



Minutes
Program Management Review (PMR) Committee
Colorado Springs Utilities Board
Rosemont Conference Room/Microsoft Teams
Thursday, November 19, 2024

Committee members present via web conference or in the Rosemont Conference Room: Committee Chair Michelle Talarico, Dave Donelson and Randy Helms

Staff members present via web conference or in the Rosemont Conference Room:

Travas Deal, Renee Adams, Lisa Barbato, Mike Francolino, Tristan Gearhart, Somer Mese, Joe Awad, Pattie Bengler, Kevin Binkley, Jeff Courtright, Jessica Davis, Nate De Kock, Steve Duling, Bob Hasanabadi, Michael Hemesath, Jennifer Jordan, Sarah LaBarre, Thane LaBarre, JerrieAnn LaLond, Emily Magnusen, Jason Miller, Rich Norton Jr., Jacqueline Nunez, Dave Padgett, Gail Pecoraro, Jessica Ramirez, Joseph Rasmussen, Bethany Schoemer, Gina Smith, Stuart Smith, Shawn Timothy, Natalie Watts, Al Wells and Jane Zook

City of Colorado Springs staff members present via web conference or in the Rosemont Conference Room: Victoria Classen, Jacqueline Rowland and Tim Scheiderer

1. Call to Order and Review Minutes

Committee Member Helms called the meeting to order at 12:02 p.m. Attendees in the room introduced themselves.

The minutes from the May 21, 2024, and Aug. 20, 2024, Program Management Review Committee meetings were accepted for posting.

2. Fiber Network Project Update

Mr. Thane LaBarre, Fiber Optics and Telecommunications Manager, introduced Mr. Jason Miller, Contract Manager, who provided an overview of the fiber network project. There were 18 contractor incidents including 15 hit utility lines including electric, gas, water and wastewater lines; one equipment malfunction, one near miss, and one slip, trip, fall or jump.

From May 31 through Sept. 30, 2024, more than 3,800 pothole and softscape restorations have been completed. 277 previously reported restoration complaints were completed, 665 issues were identified and completed utilizing the customer intake form, and 630 City Right-of Way permits were opened and 294 have been closed (55%).

When the fiber project began, one contractor was hired for this project. Since then that contract has been terminated, and the Request For Proposal (RFP) process has been completed with three new contractors being hired to assist with the network installation plan. One began work Sep. 24, the second Nov. 12, and the third will begin work Dec. 1, 2024. Construction will expand to three different areas of the city.

A project reporting Power BI dashboard has been built. This is a robust, forward-facing report that contains detailed Colorado Springs area information. Over an 18-month period with the previous contractor, 9,525 address deliveries were completed. With the current contractor, over a seven-month period, 7,794 address deliveries have been completed.

Budget

So far, \$82,500,000 has been incurred by the fiber project year to date, with an additional \$217,692,500 expected through 2028. Capital costs from 2024 through 2030 are estimated at \$396,000,000, based on conceptual design's class IV estimate. The anticipated spend was under, because of falling behind in construction targets.

In the coming months the final two hut buildings will be completed. Network production will be increased, with three contractors working simultaneously. The network transportation services team will be hiring 20 new positions in 2025, with the goal of 66 team members when complete.

Committee Chair Talarico asked if the budget will need to be increased over the initial planned budget due to bringing on additional contractors. Mr. Miller said that all contractor costs have been received; however, a total analysis has not yet been done. A small increase is anticipated.

Committee Member Helms asked if all installation and restoration has been performed in the initial north end. Mr. Miller said that installation has been suspended currently, with about 75% being completed. The restoration activities are 95% to 99% complete for the softscape and 75% complete for the hardscape restoration. Mr. Helms asked the number of addresses that have been delivered to Ting. Mr. Miller said 17,319 have been delivered. Additional questions were asked, which Mr. Tim Scheiderer, City Attorney, asked to be taken offline due to confidentiality reasons.

Committee Member Helms asked if installations had started in the Rockrimmon area of town, and Mr. Miller stated that installations would begin in the next few weeks.

Committee Chair Talarico asked how the pause plan is being communicated to the customers in the north end who are in the 25% that are included in the installation suspensions. Mr. Miller said that there was extensive outreach conducted by the Customer Relations team. That communication plan is on pause currently.

Mr. Helms stated that there was a communication mishap in his neighborhood with installers showing up without prior notification. Mr. Mike Francolino, Chief Customer and Enterprise Services Officer, asked that Board Members be sent the communication plan. Mr. LaBarre said that there is a cadence of communication through mail, through door hangers, and through social media coordinated by the organization's Public Relations team.

Based on the initial plan, Committee Member Donelson asked what percentage of installations the organization should be at right now. Mr. LaBarre stated the organization is at about 50% of the original anticipated number of installations.

Committee Member Donelson asked if it was always anticipated that an additional 66 team members would be added when the project is complete for maintenance. Mr. LaBarre stated that he was not in his current position at the time of project implementation, so is not sure of that number. Committee Member Donelson asked how many members will be needed to support the operation and maintenance of the fiber network. Mr. LaBarre will provide the number of employees to support the infrastructure of the fiber network.

