

AGENDA
Wednesday, Nov. 15, 2023
1:00 p.m.
Join on your computer or mobile app
[Click here to join the meeting](#)
Or call in (audio only)
[+1 719-733-3651,,869972233#](#)

1:00 p.m.	1. Call to Order	Chair Donelson
1:05 p.m.	2. Invocation and Pledge of Allegiance	Chair Donelson
1:10 p.m.	3. Consent Calendar These items will be acted upon as a whole, unless a specific item is called for discussion by a Board Member or a citizen wishing to address the Utilities Board. (Any items called up for separate consideration shall be acted upon following Compliance Reports.)	Chair Donelson
	3a. Approval of Utilities Board Meeting Minutes: Oct. 18, 2023	
	3b. A Resolution Re-Appointing Abigail Ortega, Joseph Rasmussen and Natalie Lovell to the Fountain Valley Authority Board of Directors	
	3c. A Resolution Re-Appointing Ronald Sanchez to the Homestake Steering Committee and the Board of Directors of the Aurora-Colorado Springs Joint Water Authority Board	
	3d. E-2.3 2024 Compliance Report Frequency & Method	
	3e. P-1.2 2024 Annual Board Agenda Planning Calendar	
1:20 p.m.	4. Customer Comments <ul style="list-style-type: none"> • During the customer comment period, comments are accepted for any topic not on the agenda. • Comments for specific agenda items will be taken following the presentation of the item and the Board's discussion. • Comments will be limited to three minutes per speaker, per item. • Following the comments from customers that have signed up to speak, an announcement will be made seeking additional 	Chair Donelson

comments and the Board will accept all those wishing to comment.

1:25 p.m.	5. Compliance Reports: I-2 Financial Condition and Activities I-1 Pricing of Services E-2 CEO Responsibilities <ul style="list-style-type: none"> • ECA/GCA monitoring • Water Outlook 	Travas Deal, Chief Executive Officer
1:35 p.m.	6. Items Called Off Consent Calendar	
1:40 p.m.	7. 2024 Board Expected Results Scorecard (ER: 1-3)—Enterprise Scorecard <u>Vote</u> to approve the Board Expected Results Enterprise Scorecard per Excellence in Governance Policy Manual, Policy E-1.2.	Al Wells, Analyst Senior
1:50 p.m.	8. 2024 CEO Performance Plan <u>Vote</u> to approve the 2024 CEO Performance Plan per Excellence in Governance Policy Manual, Policy E-1.2.	Renee Adams, Chief Human Resources Officer
2:00 p.m.	9. P-5.4 2023 Committee Accomplishments Informational Item	Bethany Schoemer, Strategic Planning and Governance Specialist & Committee Chairs
2:20 p.m.	10. P-5.4 2024 Committee Work Plans <u>Vote</u> whether to approve Committee Work Plans per Excellence in Governance Policy Manual, Policy P-5	Bethany Schoemer, Strategic Planning and Governance Specialist & Committee Chairs
2:40 p.m.	11. A Resolution Authorizing the Acquisition of a Real Property for a Watershed Caretaker Residence located at 38 Bluestem Way, Fairplay, Colorado <u>Vote</u> whether to recommend approval of acquisition to Council per Real Estate Manual, per sections 4.1 and 9.6 Request to put on City Council consent agenda on Nov. 28, 2023.	Jessica Davis, Land Resource Manager
2:50 p.m.	12. A Resolution Authorizing Acquisition of Property Near the Bradley Substation	Jessica Davis, Land Resource Manager

Vote whether to recommend approval of acquisition to Council per Real Estate Manual, per sections 4.1 and 9.6
Request to put on City Council consent agenda on December 12, 2023

3:00 p.m.	13. Board Member Updates	Board of Directors
3:10 p.m.	14. Summary of Board Actions	Nicole Means, Utilities Board Administrator
3:15 p.m.	15. Adjournment	Chair Donelson

MINUTES
Colorado Springs Utilities Board Meeting
Wednesday, October 18, 2023

Utilities Board members present via Microsoft Teams or Blue River Conference Room:

Chair Dave Donelson, Vice Chair Yolanda Avila, Mike O'Malley, Randy Helms, Nancy Henjum, Lynette Crow-Iverson, Brian Risley, and Michelle Talarico

Utilities Board Members Excused: David Leinweber

Staff members present via Microsoft Teams or Blue River Conference Room:

Travas Deal, Renee Adams, Somer Mese, Mike Francolino, Tristan Gearhart, Lisa Barbato, John Hunter, Scott Shirola, Bethany Schoemer, Joe Awad, Sarah LaBarre, Kevin Shrewsberry, Jessica Davis, and Nicole Means.

City of Colorado Springs staff members present via Microsoft Teams or Blue River Conference Room:

Renee Congdon, Alex Ryden, and Ryan Trujillo

Citizens present via Microsoft Teams or Blue River Conference Room: Larry Barrett and Steve Rossoll

1. Call to Order

Chair Donelson called the Utilities Board meeting to order at 1:03 p.m. and Ms. Nicole Means, Utilities Board Administrator, called the roll.

Chair Donelson introduced Nicole Means as the new Utilities Board Administrator and asked Nicole to share her background.

2. Invocation and Pledge of Allegiance

Senior Environmental Specialist Kevin Shrewsberry delivered the invocation, and Vice Chair Avila led the Pledge of Allegiance.

3. Executive Session

Ms. Renee Congdon, City Attorney Division Chief, read the following language to enter Executive Session.

In accordance with City Charter art. III, § 3-60(d) and its incorporated Colorado Open Meetings Law, C.R.S. § 24-6-402(4)(f) and Utilities Board Bylaws Rule 10(c)(6), the

Utilities Board, in Open Renee Congdon, City Attorney's Office – Utilities Division Chief 2 of 116 Session, is to determine whether it will hold a Closed Executive Session on one issue. The issue to be discussed is the 2023 midyear performance review of the Chief Executive Officer.

The City Attorney's Office, on behalf of the Chair of the Utilities Board, shall poll the Utilities Board members, and, upon consent of two-thirds of the members present, may conduct a Closed Executive Session. In the event any Utilities Board member is participating electronically or telephonically in the Closed Executive Session, each Utilities Board member participating electronically or telephonically in the Closed Executive Session shall affirmatively state for the record that no other member of the public not authorized to participate in the electronic Closed Executive Session is present or able to hear the matters discussed as part of the Closed Executive Session. If consent to the Closed Executive Session is not given, the item may be discussed in Open Session or withdrawn from consideration.

Ms. Congdon called the roll and polled the Utilities Board. They voted unanimously to enter Executive Session by a vote of 7-0, with Board Members Leinweber and Risley excused. The Utilities Board entered Executive Session at 1:07 p.m. and finished Executive Session at 1:56 p.m. The Board took a break and returned to Open Session at 2:15 p.m.

4. Consent Calendar

3a. Approval of Utilities Board Meeting Minutes: Sep. 27, 2023

Vice Chair Avila moved approval of the Consent Calendar and Board Member Talarico seconded the motion. The Consent Calendar was unanimously approved.

5. Recognition

American Planning Association Award

Ms. Lisa Barbato, Chief Systems Planning and Projects Officer, provided background information about the award and acknowledged the conservation team. Ms. Means played a video for the American Planning Association Award. The Board Members and award recipients took a photo.

6. Customer Comments

There were no customer comments.

7. Compliance Reports

- I-11 Compensation & Benefits G-9
- I-10 Treatment of Staff
- E-2.8 Emergency CEO Succession
- E-2 CEO Responsibilities
 - Water Outlook
 - ECA/GCA monitoring

Chair Donelson explained that compliance reports are on the agenda by exception and asked if there were any questions. There were no requests to review any compliance reports.

8. Items Called Off Consent Calendar

There were none.

9. 2024 Municipal Government Street Lighting

Mr. Scott Shirola, Pricing and Rates Manager, discussed the two types of street lighting services: Municipal Government (MG) Street Lighting Service and Electric Contract Service. Mr. Shirola shared the major cost components that go into the revenue requirements for municipal street lighting. He discussed the street lighting revenue requirements from 2016 to 2023.

Board Member Helms asked whether there is a reason to maintain the 2024 revenue requirements at the same amount as 2023. Tristian Gearhart, Chief Planning and Financial Officer, explained the reason for the planned increases over the next 10 years.

The Board approved a resolution setting the Street Lighting Service Revenue Requirement for calendar year 2024 to go to City Council on Nov. 14, 2023, on consent.

10. Utilities Policy Advisory Committee (UPAC) Cost Recovery Mechanisms Assignment Update

Mr. Shirola provided an update on the Cost Recovery Assignment. The Utilities Policy Advisory Committee has been focused on four policy areas to provide a recommendation to the Utilities Board on whether Colorado Springs Utilities should revise and/or establish new cost recovery policies.

Mr. Shirola gave an overview of the background of the Cost Recovery Assignment, including new regulation, customer behavior, industry transformation, and community planning and growth. Mr. Shirola discussed current cost recovery mechanisms including system extension fees, the capacity fee for existing systems, and the capacity fee for planned additions.

Board Member Henjum asked a clarifying question regarding rate impacts. Mr. Shirola discussed the recommendation from UPAC, which includes the incentives draft recommendation and the review and design fee draft recommendation. Board Member Henjum asked whether these policies should be phased in, rather than occur all at once. Board Member O'Malley asked about discrepancies for the infrastructure costs of older neighborhoods.

Mr. Shirola discussed the projected timeline for the assignment. February is when the recommendation from UPAC will be presented to the Board.

Mr. Steve Rossell, Colorado Springs Housing and Building Association, commented that they are preparing a memo with their questions and comments on the Cost Recovery Assignment.

11. Electric Transmission System Overview

Mr. Joe Awad, General Manager of Planning and Engineering, discussed the electric transmission system including electric transmission line costs, overhead and underground installation, repairs, reliability, standardization, operations, and maintenance. Mr. Awad discussed the policy history of underground transmission and the current transmission construction practice for overhead and underground transmission. Colorado Springs Utilities does 90% of transmission overhead and 10% underground. Vice Chair Avila asked a question about cost sharing for underground transmission for developers.

Board Member Henjum moved the motion, and the motion was seconded by Board Member Talarico. Board Member Risley expressed that this item went through Strategic Planning Committee, and he recommends approving the item. Vice Chair Avila discussed concerns from her constituents that overhead transmission lines can go right beside apartment buildings and are not esthetic. Vice Chair Avila asked Mr. Awad to compare the two transmission systems without considering costs.

The Utilities Board approved to maintain current policy and practices regarding the construction of overhead and underground electric infrastructure with a vote of 7-1, with Vice Chair Avila voting against the motion.

12. Easement Acquisition for the Kelker-South Plant Transmission Line

Ms. Jessica Davis, Land Resources Manager, discussed the easement acquisition. The transmission project is a 5.4-mile-long transmission line from the Kelker Substation to the South Plant Substation at the Drake Power Plant. Ms. Davis discussed the negotiated price and requested the item to be added to Nov. 14, 2023, City Council agenda for approval. Board Member Helms made a motion to send the item to City Council, and Board Member Henjum seconded the motion.

The Board unanimously approved the Kelker-South Plant Transmission Line easement acquisition to go to City Council on Nov. 14 with a vote of 8-0. Vice Chair Avila asked for the item to go on regular utilities business and not consent.

13. Outside City Water & Wastewater Service & Agreement to Annex

Mr. Bryan English, Development Project Manager, presented this item to annex the residence of 5315 Silver Drive in Park Vista Estates enclave. The property owner reported that their well has failed, and they are receiving water from a neighbor through a garden hose. Mr. English discussed criteria Colorado Springs Utilities considered when evaluating the agreements to annex.

Board Member O'Malley expressed his concerns that he feels these homeowners are using Springs Utilities' facilities for free since they only pay county taxes and not city taxes. Board Member O'Malley also expressed that he wants these annexations to happen once and not on an individual basis.

Board Member Henjum discussed a public meeting the City of Colorado Springs is hosting to discuss annexation into the city and incentives.

Board Member Helms expressed that he wants to support this homeowner and not punish them, and they can try to eventually bring all these homeowners into the City.

Mr. Travas Deal, Chief Executive Officer, clarified that higher tap fees are paid with these agreements to annex. Mr. English further addressed the rates these homeowners pay.

A motion was made by Board Member Henjum and seconded by Board Member Helms. The board approved the Outside City Water & Wastewater Service & agreement annexation at 5315 Silver Drive to go to City Council on Nov. 14 on regular utilities business with a vote of 7-1 with Board Member O'Malley voting against the motion.

14. Proposed Natural Gas Service Boundary Adjustment

Mr. Todd Sturtevant, System Extensions Manager, explained that Springs Utilities is requesting bringing forward a resolution to adjust a portion of its outside-of-the-City natural gas service boundary to a territory within the Sterling Ranch development. He discussed the controlling law, the basis for the proposed service boundary adjustment, and next steps for the boundary adjustment.

The Board approved the natural gas service boundary adjustment to go to City Council on Nov. 14 on consent.

15. Board Member Updates

Board Member Helms gave an update on the fiber installation in north Colorado Springs and discussed a failure in the notification method.

Board Member Avila gave updates on Personnel Committee and reviewed the I-10, I-11, CEO succession plan, and the Employee Climate Survey. Board Member Avila applauded the success of the recent Customer Service Appreciation event that took place at the National Museum of World War II Aviation.

Board Member Talarico gave an update on the Program Management Review Committee. At their next meeting, they will start the day with a tour at the Sand Creek Lift Station and will shorten the length of the meeting to create greater efficiencies.

16. Summary of Board Actions

The Utilities Board approved a resolution setting the Street Lighting Service Revenue Requirement for calendar year 2024 to go to City Council on Nov. 14 on consent.

The Utilities Board approved to maintain current policy and practices regarding the construction of overhead and underground electric infrastructure.

The Utilities Board approved the Kelker-South Plant Transmission Line Easement Acquisition to go to City Council on Nov. 14 on regular utilities business.

The Utilities Board approved the Outside City Water & Wastewater Service & Agreement Annexation at 5315 Silver Dr. to go to City Council on Nov. 14 on regular utilities business.

The Utilities Board approved the natural gas service boundary adjustment to go to City Council on Nov. 14 on consent.

17. Adjournment

The meeting adjourned at 4:15 p.m.

