



**Minutes
Strategic Planning Committee
November 19, 2024**

Committee members present in the Rosemont Conference Room or online:

Dave Donelson, David Leinweber and Brian Risley

Staff members present in the Rosemont Conference Room or online:

Travas Deal, Renee Adams, Lisa Barbato, Mike Francolino, Tristan Gearhart, Kevin Binkley, Andrew Colosimo, Matt Dudden, Ginny Halvorson, Bob Hasanabadi, Amy Lewis, Jared Miller, Dan Norton, Jaqueline Nunez, Abigail Ortega, Gail Pecoraro, Joseph Rasmussen, Bethany Schoemer, Natalie Watts, Al Wells and Jane Zook

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

Renee Congdon and Jacqueline Rowland

Call to Order

Committee Chair Brian Risley called the meeting to order at 2:01 p.m. and read into the 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.

Minutes

The minutes from the Oct. 10, 2024, Strategic Planning Committee meeting were approved for posting.

Compliance Reports

E-2.3 Compliance Report Frequency and Method of Inspection

Ms. Natalie Watts, Strategic Planning and Governance Manager, reviewed the E-2.3 Compliance Report Frequency and Method of Inspection. This report was included in the Committee Meeting Materials Packet. There were no questions.

P-1.2 2025 Annual Planning Calendar

Ms. Watts reviewed the 2025 Utilities Board Agenda Planning Calendar. This report was included in the Committee Meeting Materials Packet.

Committee Member Leinweber asked how state mandates change Compliance Reports. Ms. Watts explained that state mandates are addressed through integrated resource plans.

2024 Strategic Planning Committee Accomplishments and 2025 Committee Workplan

2024 Strategic Planning Committee Accomplishments

Ms. Watts reviewed the purpose of the Strategic Planning Committee, which is to review performance and compliance with Utilities Board policies and guidelines and recommend the

Strategic Plan and vision and Board Expected Results, developed jointly with the Chief Executive Officer (CEO) and the Utilities Board.

Accomplishments for 2024 include a joint meeting with the Finance Committee in May, Governance Manual revisions and UPAC Bylaws changes, Watershed Policy: North Slope Recreation Area, update on the Customer Experience Strategic Initiative, water and wastewater system extension policy, economic development activity updates, Gov. Polis' stance on green energy and its impact on Colorado Springs Utilities, Integrated resource plan (IRP) true ups and schedules, 5-year summary and prioritization, financial considerations for the 2025 budget, undergrounding discussion, scorecard results, technology roadmap, regionalization of water and wastewater services, watershed recreation plan and the naming of the Miskel Reservoir.

Strategic Planning Committee compliance reports that were reviewed include the E-2.3 Policy Governance Monitoring Report Frequency and Method, P-1.2 Annual Board Agenda Planning Calendar, I-5 Economic Development, I-6 Infrastructure, C-2 Annual Board Evaluation, I-7 Water Supply Management, I-9 Treatment of Customers and Customer Information, I-12 Environmental Stewardship and I-13 Community Investment.

2025 Committee Workplan

Ms. Watts reviewed the 2025 Detailed Work Plan which was included in the meeting materials packet. This document lists specific agenda items by month for topics to be discussed in 2025.

Focus areas for 2025 will be Integrated resource planning (IRP) updates for all four services to include the I-7 Water Supply Management policy update, 2026 Enterprise Balanced Scorecard, 2026 Strategic Plan, watershed recreation policy, joint workshop with Finance Committee, comprehensive planning efforts, nuclear site certification and strategic sourcing strategy.

Ongoing items in the workplan include UPAC nuclear generation assignment, aging infrastructure funding and reliability, economic development updates, strategic initiatives updates, and enhance outage management communications.

Ms. Lisa Barbato, Chief Systems and Planning Officer said that it is important to keep Committee Members involved in discussion about what is important to the Board. For instance, in February 2025, the I-7 Water Supply Management Compliance Report will be reviewed for proposed changes to make it a more meaningful report. No questions were asked.

Proposed 2025 Balanced Scorecard

Ms. Watts reviewed the background of the CEO performance plan. It is a combination of CEO leadership competencies and the Enterprise Balanced Scorecard. It is an agreement between the CEO and the Utilities Board outlining the CEO's priorities and outcomes that measures both enterprise and CEO performance. Results are reported quarterly to the CEO Leadership Team and semi-annually to the Utilities Board. The CEO leadership competencies are rated semi-annually by the Utilities Board. They are approved by the Utilities Board in November for the coming year.