Ms. Somer Mese, Chief Operations Officer, stated that Springs Utilities is contractually obligated with Ting to respond in certain circumstances and repair when a line has been hit. There have already been instances of hit lines. Committee Member Donelson stated it would be helpful for Board Members to know how many times lines are hit.

3. Eastern Wastewater Expansion Project Update

Ms. Tara McGowan, Engineering Manager, said that there have been no changes to the conceptual alignments of the Eastern Wastewater System Expansion. Committee Member Donelson asked, if power goes out how the lift stations operated. Ms. McGowan stated that there are power backup generators on site to operate lift stations until power can be restored.

No additional staff has been hired to support this project, but a Portfolio Owner's Engineer was hired through the RFP process. The award was approved on Oct. 18, 2024. The Notice of Intent was sent to Brown and Caldwell on Oct. 21. The Progressive Design-Build RFP launched Oct. 22 and proposals are due Dec. 13.

Conceptual design coordination meetings have occurred with the airport, Valley Hi Golf Course, Peterson Space Force Base, and the City/County. Committee Member Donelson asked if Valley Hi will be required to close down any of their holes. Ms. Jessica Davis, Technology and Facility Project Manager, stated that they will not be required to close any holes.

The rate case was approved on Nov. 12. The advanced recovery agreement will be updated at the Guaranteed Maximum Price proposed in 2025. Committee Member Donelson asked when the Guaranteed Maximum Price will be known, and Ms. McGowan said during Q2 2025. This is based on the proportional share of capacity.

Future challenges and opportunities include the need for a rate case approval for project funding. Rates will be determined with Class IV estimates on a conceptual plan, as the design progresses so can costs. RFP contract negotiations can delay the schedule.

Committee Chair Talarico asked what the Oct. 22 delayed due to RFQ Industry feedback highlight on the Procurements Timeline dated Sept. 30 indicated. Ms. McGowan stated that perhaps a larger company was partnering with larger subcontractors within the city to bid on the project, which limited the number of companies that were submitted in the RFP process. Depending on negotiations, projects may not happen simultaneously.

Committee Member Helms asked how old the Sand Creek Lift Station is. It is approximately 20 years old. Mr. Helms asked why the concern with pre-qualifications for this project. Ms. McGowan stated that this project is much more complex than the Sand Creek Lift Station was when it was built. Mr. Francolino spoke to the status of the labor market as one aspect of the pre-qualification process.

The estimated costs from 2024 through 2030 are about \$396,000,000. Ms. Lisa Barbato, Chief Systems and Planning Officer, said that Springs Utilities is meeting with the Home Builders Association regularly to discuss the costs of early delivery versus costs of delivery by 2030. Another concern is running out of capacity, which will only be exceeded because of growth.

The electric service, gas service, water service, wastewater service and common service projects proposed budget informational sheets were included in the materials packet. No questions were asked.

4. Committee Purpose Discussion and 2025 Work Plan

Ms. Bethany Schoemer, Strategic Planning and Governance Specialist Senior, explained the purpose of the Program Management Review Committee. It was created to review major program performance for large programs and review compliance with Utilities Board policies. It was established in 2017 to provide initial additional oversight of the Southern Delivery System and the emissions control program. It has since evolved into looking at various other major projects.

2024 Accomplishments

Focus areas in 2024 included a detailed review of the Sustainable Energy Portfolio, Gas Distribution Integrity Management Program (DIMP) and Compliance Projects, Eastern Wastewater System Expansion Project, and Fiber Optics / Communications Network; dashboard reviews (projects with a budget over \$1,000,000) and more than 50 additional high-profile projects / programs from the 2024 Annual Operating Financial Plan (AOFP). Board Member tours were given of the Monument Creek Stabilization project and Tollefson Water Treatment Plant.

Top Funded Capital Projects

The 2024 top-funded capital projects were the fiber network, the Sustainable Energy Plan implementation, the Kelker Substation, the Eastern Wastewater System Expansion, the Central Bluffs Substation, the Highline Pressure Zone Extension and Redundant Supply and the Finished Water Linear Asset Program.

Draft 2025 Proposed Work Plan

Selected project and program focus areas include significant projects by service, unique projects, high-public visibility, risk impact to organization, and regulatory project schedule; dashboard review of over 50 additional high-profile projects / programs from the AOFP, and committee tours.

Ms. Schoemer asked for Committee Member feedback.

Committee Chair Talarico asked if other committee members found the tours to be helpful and asked for feedback on the dashboard presented at each meeting. Committee Members Donelson and Helms felt it would be beneficial to keep both the tours and the dashboard, especially in light of having new Board Members in 2025. The dollar amount of projects may need to be increased in 2025, or have different criteria applied such as multi-year projects or higher risk. Ms. Schoemer suggested reporting the fourth quarter dashboard in the same format, and then deciding at that time.

5. 2024 Q3 Project Dashboard Review

Mr. Steve Duling, Manager of Project Management, highlighted aspects of the dashboard, including energy projects, fiber, gas projects, water service projects for pumping stations, portable water tanks and the Clear Springs Ranch biogas project.

Ms. Gina Smith, Advanced Utilities Technology Manager, gave an update on Advanced Metering Infrastructure (AMI) meter installations and estimated completion dates.

6. Closing Remarks and Adjournment

There were no closing remarks. The meeting adjourned at 1:50 p.m. The next meeting is scheduled for Feb. 18, 2025.