Board Memo Agenda Item

Staff Report

Date: Nov. 15, 2023
To: Utilities Board
From: Travas Deal, Chief Executive Officer
Subject: Re-Appointing Three Members of the Fountain Valley Authority Board of Directors

NARRATIVE:

Desired Action: Vote whether to re-appoint Abigail Ortega, Joseph Rasmussen, and Natalie Lovell as members of the Fountain Valley Authority Board of Directors under City Code section 12.10.104 and Utilities Board Policy UBA-4.

Executive Summary: The Fountain Valley Authority is a water authority established as a separate legal and governmental entity, and a political subdivision under the laws of Colorado, and consists of the following entities: The City of Colorado Springs, The City of Fountain, Widefield Water and Sanitation District, Security Water District, and Stratmoor Hills Water District. The articles of incorporation of the Fountain Valley Authority provide that the City of Colorado Springs shall appoint four members of the Board of Directors to the authority for a term of three years.

Three Colorado Springs Board seats of the Fountain Valley Authority, currently held by Abigail Ortega, Joseph Rasmussen, and Natalie Lovell, will expire on Dec.31, 2023. It is necessary for the Utilities Board to appoint board members to fill the three-year terms effective January 1, 2024, and ending December 31, 2026. Abigail Ortega, General Manager, Infrastructure & Resource Planning, Joseph Rasmussen, Manager, Water Wastewater Infrastructure Planning, and Natalie Lovell, Manager, Accounting Controller are each eligible and willing to serve three-year terms, expiring December 31, 2026. The Utilities Board may re-appoint these individuals or appoint another selected candidate.

Benefits: N/A

Board Policy: UBA-4: Appoint directors and representatives to water authorities, partnerships, joint ventures, and similar entities in which Utilities participates.

Cost/Budget: N/A

Affected Parties: Colorado Springs Utilities, Fountain Valley Authority Board of Directors

Alternatives: The Utilities Board may appoint recruit new candidate(s). This option would result in a vacancy until the Utilities Board acts.

Submitter: Abigail Ortega	Email address: ajortega@csu.org
Division/ Department: Infrastructure & Resources Planning	Phone number: 719-668-8748
	Date submitted: Oct. 30, 2023

SPG Staff Use Only: Consent Calendar	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/>	No	ITEM NO. 3
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RESOLUTION NO. 23-15

**A RESOLUTION OF THE BOARD OF DIRECTORS OF COLORADO
SPRINGS UTILITIES RE-APPOINTING THREE MEMBERS OF THE
FOUNTAIN VALLEY AUTHORITY BOARD OF DIRECTORS
TO FILL THREE-YEAR TERMS EFFECTIVE JANUARY 1, 2024
AND EXPIRING DECEMBER 31, 2026**

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF
COLORADO SPRINGS UTILITIES:

Section 1. That Abigail Ortega, Joseph Rasmussen, and Natalie Lovell are re-
appointed as members of the Fountain Valley Authority Board of Directors for three-year
terms effective January 1, 2024 and expiring December 31, 2026.

DATED at Colorado Springs, Colorado, this _____ day of November 2023.

Dave Donelson, Utilities Board Chair

ATTEST:

Travas Deal, Secretary

Board Memo Agenda Item

Staff Report

Date: Nov. 15, 2023
To: Utilities Board
From: Travas Deal, Chief Executive Officer
Subject: Re-Appointing Ronald Sanchez as a member of the Homestake Steering Committee and of the Board of Directors of the Aurora-Colorado Springs Joint Water Authority Board

NARRATIVE:

Desired Action: Vote whether to re-appoint Ronald Sanchez as member of the Homestake Steering Committee and of the Board of Directors of the Aurora-Colorado Springs Joint Water Authority Board under City Code section 12.10.104 and Utilities Board Policy UBA-4.

Executive Summary:

The City of Colorado Springs and the City of Aurora operate the Homestake Water Project as partners. The Homestake Water Project is governed by the Homestake Steering Committee, which is made up of three representatives of each city who are appointed by their respective governing bodies. The cities formed the Aurora-Colorado Springs Joint Water Authority as a financing vehicle for the extension of the Homestake pipeline from Twin Lakes to the Otero Pump Station. The Board of Directors of the Aurora-Colorado Springs Joint Water Authority is made up of three representatives of each city who are also appointed by their respective governing bodies and two non-voting members. Colorado Springs appoints members through the Utilities Board.

A Colorado Springs seat of the Homestake Steering Committee and of the Board of Directors of the Aurora-Colorado Springs Joint Water Authority, currently held by Ronald Sanchez, will expire on Dec. 31, 2023, and Jan. 14, 2024, respectively. It is necessary for the Utilities Board to appoint a Committee and Board Member to fill the upcoming three-year terms. Ronald Sanchez, Engineer Supervisor, Water Infrastructure Planning, is eligible and willing to serve as a Director of the Homestake Steering Committee effective Jan. 1, 2024, and ending Dec. 31, 2026, and to the Aurora-Colorado Springs Joint Water Authority effective Jan. 15, 2024, and ending Jan. 14, 2027.

Benefits:

N/A

Board Policy:

UBA-4: Appoint directors and representatives to water authorities, partnerships, joint ventures, and similar entities in which Utilities participates.

Cost/Budget:

N/A

Affected Parties:

Colorado Springs Utilities, the Homestake Steering Committee, and the Aurora-Colorado Springs Joint Water Authority Board

Alternatives:

The Utilities Board may appoint recruit new candidate(s). This option would result in a vacancy until the Utilities Board acts.

Submitter: Abigail Ortega	Email address: ajortega@csu.org
Division/ Department: Infrastructure & Resources Planning	Phone number: 719-668-8748
	Date submitted: Oct. 30, 2023

SPG Staff Use Only: Consent Calendar

Yes

X

No

ITEM NO. 3

RESOLUTION NO. 23-16

**A RESOLUTION OF THE BOARD OF DIRECTORS OF COLORADO
SPRINGS UTILITIES RE-APPOINTING RONALD SANCHEZ
TO THE HOMESTAKE STEERING COMMITTEE AND
TO THE BOARD OF DIRECTORS OF THE
AURORA-COLORADO SPRINGS JOINT WATER AUTHORITY**

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF COLORADO SPRINGS UTILITIES:

Section 1. Ronald Sanchez is re-appointed as a member of the Homestake Steering Committee effective January 1, 2024 and ending December 31, 2026 and as a member of the Board of Directors of the Aurora-Colorado Springs Joint Water Authority effective January 15, 2024 and ending January 14, 2027.

DATED at Colorado Springs, Colorado, this _____ day of November 2023.

Dave Donelson, Utilities Board Chair

ATTEST:

Travas Deal, Secretary

GUIDELINES

Guideline:	Compliance Report Frequency and Method (G-3)	Date of Adoption:	December 19, 2016
Applicable Policy Title (Number):	Organizational Oversight (E-2.3)	Revision Date:	July 21, 2021
		Revision Number:	

Compliance Report Frequency and Method

<u>Policy</u>	<u>Method</u>	<u>Frequency</u>
I - 1 Pricing of Services	Internal	Annual
I - 2 Financial Condition and Activities	Internal City Auditor	Quarterly Annual
I - 3 Financial Planning and Budgeting	Internal	Annual
I - 4 Risk Management	Internal City Auditor External	Semi-Annual Annual Years ending in 0 or 5
I - 5 Economic Development	Internal	Annual
I - 6 Infrastructure	Internal	Semi-Annual
I - 7 Water Supply Management	Internal	Annual
I - 8 Asset Protection	Internal City Auditor	Semi-Annual Annual
I - 9 Treatment of Customers and Customer Information	Internal	Annual
I - 10 Treatment of Staff	Internal	Annual
I - 11 Compensation and Benefits	Internal	Annual
I - 12 Environmental Stewardship	Internal	Annual
I - 13 Community Investment	Internal	Annual
I-14 Enterprise Innovation	Internal	Annual

Utilities Board Meeting Date	Compliance Reports and Policy Reviews	Other Reported Information
January 17, 2024	C-2 Utilities Board Annual Evaluation (Annual) I-6 Infrastructure (SP) (Semi-annual) E-2 UB/CEO Expectations	ECA/GCA Quarterly Filing Discussion Updates as Needed: UPAC Assignments
February 21, 2024	I-4 Risk Management (F) (Semi-annual) I-5 Economic Development (SP, F) (Annual) I-13 Community Investment (SP, F) (Annual) E-2 UB/CEO Expectations	Updates as Needed: UPAC Assignments
March 20, 2024	ER: 1-3 Board Expected Results Scorecard (P) (Semi-annual) I-4 Risk Management (F) (Annual City Auditor Rprt) I-8 Asset Protection (F) (Semi-annual) E-2 UB/CEO Expectations	Year-end CEO Performance Executive Session Updates as Needed: UPAC Assignments
April 17, 2024	I-2 Financial Cond. & Activities (F, SP) (Quarterly Oct-Dec) I-12 Environmental Stewardship (SP) (Annual) E-2 UB/CEO Expectations	ECA/GCA Quarterly Filing Discussion Updates as Needed: UPAC Assignments
May 22, 2024	I-2 Financial Condition & Activities (F) (Quarterly Jan-Mar) I-2 Financial Condition & Activities (F) (Annual City Auditor Report) I-8 Asset Protection (F) (Annual City Auditor Report) E-2 UB/CEO Expectations	Updates as Needed: UPAC Assignments
June 18, 2024	E-2 UB/CEO Expectations	ECA/GCA Quarterly Filing Discussion ECC/GCC Annual Filing Discussion Updates as Needed: UPAC Assignments
July 17, 2024	I-3 Financial Planning & Budgeting (F) (Annual) I-6 Infrastructure (SP) (Semi-annual) E-2 UB/CEO Expectations	Financial Planning/Budgeting Presentation Updates as Needed: UPAC Assignments

Utilities Board Meeting Date	Compliance Reports and Policy Reviews	Other Reported Information
August 21, 2024	I-2 Financial Condition & Activities (F) (Quarterly Apr-June) I-14 Enterprise Innovation (SP) (Annual) I-4 Risk Management (F) (Semi-annual) I-8 Asset Protection (F) (Semi-annual) E-2 UB/CEO Expectations	Preliminary 2025 Budget and Rates Presentation Updates as Needed: UPAC Assignments
September 18, 2024	I-7 Water Supply Management (SP) (Annual) I-9 Treatment of Customers and Customer Information (SP) (Annual) ER: 1-3 Board Expected Results Scorecard (P) (semi-annual) E-2 UB/CEO Expectations	ECA/GCA Quarterly Filing Discussion Mid-year CEO Performance Executive Session Updates as Needed: UPAC Assignments
October 16, 2024	I-10 Treatment of Staff (P) (Annual) I-11 Compensation & Benefits (P) (Annual) E-2.8 Emergency CEO Succession (P) (Annual) E-2 UB/CEO Expectations	Updates as Needed: UPAC Assignments
November 20, 2024	I-2 Financial Condition & Activities (F) (Quarterly July-Sept) E-2 UB/CEO Expectations	ECA/GCA Quarterly Filing Discussion Updates as Needed: UPAC Assignments
December 18, 2024	I-1 Pricing of Services (F) (Annual) ER: 1-3 2025 CEO Performance Plan and Board Expected Results Scorecard (all committees) E-2.3 2025 Compliance Report Frequency & Method (Annual) P-1.2 2025 Annual Planning Calendar (SP) P-5.4 2025 Committee Work Plans E-2 UB/CEO Expectations	Updates as Needed: UPAC Assignments



Date: November 15, 2023

To: Utilities Board

From: Travas Deal, Chief Executive Officer

Subject: **Excellence in Governance Monitoring Report
Financial Condition and Activities (I-2)**

Desired Action: Monitoring

Compliance: The CEO reports compliance with the instructions.

INSTRUCTIONS			
Category:	Utilities Board Instructions to the Chief Executive Officer	Reporting Timeframe:	July 1, 2023 – September 30, 2023
Policy Title (Number):	Financial Condition and Activities (I-2)	Reviewing Committees:	Finance; Program Management Review
Monitoring Type:	Internal; City Auditor	Monitoring Frequency:	Quarterly, Annually
Guidelines:	Local Vendor (G-7)		

The Chief Executive Officer shall direct that financial condition and activities and actual expenditures are consistent with Board Expected Results. Accordingly, the CEO shall:

1. *Operate within total appropriations for the fiscal year and inform the Utilities Board of:*
 - a. *Significant financial variances*
 - Fuel expenses are projected to be \$214.6 million or 40% under the approved budget primarily due to lower actual and forecasted 2023 natural gas prices than those projected at the time of the 2023 budget appropriation
 - Operating revenues are currently \$6.6 million or <1% under the approved budget mainly due to a decrease in water sales related to weather
 - Capital expenses are projected to be \$17.5 million or 4% over the approved budget primarily due to work shifting from 2022 to 2023
 - Non-fuel operating expenses are projected to be \$6.5 million or 2% under approved budget primarily due to labor and benefits shift to Capital

- b. *Expenditures that exceed the Federal Energy Regulatory Commission capital and operating and maintenance budget classifications in electric, natural gas, water, wastewater and common.*

As of the end of the third quarter of 2023:

- Operating and maintenance expenses are projected to exceed the approved budget by \$0.6 million or <1% in Wastewater.
- Capital expenditures are projected to exceed the approved budget by \$5.0 million or 2% in Electric, \$3.4 million or 9% in Gas, \$4.0 million or 5% in Water, and \$8.7 million or 33% in Common.

- c. *Budget transfers and canceled major capital projects over \$500,000 in the Approved Budget or new major capital projects not funded in the Approved Budget.*

In the third quarter of 2023, there was one canceled capital project in Common:

- Data Analytics & AI (596715) - \$500,000

In the third quarter of 2023, there were six new capital projects, four in electric and one in common:

- Enterprise Network Rebuild (596748) - \$ 1,196,632
- Nixon Units 2&3 Capital Spare Parts (194077) - \$1,000,000
- Downtown Network Upgrades (182536) - \$929,406
- System Improvement Funds (SIP)- South Nevada Avenue Corridor Redevelopment (173512) - \$650,000
- SIP – Legacy Loop (174055) - \$517,275

2. Inform the Utilities Board of contracts that have been issued over \$500,000.

In the third quarter of 2023, there were 29 new contracts initiated over \$500,000.

