

MINUTES
Colorado Springs Utilities Board Meeting
Wednesday, November 20, 2024

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

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

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

Travas Deal, Renee Adams, Lisa Barbato, Mike Francolino, Tristan Gearhart, Somer Mese, Jay Anderson, Joe Awad, Lisa Baecker, Alex Baird, Steve Berry, Pattie Bengler, Annie Berlemann, Diane Block, Mark Christiansen, Jake Clark, Andy Colosimo, Jessica Davis, Matt Dudden, Marcela Espinoza, Brian Fergen, Ian Gavin, Kim Girling, Jason Green, Ginny Halvorson, Jeff Hanson, Diana Harmon, Brittany Harrison, Adam Hegstrom, Mike Hermann, Tyrone Johnson, Jennifer Jordan, Rebecca Kerrigan, Brenda Koskey, Birgit Landin, Scott Lorenz, Michelle Luukemon, Noemi Martinez, Jim Mayer, Nicole Means, Jared Miller, Scott Murphy, Michael Myers, Danielle Nieves, Daniel Norton, Jacqueline Nunez, Karen Ochsner, Abigail Ortega, David Padgett, Gail Pecoraro, Jessica Ramirez, Jessica Rheinschmidt, Will Richards, John Rombeck, Mario Sanchez, Juan Santos, Mark Shea, Ted Skroback, Leslie Smith, April Speake, Todd Sturtevant, Lauren Swenson, Matthew Thieme, Amy Trinidad, Natalie Watts, Michelle Wills-Hill, Al Wells and Jane Zook

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

David Beckett, Chris Bidlack, Kellie Billingsley, Renee Congdon, Michael Gustafson, Callie Moyers, Jacqueline Rowland, Lois Ruggera, Alex Ryden and Timothy Scheiderer

Citizens present via Microsoft Teams or Blue River Conference Room:

Carrie Guy, Brennan Kauffman, William Landin, David Robbins and Scott Smith

1. Call to Order

Chair Donelson called the Utilities Board meeting to order at 1:02 p.m., and Ms. Gail Pecoraro, Utilities Board Administrator, called the roll.

2. Invocation and Pledge of Allegiance

Chaplain Kate Holbrook with Colorado College delivered the invocation, and Board Chair Donelson led the Pledge of Allegiance.

3. Executive Session

The Board unanimously voted to go into Executive Session related to Colorado River Issues. They entered into Executive Session at 1:04 p.m. and returned from Executive Session at 1:42 p.m.

4. Colorado River Issues

Ms. Lisa Barbato, Chief Systems Planning and Projects Officer, introduced Mr. David Robbins, with Hill & Robbins, P.C. Mr. Robbins stated the Upper Basin states consists of Colorado, New Mexico, Utah and Wyoming. The Lower Basin consists of Arizona, California and Nevada. The Colorado River agreement expires in 2026, which includes how the involved reservoirs will be operated after the agreement expires. The water supply has been gradually decreasing with the drying climate. Colorado's position is that the Upper Basin states are under-using their water rights while the Lower Basin states are over-using their rights by about 9 million acre feet annually.

Board Member Henjum asked how much reduction in demand is possible to still yield savings for that decrease in the overall flow. Mr. Robbins said that over 80% of the use of the Colorado River system is consumed for agricultural use.

Board Chair Donelson asked if the Lower Basin states had any decline in usage and Mr. Robbins said that they have had a limited reduction in usage, but still not in compliance with the contract.

Mr. Robbins stated that it is important to renegotiate the operating criteria for the two reservoirs to meet the obligation to the Lower Basin. Mr. Robbins said the Utilities Board is headed in the right direction in attempting to diversify the organization's water supply.

Board Member Henjum asked what advise Mr. Robbins had on how Springs Utilities could move forward in negotiations on how to balance the needs of both the City of Colorado Springs and the Arkansas Valley. Ms. Renee Congdon, City Attorney, advised that is best not to discuss negotiation strategy in an open session. Mr. Robbins said that both parties need to ensure that they have a safe water supply for the residents of their communities.

Board Chair Donelson thanked Mr. Robbins for his presentation at today's meeting.

5. Consent Calendar

Approval of Oct.16, 2024, Utilities Board meeting minutes

The Consent Calendar was approved on a vote of 8-0 after a motion by Board Member O'Malley and a second by Board Member Crow-Iverson. Board Member Leinweber was excused.

6. Customer Comments

There were no customer comments.

7. Recognition

- **2024 Alice Darilek Water Conservation Award**

Ms. Abigail Ortega, General Manager of Infrastructure and Resource Planning, recognized Ms. Diane Block for receiving the American Water Works Association 2024 Alice Darilek Water Conservation Award.