The proposed 2025 Balanced Scorecard will be 50% of the CEO Performance Plan. The indicators will support the Board's strategic focus of reliability (40%), rates (40%), and relationships (20%). Mr. Tristan Gearhart, Chief Financial and Planning Officer, explained that the rates focus area's proposed changes include removing the industrial electric-intensive customer bill – front range comparison measure and removing the industrial electric – nationwide comparison measure. The percentage points from those two measures would be re-allocated to the bond rating measure, increasing it from 5% to 7%. The final proposed change to the scorecard is to adjust the target and ratings for current-year and three-year average debt ratio measures due to planned changes in bond funding strategy for capital projects.

The reliability and relationship focus areas do not have proposed changes.

Committee Chair Risley asked why the metrics are changed to shift the focus from the bond focus to the growth capacity. Committee Member Donelson said that the recent election may play a role in expanding growth within the state of Colorado, when competing with other states. Mr. Travas Deal, Chief Executive Officer, said that when looking at economic development, it is important to be mindful of looking at companies who are right fits for the community.

The CEO competencies were reviewed at the Personnel Committee on Nov. 18, 2024. No changes are recommended for the 2025 CEO Competencies. They will remain the same, with a weight of 10% each: builds effective teams, ensures accountability, drives engagement, balances internal/external stakeholders and strategic mindset.

Committee Chair Risley asked if adoption of the Balanced Scorecard could be deferred until after the beginning of the year. Mr. Deal said it can be adopted as recommended, and then updated after adoption with full Board approval.

2025 Strategic Plan Update

Ms. Bethany Schoemer, Strategic Planning and Governance Specialist Senior, stated that the Excellence in Governance Manual outlines the E-3 Chief Executive Officer Authorities, Powers and Duties. City Code instructs the Utilities Board and the Chief Executive Officer to work in partnership to achieve excellence in governance to attain long-term organization sustainability. They work jointly to set the strategic direction and vision for the enterprise.

Springs Utilities Strategic Plan outlines the organization's focus areas; mission, vision and values; strategic objectives; strategic initiatives; and enterprise scorecard. This was significantly updated in 2023. It is considered a best practice to review the strategic plan annually to ensure it continues to align with the direction of the organization.

There are five organizational strategic objectives. They are Operational Excellence (changed from Deliver Quality Utilities), Focus on the Customer, Financial Accountability, Support our Community and Enable Employee Empowerment.

The reason for the change from “Deliver quality utilities” to “Operational excellence” is that this objective is the core of the organization’s business and mission. It entails providing reliable water, wastewater, gas and electric services to our customers; investing in infrastructure improvements to ensure sustainability; adopting innovative technologies and managing our utilities’ assets; committing to prudent environmental stewardship; and creating the greatest value by optimizing resources and improving productivity.

There are six strategic initiatives proposed for 2025. Each of the strategic initiatives aligns to one of the strategic objectives. The six strategic initiatives are: Optimize business processes, Develop enterprise prioritization framework, Enhance outage management communication, Align long-term financial plans, Implement Energy Wise, and Promote Safety maturity excellence.

Committee Member Leinweber asked if for transparency the organization should address how much debt it carries. Mr. Gearhart stated that every business uses debt funds and cash funds to operate.

Board Member Donelson said that because of state government Colorado Springs Utilities is mandated to generate new renewable energy to replace fossil fuel, at a significant cost to the organization. Not all states are not facing these mandates.

Economic Development Update

Mr. Jared Miller, Strategic Customer Relations Manager, reviewed the Economic Development Program Dashboard (January – October 2024).

In 2024, there have been 41 prospects, with 5,088 job impacts. The estimated capital investment is \$5.694 billion.

Potential revenue by industry:

\$343.4 million – Technology

\$148.2 million – Manufacturing

\$11.7 million – Food and Beverage

\$800,000 – Office

\$400,000 – Government

\$200,000 – Retail

Committee Chair Risley asked if there was any update on the progress with the executive agreement at the Colorado Springs airport with the City. Mr. Dan Norton, General Manager of Customer Services, said that progress is being made. It is hopeful that something will be signed at the end of the year. Mr. Gearhart said that he is collaborating with members of the City as well.

Ms. Barbato said that many organizations are putting policies together for large data centers that require air cooling or water, to drive more air-cooled requirements. Her team has started gathering data on this topic.

Mr. Francolino said that anytime an incentive package is offered through the City, clarity will be given as to whether a Springs Utilities incentive is offered. Members of Colorado Springs Utilities have been working closely with the City to make sure that information aligns before the package is presented to the prospective company.

Plan for Future Meeting

Chair Risley said the next meeting is scheduled for Jan. 21, 2025.

Adjournment

The meeting adjourned at 3:18 p.m.