Service	Description	Type	Contract Amount
Electric Service	Fiber Network Construction Services – Task Order for FHR 2	RELEASE	\$21,300,107
Multi Service	Advanced Metering Infrastructure_2023 Construction Task Order	RELEASE	\$7,795,300
Electric Service	FIBER – COSB – WO 3904999	RELEASE	\$6,928,571
Multi Service	2023 -2026 Renewal – Microsoft Enterprise Agreement	RELEASE	\$5,021,121
Multi Service	Palo Alto Firewall Enterprise Support Agreement	RELEASE	\$2,551,500
Water Service	Las Vegas Water Resource Reclamation Facility East Non-Potable Reservoir Floor Replacement	STANDARD	\$2,476,935
Electric Service	Substation Transformer Products and Service	RELEASE	\$2,384,074
Water Service	Potable Water Distribution Pipelines and Infrastructure Construction Services	RELEASE	\$2,300,000
Electric Service	Front Range Power Plant Long Term Service Agreement	RELEASE	\$2,206,574
Electric Service	Energy Trading and Risk Management System	RELEASE	\$2,140,931
Wastewater Service	J.D. Power Water Resource Reclamation Facility Diversion Structure Refurbishment	STANDARD	\$2,045,000
Water Service	N. Slope – South Catamount Dam Rehabilitation Design and ESCDs	STANDARD	\$1,418,180
Water Service	Gillen Rd/ Jenkins Pl / Tudor Rd _ Finish Water Linear Asset Program (FWLAP)	RELEASE	\$1,360,000
Multi Service	Amendment 008 – Optimization Extended Hypercare	RELEASE	\$1,035,916
Multi Service	Contract Leon Young Service Center Roof Replacement	STANDARD	\$990,800
Electric Service	Sustainable Energy Plan Horizon Substation Control Enclosure	RELEASE	\$970,919
Multi Service	Blanket Contract for CISCO Products and services.	RELEASE	\$938,603
Multi Service	Motorola Radio Purchase (NASPO)_ NTS	RELEASE	\$899,724
Multi Service	SCE 2023 Renewal - Microsoft Enterprise Agreement	RELEASE	\$863,288
Multi Service	Information Technology Service Management Tool	RELEASE	\$744,560
Water Service	Purchase new unit U9006, 2023 Caterpillar D7 Dozer	RELEASE	\$704,479
Water Service	2023 United States Geological Survey Joint Funding Agreements	RELEASE	\$656,242
Multi Service	2023 SmartNet Renewal	RELEASE	\$618,320
Multi Service	Servers - ESA Life Cycle	RELEASE	\$612,683

Electric Service	Cable & Wire Alliance HELD AT IRBY	RELEASE	\$605,834
Electric Service	Cable & Wire Alliance Held at Irby	RELEASE	\$597,792
Service	Description	Type	Contract Amount
Water Service	iTOA Water Clearance Software - Initial Release	RELEASE	\$587,600
Electric Service	Nixon Boiler Feed Pump Inner Volute Case Spare Part Manufacturing	STANDARD	\$545,887
Electric Service	lysc.ap	STANDARD	\$505,161

In the third quarter of 2023, there were no existing contracts increasing to over \$500,000.

3. *Invest funds in accordance with Bond Ordinance requirements and Utilities Investment Plan.*

All cash and investments are in U.S. Treasury Notes, U.S. Agency securities, repurchase agreements, Local Government Investment Pools, and secured bank accounts that comply with Bond Ordinance investment requirements and the Colorado Springs Utilities Investment Plan.

4. *Ensure controls are in place for receiving, processing, or disbursing funds and allow only bonded personnel access to material amounts of funds.*

Colorado Springs Utilities maintains adequate controls that are reviewed annually by an external auditor. Appropriate personnel have access to material amounts of funds. In addition, the City of Colorado Springs' Risk Management team has expanded insurance coverage of high-risk employees through a shared Crime Insurance Policy, which affords a financial backstop for employee theft, forgery, money order tampering, counterfeit money, and other elements of potential fraud and misappropriation.

5. *Ensure receivables are resolved within a reasonable grace period.*

Days Sales Outstanding (DSO) is the average number of days receivables remain outstanding before being collected. At the end of the third quarter of 2023, there is 25.01 of DSO.

6. *Settle payroll and debts in a timely manner.*

These conditions have been achieved as of this monitoring report.

7. *Ensure tax payments or other government ordered payments are timely and materially accurate.*

These conditions have been achieved as of this monitoring report.

8. *Operate within Colorado State Procurement Code, Colorado Springs Utilities Procurement Code and Procurement procedures assuring legal and fiscal compliance with competitive acquisition practices, conflict of interest, favoritism, and procurement from local vendors.*

Colorado Springs Utilities maintains written purchasing regulations that assure legal and fiscal compliance with competitive acquisition practices, avoid conflicts of interest, avoid favoritism, and promote procurement from local vendors. Total spending associated with purchase orders and contracts with local area addresses is at 28.7% for the third quarter, with a target of 30%.

9. *Inform the Utilities Board of significant financial impacts on the Municipal Government.*

During the third quarter of 2023, there were no significant financial impacts on the Municipal Government.



Date: November 15, 2023

To: Utilities Board

From: Travas Deal, Chief Executive Officer

Subject: **Excellence in Governance Compliance Report
Pricing of Services (I-1)**

Desired Action: Compliance

Compliance: The CEO reports compliance with the instructions.

INSTRUCTIONS			
Category:	Utilities Board Instructions to the Chief Executive Officer	Reporting Timeframe:	November 1, 2022 – October 31, 2023
Policy Title (Number):	Pricing of Services (I-1)	Reviewing Committee:	Finance
Monitoring Type:	Internal	Monitoring Frequency:	Annual
Guidelines:	Rate Design (G-5); Electric and Gas Cost Adjustments (G-6)		

The Chief Executive Officer shall direct that pricing practices result in rates that are just, reasonable and not unduly discriminatory. Accordingly, the CEO shall:

- 1. Establish pricing practices that result in revenues that are sufficient to provide safe, reliable utility services to Colorado Springs Utilities citizens and customers.*

Colorado Springs Utilities prepares an annual revenue requirement for each separate regulated service to determine that revenue generated from current effective rates are sufficient to support all the budgeted expenses while maintaining strong financial metrics for the following year.

- 2. Establish pricing practices that maintain financial viability of each separate regulated service.*

All rate proceedings adhere to state statues and City Code utilizing industry accepted pricing principles and methodology that demonstrate just and reasonable pricing that is not unduly discriminatory. Non-fuel base rate adjustments are

submitted to City Council for approval and supported by cost of service studies forecasted to provide sufficient revenue to support non-fuel expense recovery. The cost adjustment and capacity charge rate structures establish rates sufficient to recover fuel related costs. Electric Cost Adjustment (ECA), Electric Capacity Charge (ECC), Gas Cost Adjustment (GCA) and Gas Capacity Charge (GCC) rate adjustments are submitted to City Council for approval and forecasted to provide sufficient revenue to support fuel expense recovery.



Date: November 15, 2023

To: Utilities Board

From: Travas Deal, Chief Executive Officer

Subject: **Excellence in Governance Monitoring Report**
Utilities Board/Chief Executive Officer Partnership Expectations (E-2)

Desired Action: Monitoring

EXPECTATIONS	
Category:	Utilities Board/Chief Executive Officer Partnership Expectations
Policy Number:	E: 2 (Chief Executive Officer Responsibilities)

The Utilities Board and the Chief Executive Officer work in partnership to achieve excellence in governance and operations to attain long-term organizational success and sustainability.

November 2023 Water Outlook using data as of October 31, 2023

Locally, temperatures were above average, and precipitation was below average in October. Demands were less than last year at this time.

2023 Demands

October use averaged 59.3 million gallons per day (MGD), which was about 9.3 percent less than last October. Year to date demand is averaging 62.4 MGD, which is 9.2 percent less than last year at this time. Temperatures in October were above the thirty-year average at 52.0 degrees Fahrenheit, which was 1.3 degrees above normal. Year to date temperatures have averaged 53.3 degrees Fahrenheit, which is 0.2 degrees below normal. Total precipitation for October was 0.56 inches, which is below normal. Year to date precipitation is 24.79 inches, which is 162 percent of normal.

Current Reservoir Levels

Local storage is currently at about 47,078 acre-feet (71 percent of capacity). The 1991-2021 average is 66 percent of capacity. Rampart Reservoir is at 76 percent of capacity, and Pikes Peak storage is at 64 percent of capacity. System wide, total storage is about 224,700 acre-feet (87 percent of capacity). Last year at this time, total system wide storage was 73 percent of capacity. It was about 74 percent at this same time in 2021, about 73 percent of capacity in 2020, about 81 percent of capacity in 2019, about 74 percent of capacity in 2018, about 87 percent of capacity in 2017, about 80 percent of capacity in 2016, about 83 percent of capacity in 2015, and about 78 percent of capacity in 2014. The 1991-2021 average system wide storage for the end of October is 75 percent

of capacity.

Water Supply Outlook

The U.S. Drought Monitor shows pockets of moderate/severe drought conditions throughout the U.S., with extreme drought concentrated in the mid-west, south-west, and south-central parts of the country. The seasonal drought outlook predicts drought will persist in some parts of western Colorado between now and January 31, 2024. The three-month climate outlook shows equal chances for above-average and below-average temperatures and precipitation across all of Colorado. We continue to monitor runoff, demand, and storage to maximize available water supply.

Operational Notes

South Catamount Reservoir capacity remains restricted for planned dam maintenance this fall, and Crystal Reservoir is currently being backfilled from North Catamount Reservoir. The South Slope system pipeline to Tollefson Water Treatment Plant has been removed from service until spring of 2024 for normal winter operations. Total system storage is at 87 percent of capacity and holds about 3.1 years of demand, which is above average for the end of October. Local storage contains about 241 days of demand.

Electric Cost Adjustment (ECA)

On February 28, 2023, City Council approved the ECA rate of \$0.0284 per kWh effective March 1, 2023. As of October 31, 2023, the ECA under collection balance was \$7.4 million. The under collection balance changed by \$2.0 million from the \$5.4 million under collection balance reported last month.

Gas Cost Adjustment (GCA)

On June 27, 2023, City Council approved the GCA rate of \$0.2308 per Ccf effective July 1, 2023. As of October 31, 2023, the GCA over collection balance was \$22.4 million. The over collection balance changed by \$0.4 million from the \$22.8 million over collection balance reported last month.

Quarterly Cost Adjustment Recommendation

Utilities prepares monthly monitoring of the ECA and GCA and provides regular updates to the Utilities Board. Based on cost adjustment guidelines (Guideline G-6) approved by the Board, Utilities typically files ECA and GCA rate changes with City Council on a quarterly basis. The next scheduled quarterly filing would occur in December 2023, with potential rates effective January 1, 2024. Since a second City Council meeting is not scheduled in December, changes to cost adjustment rates would need to be considered at the first City Council meeting on December 12, 2023. Based on the abbreviated December timeline, updated projections would not be available thereby requiring any proposed changes to be made using the information provided in this November Monitoring Report.

Given the position of projected expenses, including forecasted natural gas prices, and collection balances, Utilities recommends not bringing the scheduled quarterly ECA and GCA rate filings to City Council in December. Utilities will continue to provide regular updates to the Utilities Board as appropriate.



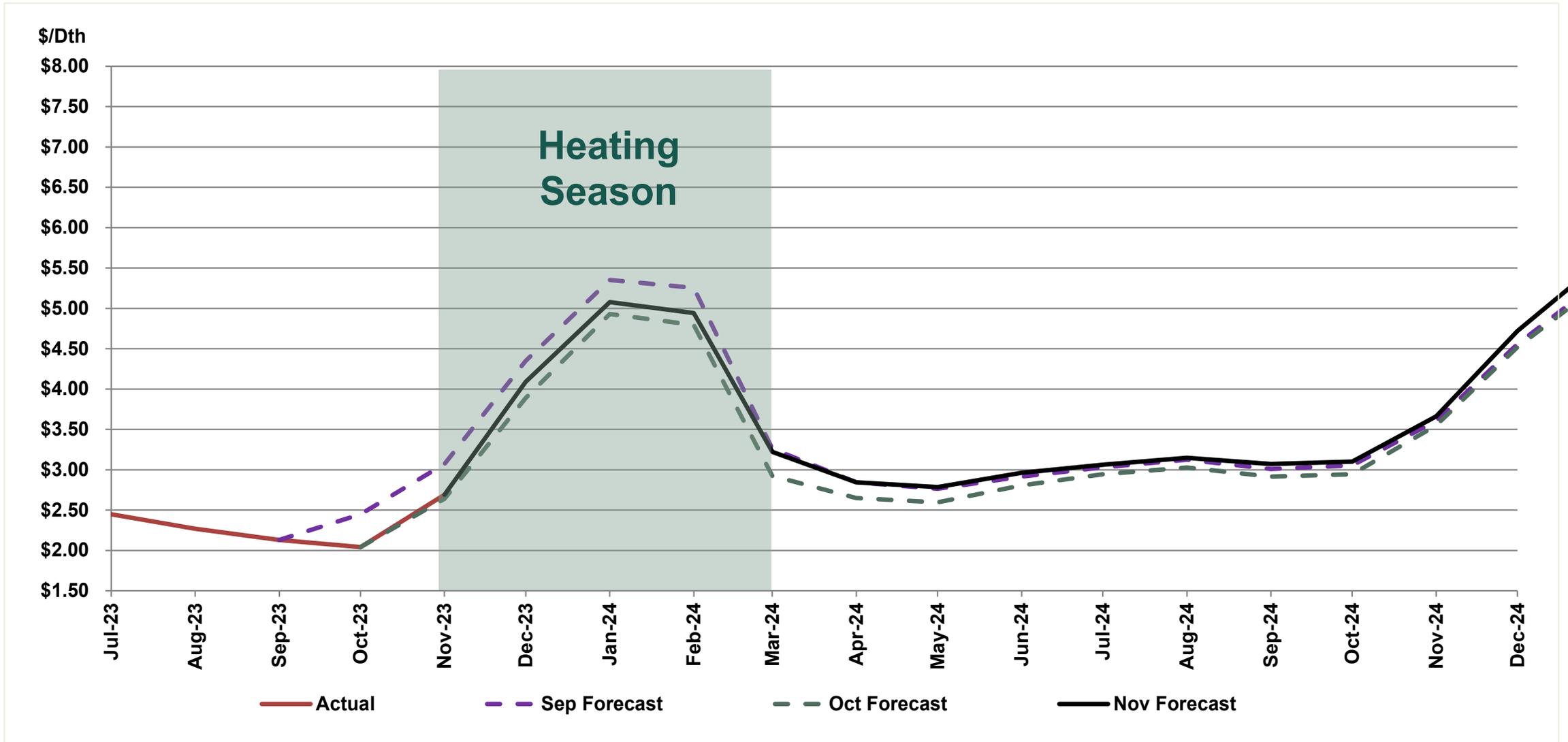
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Electric Cost Adjustment Gas Cost Adjustment