Ms. Block is a Senior Conservation Specialist who won this award for being a guiding light in indoor water conservation. She has helped create some of the most exceptional indoor programming that Springs Utilities offers today. These include a business customer assessment program to help customers learn why their water use doubled in a year and fix the problem; an affordable, multi-family retrofit program that will be upgraded in every affordable apartment complex by 2025 in Colorado Springs Utilities' service territory; and a submeter lending program to help strip malls learn the benefits of submetering before they take on an investment.

Board Chair Donelson congratulated Ms. Block on her recognition.

- **American Public Power Association (APPA) Award for the Utility Wise Booklet**
Ms. Renee Adams, Chief Human Resources Officer, introduced Mr. Jay Anderson, Communications Manager, who explained the award.

Mr. Anderson said that earlier this year, the Community Engagement team undertook the task of updating the informational packets for stakeholder tours. This involved collaborating with dozens of subject matter experts across all services to update information, format, write narratives, and create a cohesive publication that tells the current story of Colorado Springs Utilities. In October 2024, the Community Engagement team received a Merit Award from the American Public Power Association's "Excellence in Public Power Communications" program.

Board Chair Donelson said that communication is critical to the organization's success, and this publication is a great example of that communication.

Board Member Henjum said that the Utility Wise Book is very helpful and important.

Board Member Crow-Iverson said that the Utility Wise Book has been so helpful in answering questions.

Vice Chair Avila congratulated Mr. Anderson on the work that he continues to do.

8. Compliance Reports

The E-2.3 – 2024 Policy Governance Monitoring Report Frequency and Method; the I-1 Pricing of Services G-5, G-6; the I-2 Financial Condition & Activities (Quarterly July – September); and P-1.2 2025 Annual Planning Calendar reports were included in the meeting materials packet and there were no questions.

- E-2 CEO / Board Partnership Responsibilities
 - Water Outlook
 - Electric Cost Adjustment / Gas Cost Adjustment Monitoring

These reports were provided in the meeting packet and there were no questions.

9. Items Called Off Consent Calendar

There were none.

10. Safety Moment Focus

Ms. Adams introduced Mr. Mike Myers, Safety and Health Manager, who introduced Mr. John Rombeck, Line Specialist, and Mr. Mario Sanchez, Line Specialist. Mr. Rombeck and Mr. Sanchez presented information on a Safety Improvement Focus involving the Timpson Electrical and Aerial Services TTU2 Circuit Panel. This panel allows employees to train with energized equipment in a real-world environment with the proper safety fail stop.

Board Member O'Malley asked where this training takes place and who goes through the training. Mr. Rombeck stated that it takes place at the Leon Young Service Center during the third year of Springs Utilities four-year apprenticeship program. Mr. O'Malley expressed an interest in touring the training yard.

Board Member Talarico said this program is fantastic.

Board Chair Donelson said that he would be very interested in seeing the training in person.

11. G-14: Wastewater Backup Assistance Program

Ms. Somer Mese, Chief Operations Officer, introduced the new G-14 Wastewater Backup Assistance Program board guideline. This guideline will authorize the Chief Executive Officer to implement a program to provide financial assistance to residential customers whose property have been impacted by a wastewater back up. The guideline provides that annual funding for the program will not exceed \$1,000,000, which will be funded through the normal operating budget and Colorado Springs Utilities appropriation process. This updates the current program from \$12,500 not to exceed \$100,000. The updated program will also allow up to \$20,000 of the maximum \$100,000 to be used for emergency assistance. No questions were asked.

Board Member Henjum made a motion to approve the adoption of the proposed guidelines. Board Member Helms seconded the motion. On a vote of 8-0, with Board Member Leinweber excused, the motion passed.

12. I-11 Compensation and Benefits Compliance Report Update

Ms. Adams reviewed proposed changes to the I-11 Compensation and Benefits Compliance Report. The Personnel Committee is proposing a change to Section 2.a. to remove specificity related to size of utilities and 2.d. specifically regarding the mix of custom market survey data and published survey data when evaluating executive positions. Historically, a third-party consultant has been hired to conduct a custom survey. Moving forward, the aim is to evaluate executive positions internally without needing an external consultant. Staff has compensation expertise and access to survey data for both published survey sources and custom data sources, eliminating the necessity for a third-party consultant. This change is at a potential cost savings to the organization of approximately \$30,000 to \$60,000. Ms. Adams stated that the Personnel Committee agreed to using data from comparably-sized

utilities with comparable revenue for customized surveys. Ms. Adams also said that leadership positions are market priced every three years.

