springs. Ms. Kidd explained qualifying and maintaining homeownership in Colorado Springs is becoming more and more difficult in newer developments. The cost of development fees today cost a new homeowner a minimum of \$25,000 based on a smaller-sized lot. Outside of utility related fees, there are other impact fees such as fire and police services that have recently increased. In addition to these tied-in costs, inflation, high interest rates and low housing supply remain issues in El Paso County. The presentation concluded by asking UPAC ‘How much additional costs to the price of housing can ratepayers sustain?’.

The committee broke for recess at 9:37 a.m. and reconvened at 9:45 a.m.

5. Cost Recovery Mechanisms Assignment

Mr. Gabe Caunt, Interim Supervisor for Demand Side Management (DSM), introduced Energy DSM policy drivers in relation to new development, including electric and natural gas energy efficiency, demand reduction, decarbonization, resiliency and equity. There are also state and federal policies that effect DSM. Some examples of recently passed policies are the Clean Energy Plan which affects electric generation emissions, and the Clean Heat Plan that affects natural gas emissions with spending capitals.

Mr. Caunt reviewed some energy incentive types for new developments such as energy efficiency in new construction and decarbonization. Mr. Caunt shared a few examples from other cities that utilize creative cost recovery mechanisms that are used in conjunction with incentives.

Ms. Julia Gallucci, Water Conservation Supervisor, discussed the policy drives for water conservation, including Colorado River Projects, agricultural transfers, demand management, storage and reuse. There are currently no incentive programs for new developments, though a few efficiency actions to incentivize can be found through low water landscapes and irrigation equipment, ultra-high efficiency fixtures indoors, best

efficiencies in evaporative cooling for large buildings and land use types that save water. Developer efficiency incentives include credit in water development fees, tap fee reductions, density bonuses of infill incentives, priority inspections, delayed fee payment and fee guarantee for future building permits in the development. Ms. Gallucci shared a few case studies of water incentives from other cities for consideration.

Mr. Scott Shirola, Pricing and Rate Manager, reviewed the UPAC Cost Recovery Mechanisms Assignment scope, policy pillars and the roadmap where in March the committee will cover financial analysis of alternatives.

6. Draft UPAC Cost Recovery Mechanisms Assignment Update to the Utilities Board

The committee reviewed the presentation drafted to update the Utilities Board. There were no comments or questions regarding the presentation.

7. Citizen Comment

None

8. Committee Member General Discussion

None

9. Adjournment

Chair Barrett adjourned the meeting at 10:33 a.m.

Next meeting: Wednesday, March 1, 2023, at 8:00 a.m.