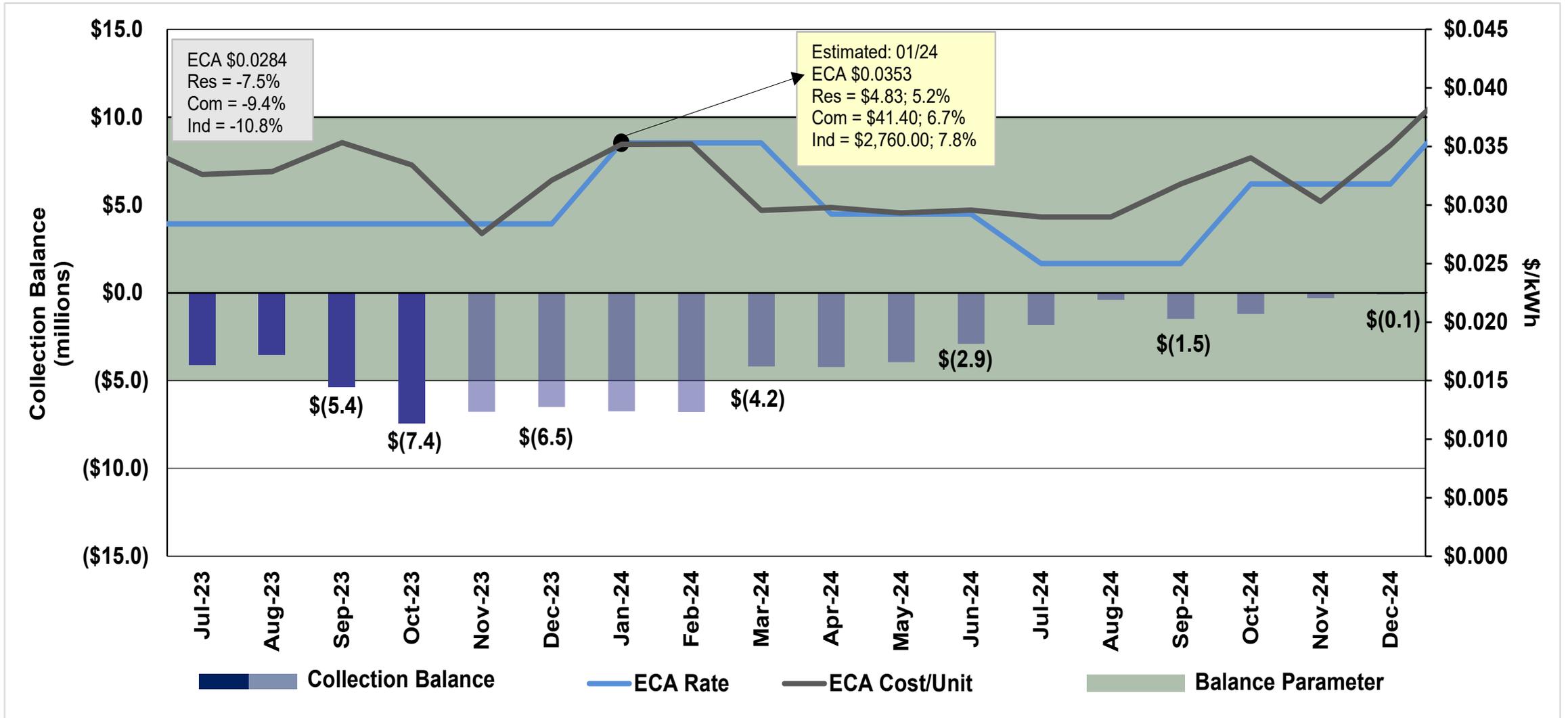
Scott Shirola, Pricing and Rates Manager

November 15, 2023

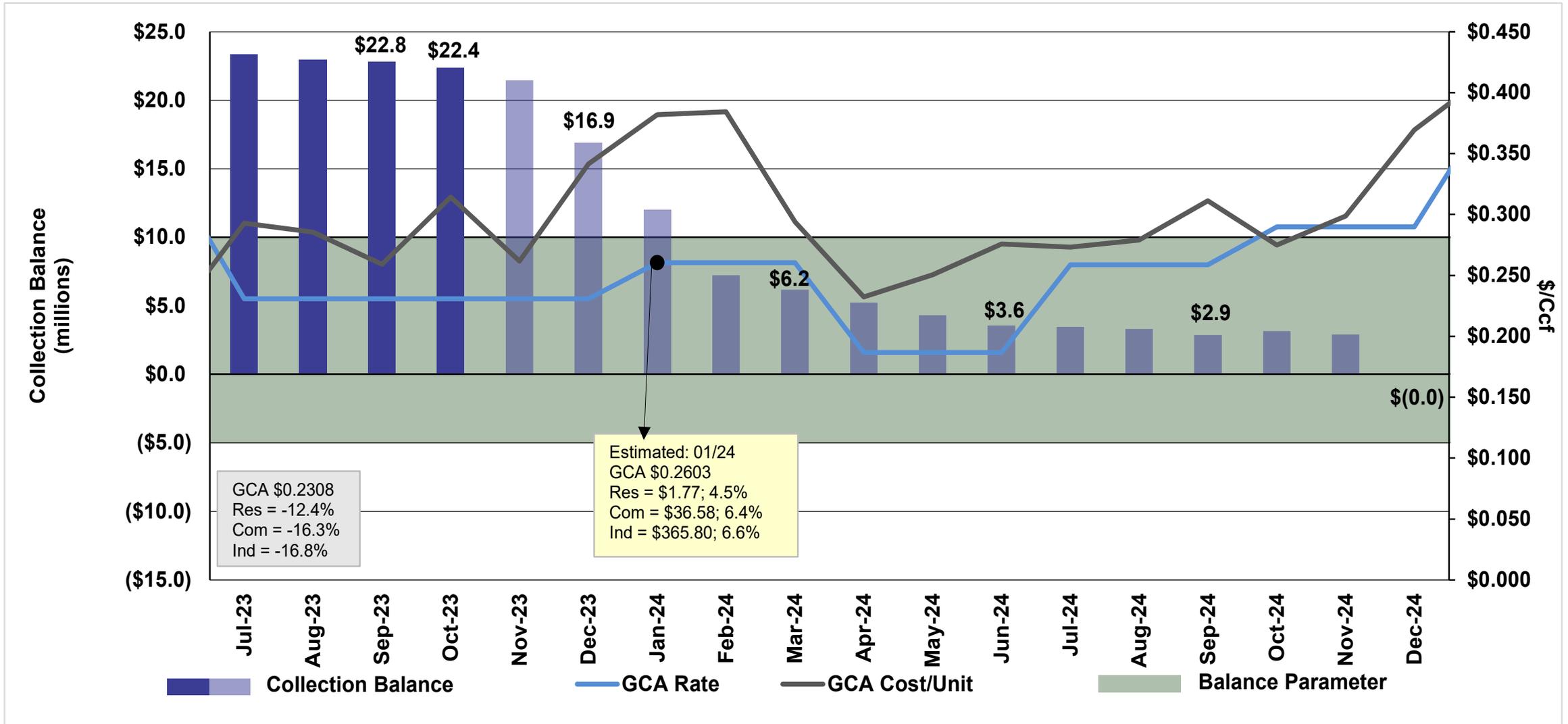
Natural Gas Prices as of November 1, 2023



ECA Projections November 2023



GCA Projections November 2023





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Water Outlook

Katie Garrett, PE

Water Resources Engineer, Water Resource Planning

November 1, 2023

Local Weather Conditions as of October 31, 2023

Precipitation (Inches of Moisture)

- October 2023 – 0.56 in. (73% of normal)
- 2023 YTD Total – 24.79 in. (162% of normal)

Average Temperature (Degrees F)

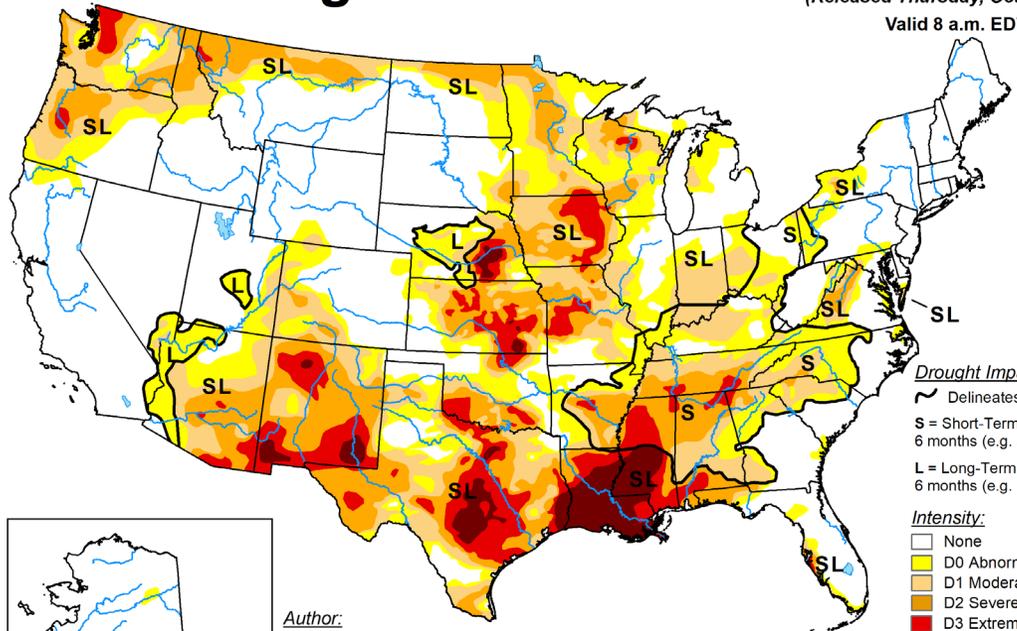
- October 2023 – 52.0 Deg. (1.3 degrees above normal)
- 2023 YTD Average – 53.3 Deg. (0.2 deg. below normal)



DROUGHT MONITOR

U.S. Drought Monitor

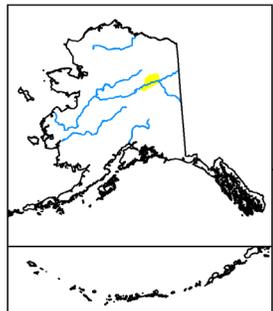
October 24, 2023
 (Released Thursday, Oct. 26, 2023)
 Valid 8 a.m. EDT



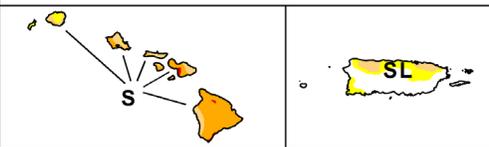
Drought Impact Types:
 ~ Delineates dominant impacts
 S = Short-Term, typically less than 6 months (e.g. agriculture, grasslands)
 L = Long-Term, typically greater than 6 months (e.g. hydrology, ecology)

Intensity:

- None
- D0 Abnormally Dry
- D1 Moderate Drought
- D2 Severe Drought
- D3 Extreme Drought
- D4 Exceptional Drought



Author:
 Rocky Bilotta
 NCEI/NOAA



The Drought Monitor focuses on broad-scale conditions. Local conditions may vary. For more information on the Drought Monitor, go to <https://droughtmonitor.unl.edu/About.aspx>

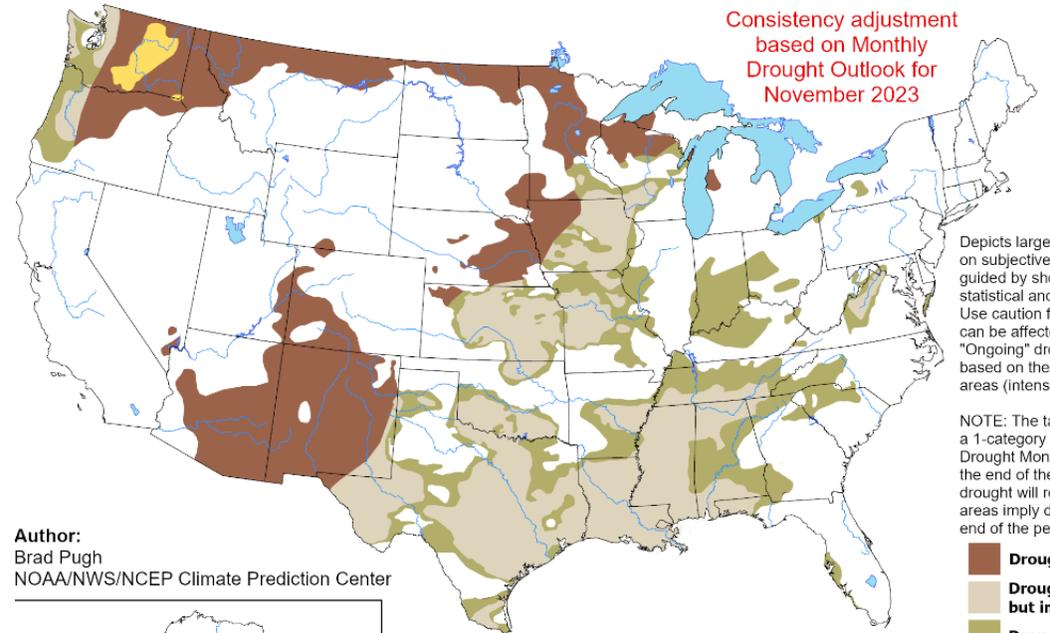


droughtmonitor.unl.edu

U.S. Seasonal Drought Outlook Drought Tendency During the Valid Period

Valid for November 1, 2023 - January 31, 2024
 Released October 31, 2023

Consistency adjustment
 based on Monthly
 Drought Outlook for
 November 2023

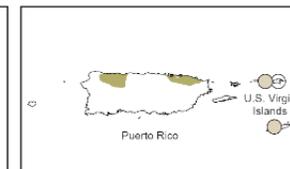
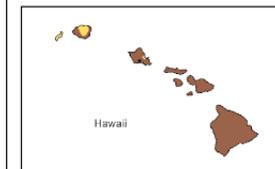


Depicts large-scale trends based on subjectively derived probabilities guided by short- and long-range statistical and dynamical forecasts. Use caution for applications that can be affected by short lived events. "Ongoing" drought areas are based on the U.S. Drought Monitor areas (intensities of D1 to D4).