Board Member O'Malley said that the organization has to be careful to consider movement when determining the ceiling and the floor for salaries. Ms. Adams said that employees are market priced every year, and executives are market priced every five years.

After the presentation, Board Member Avila made a motion to approve the adoption of the proposed guidelines. Board Member Talarico seconded the motion. On a vote of 8- 0, with Board Member Leinweber excused, the motion passed.

13. Open Access Transmission Tariff (OATT) Update for Interconnections

Mr. Tristan Gearhart, Chief Planning and Finance Officer, said that Springs Utilities is a transmission provider offering non-discriminatory wholesale high voltage service. This enables participation in wholesale power market to the benefit of Springs Utilities' customers. Federal Energy Regulatory Commission (FERC) manages the nationwide OATT. Over the last several years FERC made updates that affect future interconnecting generators. Implementation of Springs Utilities' Sustainable Energy Plan is enhanced by adoption of many of these updates. There is no impact to Springs Utilities current OATT customers, including military customers.

Next steps include the rate filing and request for hearing date on Dec. 10, 2024; the rate hearing on Jan. 14, 2025; Decision and Order on Jan. 28, 2025. If all of those are approved the and changes will be effective on Feb. 1, 2025.

This item was approved 8-0 to move forward to the Dec. 10, 2024, City Council meeting, with Board Member Leinweber excused.

14. Project COPE Funding

Mr. Gearhart said that the Citizens Option to Provide Energy (COPE) was established in 1983 by Springs Utilities field workers. COPE is administered by the Colorado Springs Utilities Foundation, whose purpose is to find funding and provide Springs Utilities bill assistance to residential customers. In 2024, \$1.72 million in bill assistance was given to customers, compared to \$1.07 million at this same time in 2023.

Mr. O'Malley noted that in 2021, Project COPE helped customers with approximately \$500,000 in assistance. Mr. Gearhart stated that the amount has significantly increased since disconnections were discontinued during the 2020 pandemic. Mr. O'Malley congratulated the organization on their efforts to let customers know about the program, both in applying for assistance and donating to the fund.

Donations to help fund COPE comes from the community (philanthropic giving, customers and employees). Springs Utilities matches contributions up to \$500,000.

Utilities Board Guideline G-11 instructs 100% of funding for the Community Focus Fund (CFF) be donated to nonprofit organizations. With the increased need for Project COPE funding, Springs Utilities has made the decision to direct the \$256,000 in the annual budget for CFF to now support the Colorado Springs Utilities Foundation. Effectively, this will increase the Colorado Springs Utilities' contribution to Project COPE from \$500,000 to \$756,000 annually.

No questions were asked.

15. Real Estate Code Changes

Ms. Jessica Davis, Technology and Facility Project Management Manager, said there are three sections to the City Code related to Real Estate that require changes. These are Chapter 12: licenses and permits, Chapter 3: licenses and permits, and Chapter 6: relocation appeals.

The first ordinance, Chapter 12: licenses and permits (utilities), authorizes the CEO to issue licenses for the use of Utilities-controlled property. It clarifies that permits are only used for specialized Utilities-controlled property, specialized property: watersheds, poles, and makes consistent with actual practice.

The second ordinance, Chapter 3: licenses and permits (public property and public works) clarifies who has the authority to issue licenses and permits for the use of City property and under what circumstances the City will use a license versus a permit. The changes proposed in this ordinance are consistent with the first ordinance. It makes this consistent with the actual practice.

The last ordinance, Chapter 6: relocation appeals (neighborhood vitality/community health) relocation assistance provides when the City project results in relocation of persons or businesses, these generally occur in Utilities and Public Works projects. Parties may appeal. The ordinance changes the panel that hears the appeal from the Mayor, CEO of Utilities and CEO of Memorial Health System to the Hearing Officer appointed by the City Attorney's Office.

It is requested that these ordinance changes be brought to the consent agenda of the Dec. 10, 2024, Regular City Council Meeting.

No questions were asked.

Ms. Congdon stated that Chapter 12 is under the section that the Utilities Board has authority over. The other sections impact Springs Utilities and can be moved over without approving them.

Board Member Helms made a motion to approve changes to Chapter 12 of City Code subject to approval by City Council. This was seconded by Board Member O'Malley. This passed on a vote of 8-0 with Board Member Leinweber excused.

Chapter 3 and Chapter 6 changes were also approved by a vote of 8-0, with Board Member Leinweber excused, to move forward to the Dec. 10, 2024 City Council meeting on the consent agenda.