NOTE: The tan areas imply at least a 1-category improvement in the Drought Monitor intensity levels by the end of the period, although drought will remain. The green areas imply drought removal by the end of the period (D0 or none).

- Drought persists
- Drought remains, but improves
- Drought removal likely
- Drought development likely
- No drought

Author:
 Brad Pugh
 NOAA/NWS/NCEP Climate Prediction Center



<https://go.usa.gov/3eZ73>

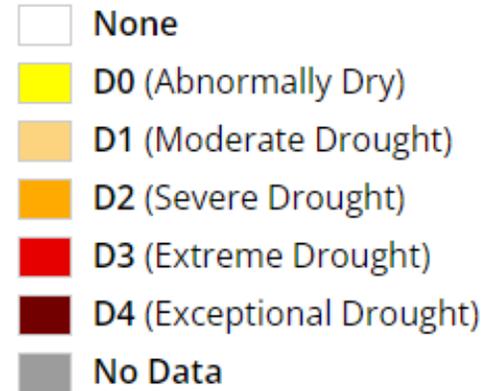
DROUGHT MONITOR

COLORADO

Map released: Thurs. October 26, 2023

Data valid: October 24, 2023 at 8 a.m. EDT

Intensity



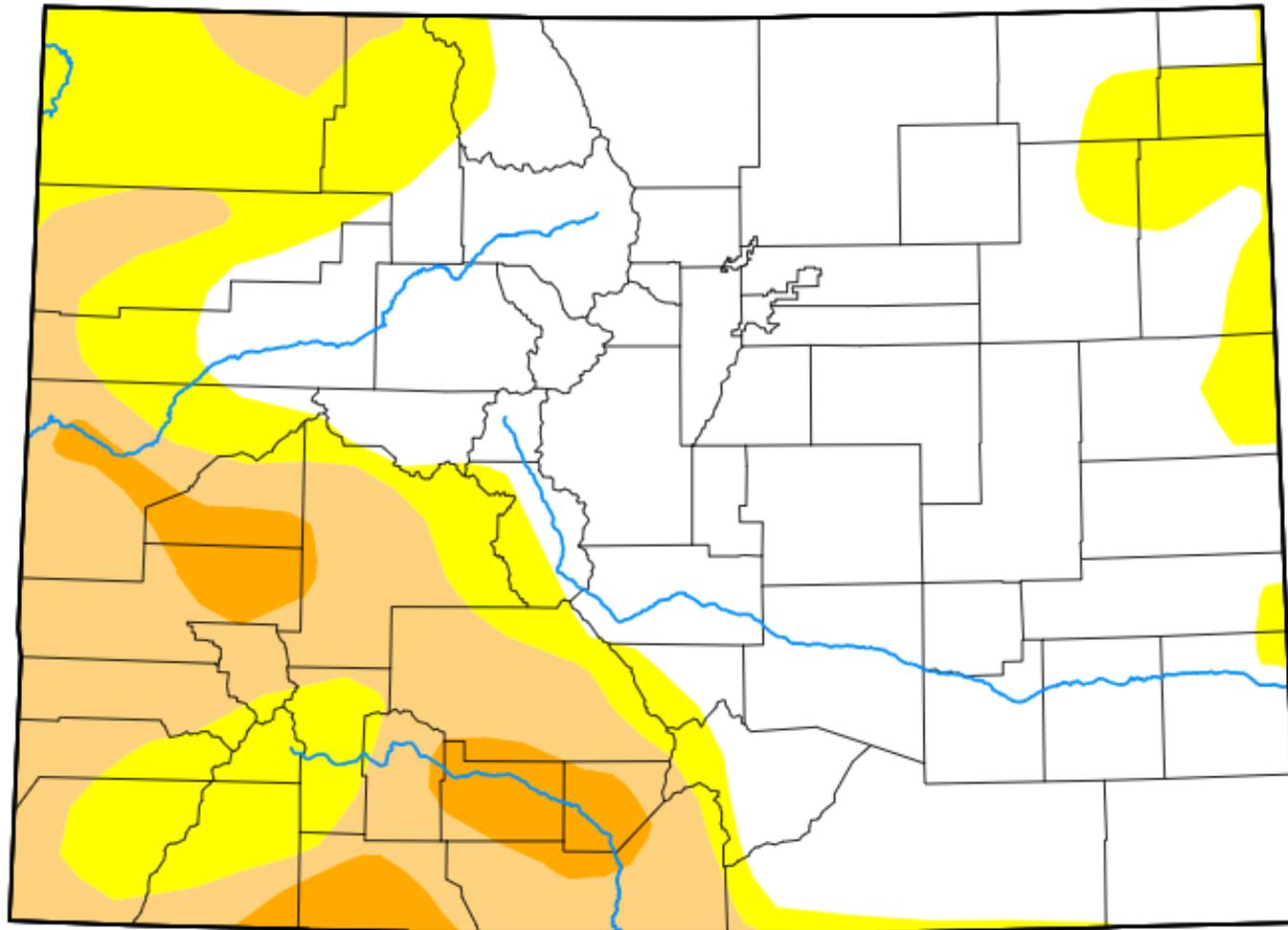
Authors

United States and Puerto Rico Author(s):

[Rocky Bilotta](#), NOAA/NCEI

Pacific Islands and Virgin Islands Author(s):

[Ahira Sanchez-Lugo](#), NOAA/NCEI



2023 Demands

October

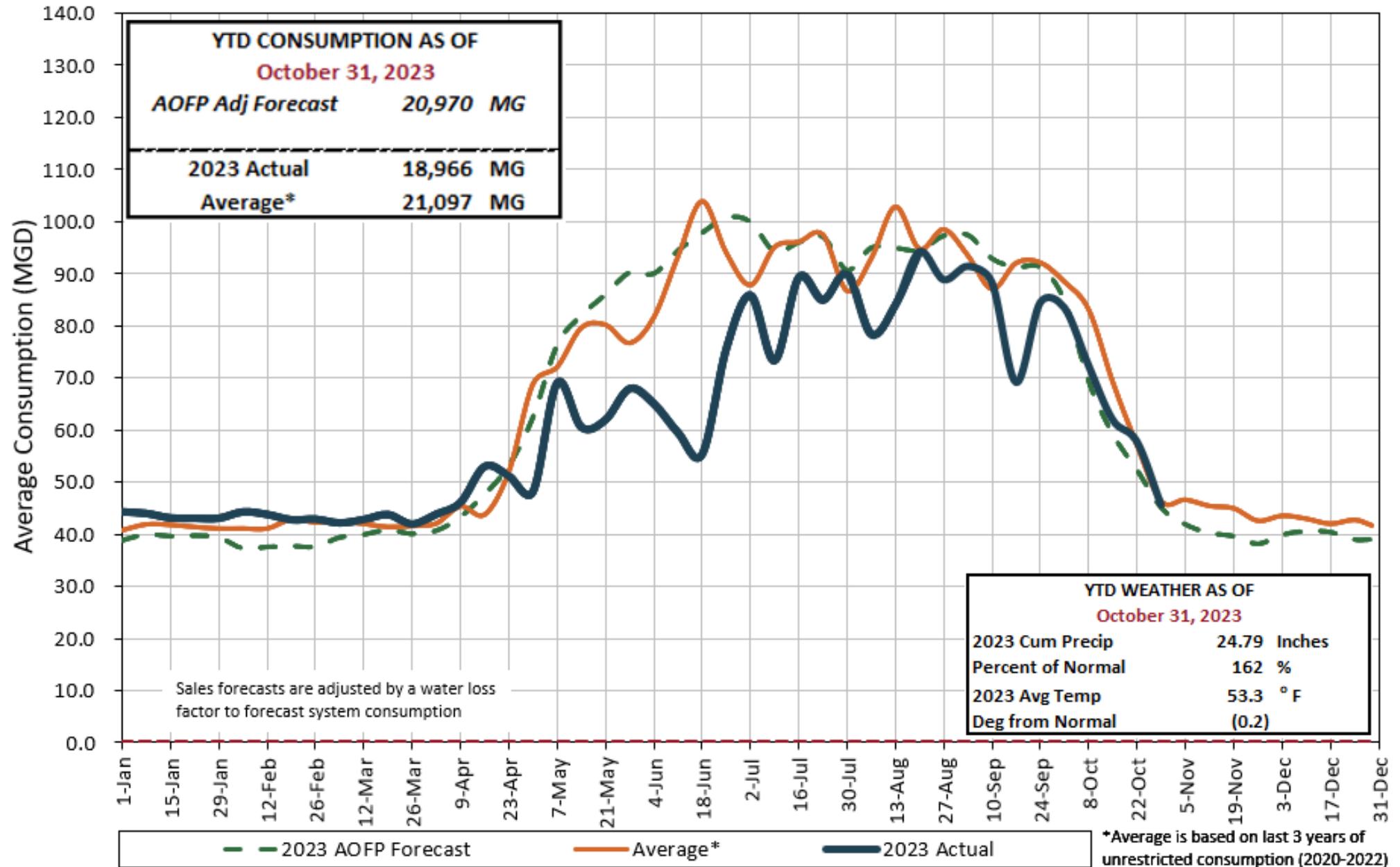
- Averaged 59.3 MGD
- 9.3% less than October 2022

2023 Year to Date

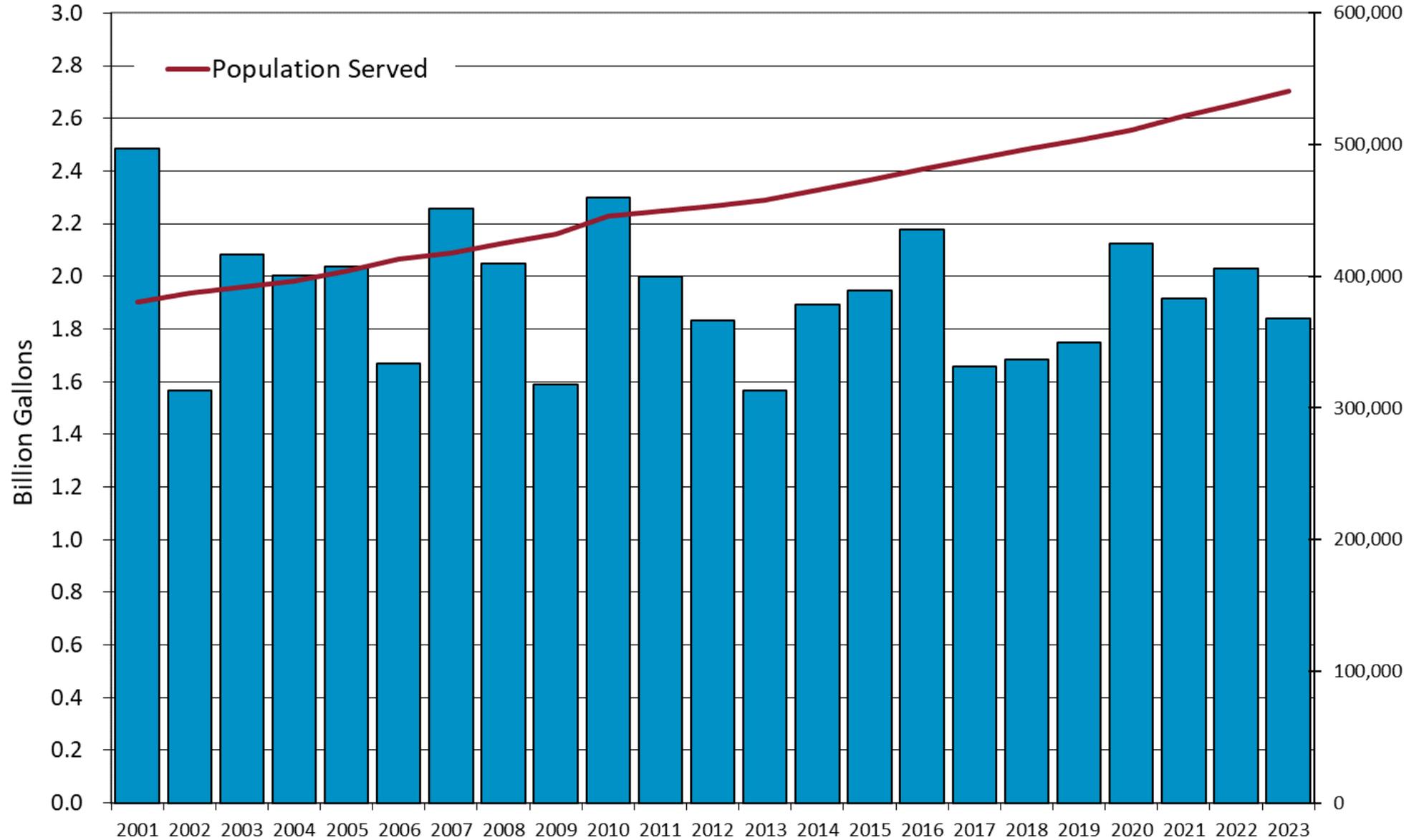
- Averaging 62.4 MGD, 19.0 BG total
 - 9.2% less than 2022
 - 1.9 Billion Gallons less than 2022



2023 Actual Consumption (Weekly Data)



Monthly Water Use for October



Reservoir Levels

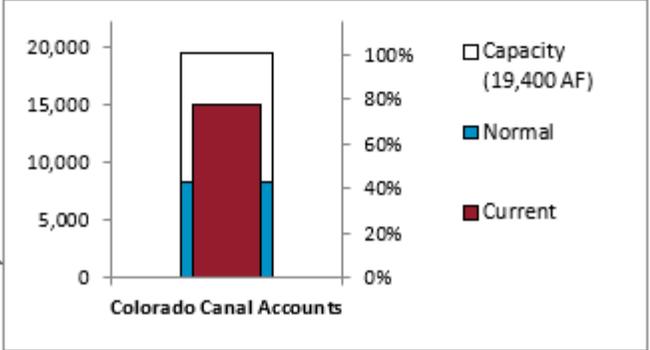
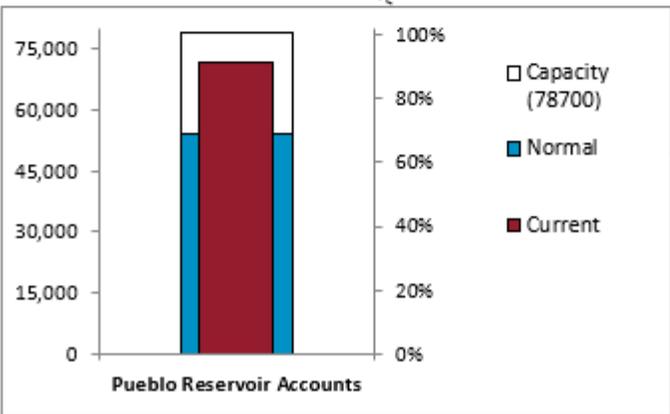
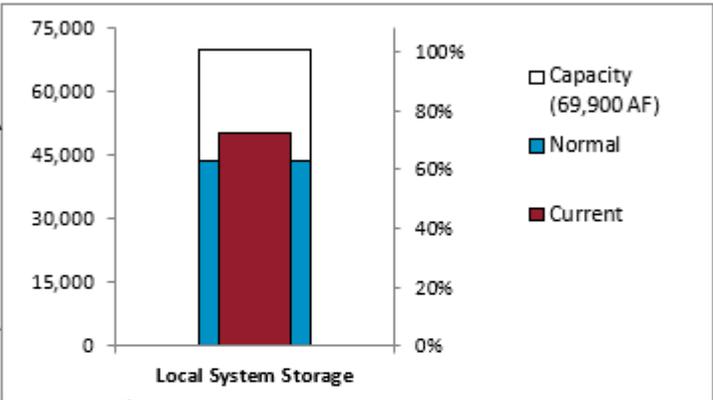
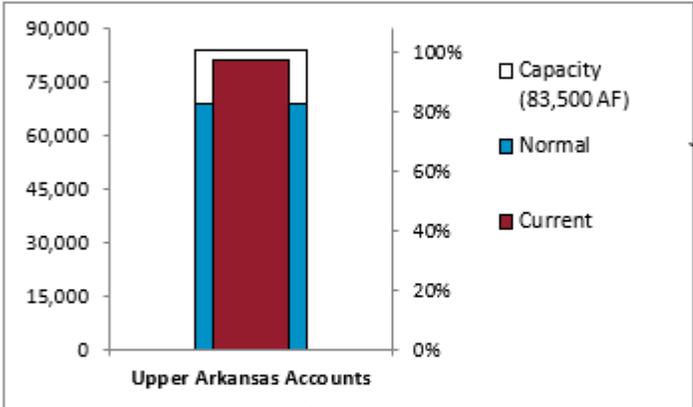
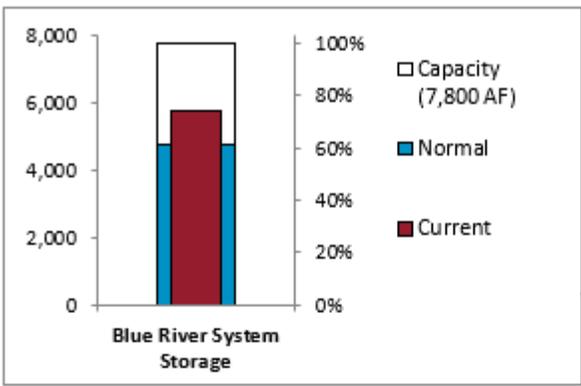
October 31, 2023

- Pikes Peak 64 %
 - 91-20 Avg. 67 %
- Rampart 76 %
 - 91-20 Avg. 65 %
- Local Total 71 %
 - 91-20 Avg. 66 %
- System Total 87 %
 - 91-20 Avg. 75 %

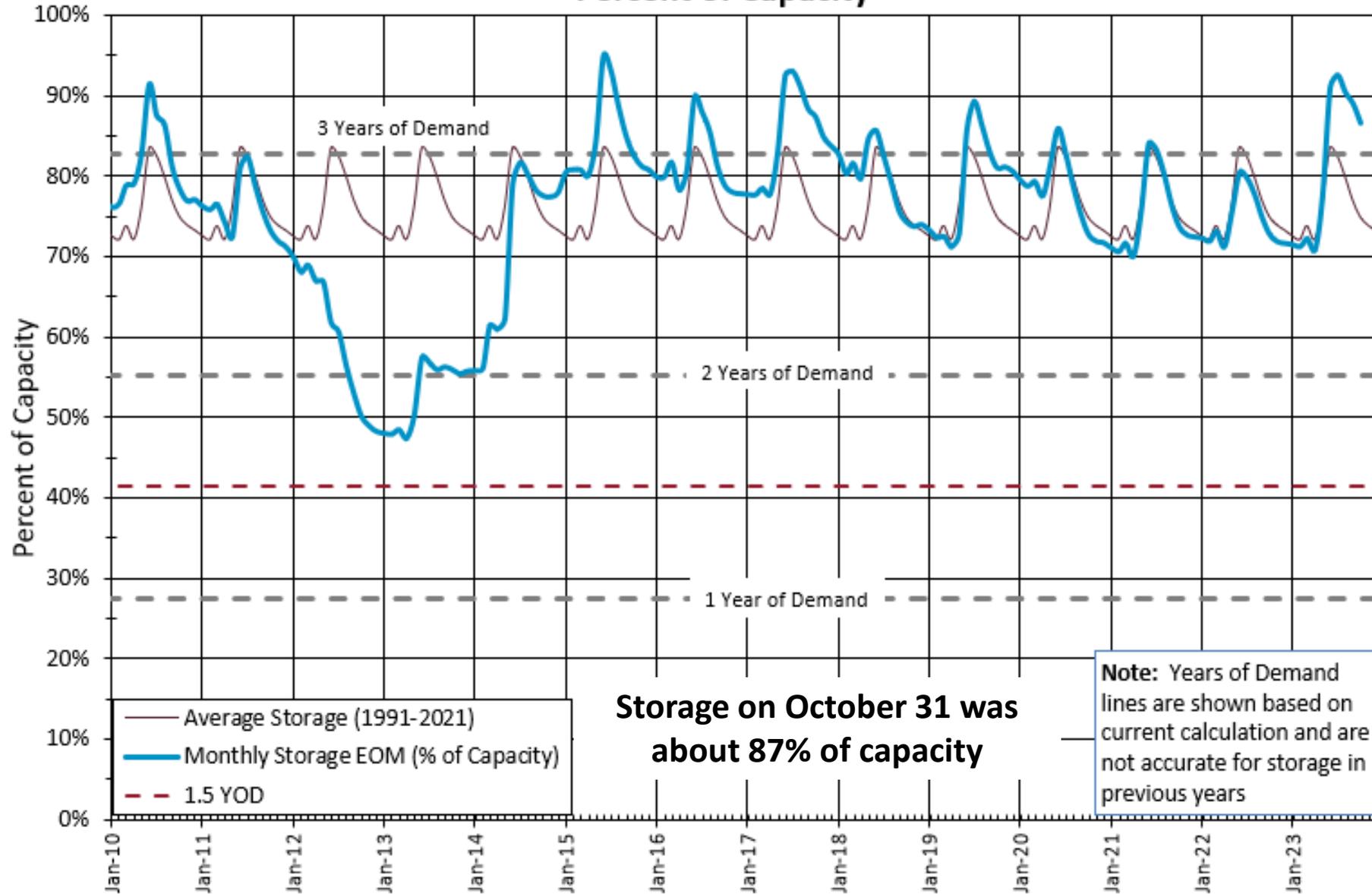


Colorado Springs' System Wide Storage:

October 31, 2023	224,700 af
	86.7 %
2001-2022 avg	179,800 af
	69.3 %
Average YTD Demand	62.3 MGD



Monthly Storage Percent of Capacity



Water Outlook

- Situation Outlook Summary
 - System-wide storage is at 86.7% of capacity, about 12% above our long-term average
 - About 3.1 years of demand in storage, based on the past 3 years of demand
 - Have 241 days of demand in local storage
- Three-month outlook predicts
 - Equal chances for above-average and below-average temperatures across all of Colorado
 - Equal chances for above-average and below-average precipitation across all of Colorado
 - We continue to monitor snowpack, demand and storage to maximize available water supply

Operational Notes

Storage Conditions

- South Catamount Reservoir capacity remains restricted for planned dam maintenance this fall
- Crystal Reservoir is currently being backfilled from North Catamount Reservoir
- South Slope system pipeline to Tollefson WTP has been removed from service until spring of 2024 for normal winter operations



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Board Memo Agenda Item

Staff Report

Date: November 15, 2023
To: Utilities Board
From: Travas Deal, Chief Executive Officer
Subject: 2024 Board Expected Results (ER: 1-3)—Enterprise Scorecard

NARRATIVE:

Desired Action: Approval

Executive Summary: In accordance with the Excellence in Governance Manual, the Utilities Board is responsible for monitoring achievement of the Board Expected Results. Annually, the Utilities Board and Chief Executive Officer work jointly to establish approved measures and targets to monitor organizational achievements through an enterprise scorecard. The proposed 2024 Board Expected Results enterprise scorecard has been reviewed and recommended by the Strategic Planning Committee.

Highlights of the proposed 2024 Board Expected Results are in the attached presentation.

Benefits: The Board Expected Results ensures responsible oversight of the enterprise to citizens and assists the Utilities Board in evaluating the performance of the organization and the CEO.

Board Policy: Utilities Board/Chief Executive Officer Partnership Expectations (E-1.2); Utilities Board Expected Results (ER:1-3)

Cost/Budget: N/A

Affected Parties: Utilities Board members, Colorado Springs CEO and Colorado Springs Utilities Executive Leadership Team.

Alternatives: Request staff to make modifications to the proposed 2024 Board Expected Results.

Submitter: Renee Adams	Email address: radams@csu.org
Division/ Department: Administrative and Human Resources Division	Phone number: 719-668-7325
	Date submitted: October 17, 2023

SPG Staff Use Only: Consent Calendar	<input type="checkbox"/>	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>	ITEM NO. 7
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Proposed 2024 Colorado Springs Utilities CEO Performance Plan - Draft												
The Balanced Scorecard measures the organization's performance in achieving enterprise Strategic Objectives												
Overall Weight	Utilities Board Strategic Focus Weight	Strategic Objective	Performance Measure	Responsible Officer	Weight	1	2	3	4	5		
						Does Not Meet Expectations	Partially Meets Expectations	Meets Expectations	Exceeds Expectations	Far Exceeds Expectations		
Enterprise Balanced Scorecard 50% of Results	Rates 40%	Financial Accountability	1. Residential Electric Service - Front Range Comparison	Tristan Gearhart	4.5 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		
			2. Residential Natural Gas Service - Front Range Comparison		4.5 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		
			3. Residential Water Service - Front Range Comparison		4.5 3.0	>35.0% higher than average >25.0% higher than average	20.1 - 35.0% higher than average 20.1 - 25.0% higher than average	20.1 - 20.0% higher than average 10.1 - 20.0% higher than average	45.0 - 20.0% higher than average 5.0 - 10.0% higher than average	<15.0% higher than average <5.0% higher than average		
			4. Residential Wastewater Service - Front Range Comparison		4.5 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		
			5. Small Comm 4-Service Bill - Front Range Comparison		4.5 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		
			6. Large Comm/Indust 4-Service Bill - Front Range Comparison		4.5 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		
			7. Indust Electric-intensive Cust Bill - Front Range Comparison		2.0 1.0	<5.0% lower than average >5.0% higher than average	5.0 - 9.9% lower than average 5.0 - 0.1% higher than average	10.0 - 15.0% lower than average 0.0 - 10.0% lower than average	15.1 - 20.0% lower than average 10.0 - 15.0% lower than average	>20.0% lower than average >15.0% lower than average		
			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		
			9. Days Cash on Hand - Current Year		1.0 2.5	<140 days	140 - 150 days	151 - 160 days	161 - 180 days	>180 days		
			10. Days Cash on Hand - 3 Year Average		1.0 2.5	<140 days	140 - 150 days	151 - 160 days	161 - 180 days	>180 days		
			11. Adjusted Debt Service Coverage - Current Year		1.0 2.5	< 1.75 times	1.75 - 1.79 times	1.80 - 1.90 times	1.91-1.95 times	> 1.95 times		
			12. Adjusted Debt Service Coverage - 3 Year Average		1.0 2.5	< 1.75 times	1.75 - 1.79 times	1.80 - 1.90 times	1.91-1.95 times	> 1.95 times		
			13. Debt Ratio - Current Year		1.0 2.5	>56.3%	56.3 - 54.3%	54.2 - 50.2%	50.1 - 48.1%	<48.1%		
			14. Debt Ratio - 3 Year Average		1.0 2.5	>56.3%	56.3 - 54.3%	54.2 - 50.2%	50.1 - 48.1%	<48.1%		
			15. Bond Rating		4.0 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)		
	Reliability 40%	Deliver Quality Utilities	16. Electric - SAIDI - Interruptions in minutes per year	Somer Mese	5.0 10.0	> 57.50 minutes	57.50 - 52.51 minutes	52.50 - 47.51 minutes	47.50 - 42.50 minutes	< 42.50 minutes		
			17. Natural Gas - Failures per 100 miles of pipe		5.0 10.0	> 8.00 failures	8.00 - 6.01 failures	6.00 - 4.00 failures	3.99 - 2.00 failures	< 2.00 failures		
			18. Water - Failures per 100 miles of mainline		5.0 10.0	> 14.00 failures	14.00 - 12.01 failures	12.00 - 10.00 failures	9.99 - 8.00 failures	< 8.00 failures		
			19. Wastewater - Failures per 100 miles of mainline		5.0 10.0	> 1.00 failures	1.00 - 0.76 failures	0.75 - 0.51 failures	0.50 - 0.25 failures	< 0.25 failures		
			20. Sustainable Energy Portfolio Project Cost Performance Index (CPI)	Lisa Barbato	5.0	<0.90	0.90 - 0.94	0.95 - 1.05	1.06 - 1.10	>1.10		
			21. Infrastructure Coordination with City		5.0	<0.80	0.80 - 0.93	0.94 - 1.06	1.07 - 1.20	>1.20		
			21. Fiber Network Expansion Program	Somer Mese	5.0	<0.90	0.90 - 0.94	0.95 - 1.05	1.06 - 1.10	>1.10		
			22. Gas Distribution Integrity Management Program Construction and Operations Implementation		5.0	<2.0	2.0 - 2.9	3.0 - 3.9	4.0 - 4.9	>4.9		
	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		
			21. Customer Satisfaction - Business		3.0	< 1.50	1.50 - 2.49	2.50 - 3.49	3.50 - 4.49	> 4.49		
		Support our Community	22. Environmental Index	Lisa Barbato	3.0	< 65.00	65.00 - 74.99	75.00 - 85.99	86.00 - 94.99	> 94.99		
			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	
	Enable Employee Empowerment	24. Workforce Index		3.0		< 1.50	1.50 - 2.69	2.70 - 3.49	3.50 - 4.60	> 4.60		
Strategic Objectives Evaluation 10% of Results					Weight	Rating assigned by the Board						
	Strategic Objectives Evaluation					Chief Executive Officer	10.0	<2.00	2.00 - 2.99	3.00 - 3.74	3.75 - 4.49	>4.49
CEO Leadership Competencies Evaluation 50% of Results					Weight	Ratings assigned by the Utilities Board						
	Board Interaction Balances Stakeholders					Chief Executive Officer	10.0	<2.00	2.00 - 2.99	3.00 - 3.74	3.75 - 4.49	>4.49
	Leadership Strategic Mindset						10.0	<2.00	2.00 - 2.99	3.00 - 3.74	3.75 - 4.49	>4.49
	Cultivates Innovation and Strategic Mindset Drives Results						10.0	<2.00	2.00 - 2.99	3.00 - 3.74	3.75 - 4.49	>4.49
	Balances Internal/External Stakeholders Builds Effective Teams						10.0	<2.00	2.00 - 2.99	3.00 - 3.74	3.75 - 4.49	>4.49
	Safety Drives Engagement						10.0	<2.00	2.00 - 2.99	3.00 - 3.74	3.75 - 4.49	>4.49

Board Memo Agenda Item

Staff Report

Date: November 15, 2023
To: Utilities Board
From: Travas Deal, Chief Executive Officer
Subject: 2024 CEO Performance Plan

NARRATIVE:

Desired Action: Approval

Executive Summary: The Excellence in Governance Manual guideline G-4, Evaluation of the Chief Executive Officer's Performance, outlines that the Chief Executive Officer and Personnel and Strategic Planning committees, partner to review and to recommend performance indicators, targets, leadership competencies and weightings to the Utilities Board in the fourth quarter of the current year for adoption by the Utilities Board for the following year. The Board will use the approved performance plan to evaluate the CEO's performance annually in March of each year.

The proposed 2024 Board Expected Results have been reviewed by the Strategic Planning Committee and the leadership competencies have been reviewed by the Personnel Committee.

Highlights of the proposed CEO Performance Plan are in the attached presentation.

Benefits: The Board Expected Results assists the Utilities Board in evaluating the performance of the organization and the CEO.

Board Policy: Utilities Board/Chief Executive Officer Partnership Expectations (E-1.2)

Cost/Budget: N/A

Affected Parties: Utilities Board members, Colorado Springs CEO and Colorado Springs Utilities Executive Leadership Team.

Alternatives: Request staff to make modifications to the proposed 2024 CEO Performance Plan

Submitter: Renee Adams	Email address: radams@csu.org
Division/ Department: Administrative and Human Resources Division	Phone number: 719-668-7325
	Date submitted: October 17, 2023

SPG Staff Use Only: Consent Calendar	<input type="checkbox"/>	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>	ITEM NO. 8
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2024 CEO Performance Plan

**Renee Adams,
Chief Human Resources Officer**

2024 CEO Performance Plan

Current

- 40% Overall Rating - Balanced Scorecard
- 10% Average Rating - Strategic Objectives
 - Deliver Quality Utilities
 - Focus on the Customer
 - Financial Accountability
 - Support our Community
 - Enable Employee Empowerment
- 50% Average Rating – CEO Leadership Competencies
 - Board Interaction
 - Leadership
 - Cultivates Innovation & Strategic Mindset
 - Balances Internal and External Stakeholders
 - Safety

Proposed

- 50% Overall Rating - Balanced Scorecard
- 50% Average Rating - CEO Leadership Competencies
 - Balances Stakeholders
 - Strategic Mindset
 - Drives Results
 - Builds Effective Teams
 - Drives Engagement

QUESTIONS?

Board Memo Agenda Item

Staff Report

Date: Nov. 15, 2023
To: Utilities Board
From: Travas Deal, Chief Executive Officer
Subject: (P-5.4) 2023 Utilities Board Committee Accomplishments

NARRATIVE:

Desired Action: Discussion

Executive Summary: Provided are 2023 accomplishments for each Utilities Board committee:

- Finance Committee
- Personnel Committee
- Program Management Review (PMR) Committee
- Strategic Planning Committee

Benefits: N/A

Board Policy: (P: 1-5) Committee Purpose, Structure and Operation (G-2)

Cost/Budget: N/A

Affected Parties: Colorado Springs Utilities Board and employees

Alternatives: N/A

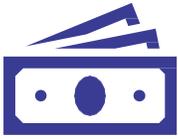
Submitter: Nicole Means	Email address: nmeans@csu.org
Division/ Department: Strategic Planning and Governance	Phone number: 719-668-3815
	Date submitted: Oct. 27, 2023

SPG Staff Use Only: Consent Calendar	Yes	No	ITEM NO. 9
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2023 Committee Accomplishments



Finance Committee

2023 Accomplishments

Nancy Henjum, Lynette Crow-Iverson and Dave Donelson

Focus Areas

- Strategic Rate Design
- Utilities Board Financial Orientation
- 2023 Board Expected Results Scorecard
- Risk Management Overview
- Governmental Accounting Standards Board (GASB) Updates
- Sales and Load Forecasts
- Annual Budget, 5-year Financial Outlook and Rate Case
- Monthly Financial Forecast
- ECA/GCA Quarterly Filings, Annual ECC/GCC Update
- Annual Plan of Finance and 2023 Financing Activity
- Annual External Auditors Report Review
- Excellence in Governance Policy Compliance Reports:
 - Pricing of Services (I-1)
 - Financial Conditions and Activities (I-2)
 - Financial Planning and Budgeting (I-3)
 - Risk Management (I-4)
 - Asset Protection (I-8)
 - Community Investment (I-13)
 - ECA/GCA Monitoring (E-2)



Personnel Committee

2023 Accomplishments

Yolanda Avila, Randy Helms, Michelle Talarico and Dave Donelson

Focus Areas

- Board Member Candidate Engagement and New Board Member Orientation
- CEO Recruitment and Selection
- Employee Pulse Survey and CEO Candidate Feedback
- 2023 Labor and Benefits Monitoring
- 2024 Labor and Benefits Planning
- 2024 CEO Competencies and 2024 CEO Scorecard Measures
- CEO Mid-Year Performance Review
- Affirmative Action Plan, Workforce Updates and Selection Process
- Strategic Initiatives Updates:
 - Human Resources Integrated Plan
 - Safety Strategic Initiatives: Employee Injuries and Incidents
 - Workforce Development and Utilities' training programs
 - Diversity, Equity and Inclusion with DELTA team
- Excellence in Governance Policy Compliance Reports:
 - Board Expected Results–Scorecard (ER-1:1-3)
 - Treatment of Staff (I-10)
 - Compensation and Benefits (I-11)
 - Emergency CEO Succession (E-2.8)



Program Management Review Committee

2023 Accomplishments

Michelle Talarico (Chair), Randy Helms, Dave Donelson, David Leinweber

2023 Focus Areas

- **Detailed review (Safety, Scope, Schedule/Financial Status, and Areas of Concern)**
 - Sustainable Energy Portfolio
 - Infrastructure Coordination with City
 - Gas Distribution Integrity Management Program (DIMP) and Compliance Projects
 - Advanced Metering Infrastructure
 - Fiber Optics/Communications Network
- **Dashboard review of 50+ additional high-profile projects/programs from the 2022 Annual Operating Financial Plan (AOFP)**
- **Tours:** Mesa Garden tour, Kelker-South Plant transmission line, fiber projects, and Sand Creek Lift Station



Strategic Planning Committee

2023 Accomplishments

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

Focus Areas

- Clean Heat Plan review
- Integrated Resource Plan true-up schedule
- Regional Water agreements
- Water IRP update and conservation overview
- Fountain Valley Authority Water Treatment Contract
- Water Service Extension Ordinance and Annexations
- Economic Development Subcommittee update
- 2022 Balanced Scorecard Audit
- Renewable Energy—Customer Insights on Carbon Reduction Goals
- Wastewater long-range planning studies and alternatives analysis
- Purpose of the Strategic Planning Committee (matrix)
- 2024 Enterprise Balanced Scorecard
- Excellence in Governance Policy Compliance Reports:
 - Policy Governance Monitoring Report Frequency and Method (E-2.3)
 - Annual Board Agenda Planning Calendar (P-1.2)
 - Economic Development (I-5)
 - Infrastructure (I-6)
 - Annual Board Evaluation (C-2)
 - Water Supply Management (I-7)
 - Treatment of Customers and Customer Information (I-9)
 - Environmental Stewardship (I-12)
 - Community Investment (I-13)



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Board Memo Agenda Item

Staff Report

Date: Nov. 15, 2023
To: Utilities Board
From: Travas Deal, Chief Executive Officer
Subject: (P-5.4) 2024 Committee Work Plans

NARRATIVE:

Desired Action: Approval

Executive Summary: The Utilities Board Strategic Planning Committee, Finance Committee, Personnel Committee and Program Management Review (PMR) Committee 2023 work plans were approved by the Utilities Board in 2022.

The draft 2024 committee work plans were reviewed by each committee in October and November. Committees do not have approval authority over operations or activities but are authorized to provide information and recommendations to the Utilities Board.

Benefits: The Utilities Board directs the work plans of each Board committee.

Board Policy: (P: 1-5) Committee Purpose, Structure and Operation (G-2)

Cost/Budget: N/A

Affected Parties: Colorado Springs Utilities Board and employees

Alternatives: Approve or modify 2024 Utilities Board committee work plans.

Submitter: Nicole Means	Email address: nmeans@csu.org
Division/ Department: Strategic Planning and Governance	Phone number: 719-668-3815
	Date submitted: Oct. 27, 2023

SPG Staff Use Only: Consent Calendar	<input type="checkbox"/>	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>	ITEM NO. 10
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2024 Utilities Board and Committee Work Plans



Finance Committee 2024 Work Plan

Nancy Henjum, Lynette Crow-Iverson and Dave Donelson

Focus Areas

- Strategic Rate Design
- UPAC Recommendation Pricing Impacts
- Southwest Power Pool (SPP)/Regional Transmission Organization (RTO) Updates
- Governmental Accounting Standards Board (GASB) Updates
- Infor Go-live Update

Ongoing

- Sales and Load Forecasts
- Annual Budget: Financial Outlook and Rate Case
- 10-year Financial Plan
- Monthly Financial Forecast
- Water Revenue Report

Ongoing

- ECA/GCA Quarterly Filings, Annual ECC/GCC Update
- Annual Plan of Finance and 2024 Financing Activity
- Enterprise Risk Management Report
- Excellence in Governance Policy Compliance Reports:
 - Pricing of Services (I-1)
 - Financial Conditions and Activities (I-2)
 - Financial Planning and Budgeting (I-3)
 - Risk Management (I-4)
 - Asset Protection (I-8)
 - Community Investment (I-13)
 - ECA/GCA Monitoring (E-2)



Focus Areas

- CEO Year-End and Mid-Year Performance Reviews
- Strategic Initiatives:
 - Enable Employee Empowerment
 - 2024 Employee Climate Survey
 - Diversity, Equity and Inclusion
 - Total Worker Health
 - Workforce Development and Training
 - Safety Maturity
 - Support our Community – Community Involvement Plan
- Labor and Benefits Monitoring and Planning
- Affirmative Action Plan and Workforce Demographics
- Excellence in Governance Policy Compliance Reports:
 - Board Expected Results–Scorecard (ER-1:1-3)
 - Treatment of Staff (I-10)
 - Compensation and Benefits (I-11)
 - Emergency CEO Succession (E-2.8)



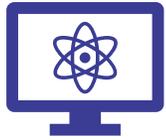
Program Management Review Committee

2024 Work Plan

Michelle Talarico (Chair), Randy Helms, Dave Donelson, David Leinweber

2024 Focus Areas

- **Detailed quarterly review of high-profile projects/programs (safety, scope, schedule/financial status, and areas of concern)**
- **Selected Project / Program review by exception:**
 - Significant projects by service
 - Unique projects
 - High public visibility
 - Risk impact to organization
 - Regulatory project schedule
- **Dashboard review of 50+ additional high-profile projects/programs from the Annual Operating Financial Plan (AOFP)**
- **Committee tours**



Strategic Planning Committee 2024 Work Plan

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

Focus Areas

- Strategic initiatives updates
- Resource planning updates for all four services
- 2025 Enterprise Balanced Scorecard
- 2025 Strategic Plan
- Economic development updates
- Community investment updates
- Enterprise innovation

Ongoing

- UPAC cost recovery mechanisms assignment
- Annexation changes to City code
- Develop 5-year Customer Roadmap
- Regionalization of water and wastewater services
- Aging infrastructure funding and reliability



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Board Memo Agenda Item

Staff Report

Date: November 15, 2023
To: Utilities Board
From: Travas Deal, Chief Executive Officer
Subject: A Resolution Authorizing the Acquisition of Real Property Located at 38 Bluestem Way, Fairplay, Colorado to Be Used for a Watershed Caretaker Residence

NARRATIVE:

Desired Action: Vote to recommend approval of acquisition to Council per Real Estate Manual, per sections 4.1 and 9.6

Executive Summary: Colorado Springs Utilities (“Utilities”) requests City Council approval of a resolution authorizing the acquisition that will allow Utilities to purchase the real property located at 38 Bluestem Way in Fairplay, Colorado in Park County, Colorado (“Property”) for the Blue River watershed caretaker residence. The Property consists of a single-family residence on approximately 2.48 acres of land. Utilities intends to use the Property as a caretaker residence for its caretaker of the Blue River Watershed.

Pursuant to the provisions of the Colorado Springs City Charter, the City is empowered to acquire the Property necessary for Utilities’ operations. Section 9.6 of *The City of Colorado Springs Procedure Manual for the Acquisition and Disposition of Real Property Interests, Revised 2021* (the “RES Manual”) provides that if the total acquisition amount is greater than \$100,000, City Council must approve the acquisition amount.

Benefits: The Blue River Watershed operations requires a caretaker to be available 24/7. The purchase of this Property will allow Utilities to house a watershed operator and their family in close proximity to the watershed.

Board Policy:

Cost/Budget: The total acquisition amount is \$615,000.

Affected Parties: Utilities and Real Estate Services, with support from the City Attorney’s Office, have worked closely with the property owner and his broker to reach the agreed terms. In addition, negotiations with property owners are conducted in accordance with the RES Manual, and all applicable laws.

Alternatives: Recommend approval or denial of proposed acquisition.

Submitter: Jessica Davis	Email address: jedavis@csu.org
Division/ Department: Systems Planning and Projects	Phone number: 719-668-7581
	Date submitted: Nov. 7, 2023

SPG Staff Use Only: Consent Calendar	<input type="checkbox"/>	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>	ITEM NO. 11
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Colorado Springs Utilities
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**A Resolution Authorizing The Acquisition of
Real Property Located At 38 Bluestem Way,
Fairplay, Colorado, to Be Used for a Watershed
Caretaker Residence**

Jessica Davis
Land Resource Manager
November 15, 2023

Background

- Blue River Project collection system located approx. 90 miles west of Colorado Springs
- Collection area of 22 sq. miles
- Located in Summit County.
- All of the diversion structures, pipelines, tunnels, and one storage reservoir are in Summit County.
- Montgomery Reservoir and the Blue River/Montgomery Pipeline are located in Park County with a portion of the pipeline in Teller County.
- Caretaker required to be available 24/7 under Dam Safety Monitoring Program

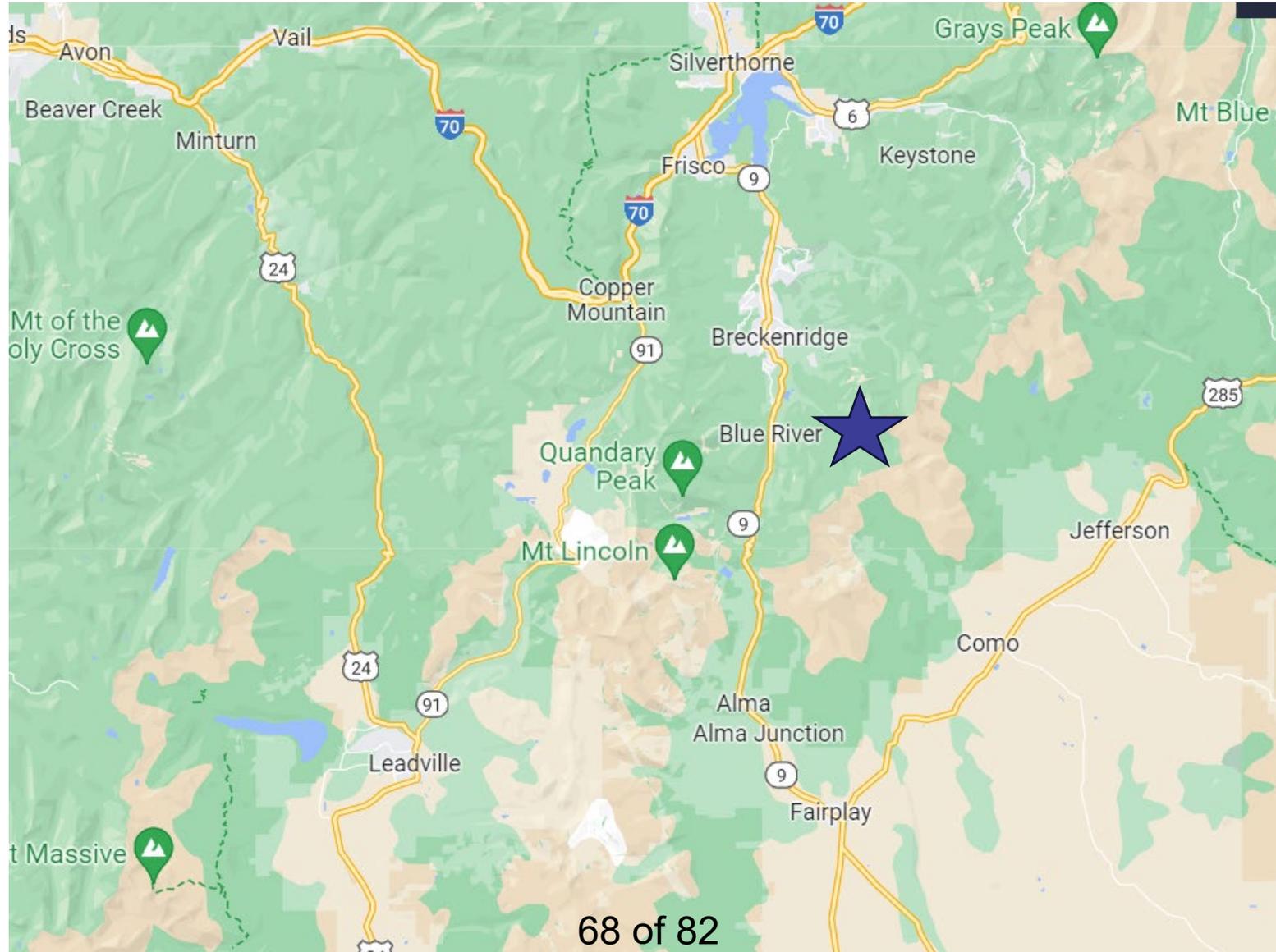


Acquisition of Caretaker Property

- We have 2 employees who work to manage our Blue River watershed
 - Current caretaker is retiring and living in his own private residence.
 - Other has own housing
- Limited housing supply and costs
- Specialization of employee's position – transplant
 - Ensures adequate response time to watershed
 - Supports caretaker and family



Vicinity Map of Property



Property Information

- Owner: Seth Powell
- Located at 38 Bluestem Way, Fairplay, Park County
- Parcel Number: 37073
- Property:
 - Single Family Residence
 - ~ 2.48 acres
- Negotiated purchase price: \$615,000



Action Requested

- Motion to recommend acquisition and move resolution to November 28, 2023 Regular Session City Council meeting.
- Request to go on Consent



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A RESOLUTION AUTHORIZING THE ACQUISITION OF REAL PROPERTY LOCATED AT 38 BLUESTEM WAY, FAIRPLAY, COLORADO TO BE USED FOR A WATERSHED CARETAKER RESIDENCE

WHEREAS, Colorado Springs Utilities (“Utilities”), an enterprise of the City of Colorado Springs, provides housing, in the form of a caretaker residence, for its Collection and Distribution Specialist who is the caretaker for the Blue River Watershed; and

WHEREAS, the property located at 38 Bluestem Way, Fairplay, Colorado, also known as Park County Parcel Number 37073, which consists of a single-family residence on approximately 2.48 acres of land, (“Property”) has been identified as an appropriate property for Blue River Watershed caretaker residence; and

WHEREAS, Utilities desires to purchase the and the property owner desires to sell the Property to the Utilities for a purchase price of \$615,000, which is supported by a real estate appraisal conducted by an independent real estate appraiser; and

WHEREAS, the acquisition of the Property is in the public interest and in the best interest of Utilities; and

WHEREAS, pursuant to sections 4.1 and 9.6 of *The City of Colorado Springs Procedure Manual for the Acquisition and Disposition of Real Property Interests, Revised 2021* (“Real Estate Manual”), City Council approval is required for acquisition of real property interests if the purchase price exceeds \$100,000; and

WHEREAS, Utilities requests the approval of City Council to purchase the Property for a purchase price of \$615,000.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF COLORADO SPRINGS:

Section 1. That the City Council finds the acquisition of the real property to be in compliance with the Real Estate Manual, the City Charter, City Code, and all other applicable laws.

Section 2. That in accord with the Real Estate Manual, the City Council hereby authorizes the acquisition of the real property for the purchase price of \$615,000.

Section 3. That the City’s Real Estate Services Manager is authorized to execute all documents necessary to complete the acquisition of the real property as contemplated herein.

DATED at Colorado Springs, Colorado, this _____ day of _____, 2023.

ATTEST:

Randy Helms, Council President

Sarah B. Johnson, City Clerk

Board Memo Agenda Item

Staff Report

Date: November 15, 2023

To: Utilities Board

From: Travas Deal, Chief Executive Officer

Subject: A Resolution Authorizing Acquisition of Property Near the Bradley Substation

NARRATIVE:

Desired Action: Recommend approval of acquisition to Council per Real Estate Manual, per section 9.6

Executive Summary: Staff is requesting that the Utilities Board recommend a resolution to City Council that will allow Colorado Springs Utilities (“Utilities”) to purchase the parcel known as El Paso County Tax Schedule Number 6510001001 (“Property”) near Bradley Substation which is currently owned by Clean Energy Collective LLC (“CEC”).

Utilities sold the Property to CEC in 2013 for the purpose of a solar array. Utilities retained a right of first refusal in the deed. CEC gave notice to Utilities of its intent to sell the Property. Utilities would like to exercise its right of first refusal and purchase the Property. The purchase price is \$200,000, based on the formula included in the purchase agreement when Utilities sold the Property to CEC. CEC is in bankruptcy so the sale must be approved by the bankruptcy court before it may be closed.

Pursuant to the provisions of the Colorado Springs City Charter, the City is empowered to acquire real property necessary for Utilities’ projects. Section 9.6 of *The City of Colorado Springs Procedure Manual for the Acquisition and Disposition of Real Property Interests, Revised 2021* (the “RES Manual”) provides that if the total acquisition amount is greater than \$100,000, City Council must approve the acquisition amount.

Benefits: The Property is completely surrounded by Utilities property which houses Bradley Substation. Utilities will regain control of its site.

Board Policy: N/A

Cost/Budget: The total acquisition amount is \$200,000.

Affected Parties: Utilities has been in negotiations with CEC. Utilities, with assistance from the City Attorney’s Office, has also worked with the bankruptcy court having jurisdiction over CEC’s bankruptcy.

Alternatives: Recommend approval or denial of proposed acquisition.

Submitter: Jessica Davis	Email address: jedavis@csu.org
Division/ Department: Systems Planning and Projects	Phone number: 719-668-7581
	Date submitted: Oct. 30, 2023

SPG Staff Use Only: Consent Calendar	Yes	No	X	ITEM NO. 12
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Colorado Springs Utilities
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**A Resolution Authorizing the Acquisition of
Real Property Identified by El Paso County Tax
Schedule Number 6510001001 Near Bradley
Substation**

Jessica Davis
Land Resource Manager
November 15, 2023

Background of Solar at Bradley Substation

- CS Solar 1, LLC, a subsidiary of Clean Energy Collective, LLC, (CEC) requested to install panels at Bradley Substation
- City Code restrictions – 25 years lease
 - CS Solar 1, LLC could not be funded because of the limitations on the lease
 - Staff opted to sell a portion of Bradley Substation to CEC
- Restrictions on the deed
 - Utilities holds right of first refusal to purchase property back at fair market value

Today at Bradley Substation

- CEC is currently in bankruptcy
- CEC notified Utilities of its intent to sell the Property to a third party operator—triggered right of first refusal (ROFR)
- Utilities would like to purchase and lease the land to the third party operator
- ROFR purchase price is \$200,000, based on the formula in purchase agreement when property sold to CEC
- Current purchase agreement subject to Council approval and approval of bankruptcy court

Vicinity Map for Acquisition



Action Requested

- Request for item to be added to consent agenda for a vote December 12, 2023, Formal City Council



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RESOLUTION NO. _____ - 23

A RESOLUTION AUTHORIZING THE ACQUISITION OF REAL PROPERTY IDENTIFIED BY EL PASO COUNTY TAX SCHEDULE NUMBER 6510001001 NEAR THE BRADLEY SUBSTATION

WHEREAS, the real property located at 0 Kilowatt Point, Colorado Springs, Colorado, also known as El Paso County Tax Schedule Numbers 6510001001, which consists of approximately 8.942 acres (the "Property"), near the Bradley Substation is currently for sale due to bankruptcy; and

WHEREAS, the Property was previously owned by the City of Colorado Springs on behalf of its enterprise Colorado Springs Utilities ("Utilities") and on October 23, 2012 as evidenced by Resolution Number 134-12, City Council declared the Property to be surplus and approved the sale to Clean Energy Collective, LLC ("Owner") as the One Logical Potential Purchaser as defined in *The City of Colorado Springs Procedure Manual for the Acquisition and Disposition of Real Property Interests, Revised 2021* ("Real Estate Manual"); and

WHEREAS, On October 9, 2013, Utilities sold the Property to the Owner, and reserved a right of first refusal in the event the Owner should ever contemplate sale of the Property; and

WHEREAS, the Owner has filed for bankruptcy and has notified Utilities that a sale is being contemplated at this time; and

WHEREAS, Utilities desires to exercise its right of first refusal and purchase the Property and the Owner desires to sell the Property to Utilities for a purchase price of \$200,000, which is supported by a real estate appraisal conducted by an independent real estate appraiser; and

WHEREAS, the acquisition of the Property is in the best interest of Utilities and its ratepayers; and

WHEREAS, pursuant the Real Estate Manual, City Council approval is required for acquisition of real property interests if the purchase price exceeds \$100,000; and

WHEREAS, Utilities requests the approval of City Council to purchase the Property for a purchase price of \$200,000.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF COLORADO SPRINGS:

Section 1. That the City Council finds the acquisition of the Property to be in compliance with the Real Estate Manual, the City Charter, City Code, and all other applicable laws.

Section 2. That in accord with the Real Estate Manual, the City Council hereby authorizes the acquisition of the Property for the purchase price of \$200,000.

Section 3. That the City's Real Estate Services Manager is authorized to execute all documents necessary to complete the acquisition of the Property as contemplated herein.

DATED at Colorado Springs, Colorado, this _____ day of _____, 2023.

ATTEST:

Randy Helms, Council President

Sarah B. Johnson, City Clerk