16. P-5.4 2024 Committee Accomplishments

Ms. Natalie Watts, Strategic Planning and Governance Manager, reviewed the 2024 committee accomplishments.

Finance Committee accomplishments include review of 10-year financial plans, a joint Strategic Planning and Finance Committee meeting that took place in May, successful execution of the annual plan of finance and 2024 financing activities and a deep dive of the 5-year rate case.

Personnel Committee accomplishments included reviewing the Employee Climate Survey, reviewing the CEO year-end and mid-year competencies, providing strategic initiative updates, and reviewing Excellence in Governance Manual compliance reports.

Program Management Review Committee accomplishments included a detailed review of the Sustainable Energy Plan portfolio, the Gas Distribution Integrity Management Program (DIMP) and compliance projects, the Eastern Wastewater System Expansion Project, and the Fiber Optics/Communications Network. Additionally, the committee reviewed the dashboard of more than 50 high-profile projects from the 2024 annual operating financial plan. Tours of the Monument Creek Stabilization project and Tollefson Water Treatment Plant were also conducted.

Strategic Planning Committee accomplishments included participation in the Joint Strategic Planning and Finance Committee meeting, revisions to the Governance Manual and UPAC Bylaws, a review of Integrated Resource Plan (IRP) true ups and schedules, economic development updates, scorecard results, and the technology roadmap.

No questions were asked.

17. P-5.4 2025 Committee Work Plans

Ms. Watts stated that each of the 2025 Work Plans were reviewed at their respective Committee meetings. Ms. Watts reviewed highlights for each committee work plan.

The Finance Committee will focus on new committee member onboarding, the Southwest Power Pool/Regional Transmission Organization updates and Energy Wise rates go-live. They will continue work on sales and load forecasts, the 10-year financial plan, the water revenue report, and the enterprise risk management report.

The Personnel Committee will focus on the Employee Climate Survey action planning efforts and results and the DELTA team will provide updates on diversity, equity and inclusion. The committee will also look at leader development, workforce and succession planning, and

onboarding new Utilities Board members. They will continue work on Excellence in Governance Policy compliance reports.

The Program Management Review Committee will focus on select programs including fiber, DIMP, and supply chain updates, and continue work on the dashboard and will resume taking tours.

The Strategic Planning Committee will focus on the four services IRPs, the 2026 Enterprise Balanced Scorecard, and the strategic sourcing strategy. They will continue to hear updates on the UPAC nuclear generation assignment, aging infrastructure funding and reliability, and economic development information.

No questions were asked.

After the presentation, Board Member Henjum made a motion to approve the adoption of the proposed 2025 Committee Work Plans. Board Member Crow-Iverson seconded the motion. On a vote of 8-0, with Board Member Leinweber excused, the motion passed.

18. Proposed 2025 Chief Executive Officer Performance Plan

Ms. Watts said that the CEO Performance Plan is a combination of the CEO competencies and the enterprise Balanced Scorecard. It is an agreement between the CEO and the Utilities Board outlining the CEO's priorities and outcomes. The Balanced Scorecard results are reported quarterly to the CEO Leadership Team and semi-annually to the Utilities Board. The CEO's leadership competencies are rated semi-annually by the Utilities Board and are approved by the Utilities Board in November for the coming year.

No changes are recommended for the 2025 CEO Competencies. These remain the same: Builds Effective Teams, Ensures Accountability, Drives Engagement, Balances Internal/External Stakeholders and Strategic Mindset.

The approach to updating the Balanced Scorecard is to gauge the appropriate measures, use a mix of leading versus lagging indicators, determine what or who is best to measure against, and to make targets achievable, yet challenging.

The proposed 2025 Balanced Scorecard supports the Board's strategic focus of reliability 40%, rates 40% and relationships 20%. It is a key element of the Kaplan Norton Balanced Scorecard strategic planning model.

Board Member O'Malley stated that the wording should reflect "reliability, rates, and relationships". Ms. Watts stated that as new materials are printed they will reflect the new order of the strategic focus areas, putting the primary focus on reliability instead of rates.

Mr. Gearhart explained the changes to the rates focus area of the Enterprise Balanced Scorecard are to remove the industrial electric-intensive customer bill-Front Range comparison measure and to remove the industrial electric – nationwide comparison

measure. Those percentages will be re-allocated to the bond rating measure, increasing it from 5% to 7%. The other change being proposed is to adjust target and ratings for current year and three-year average debt ratio measures due to planned changes in bond funding strategy for capital projects.

When these measures were originally put on the Balanced Scorecard it was when there was excess load and capacity on some of the base units, and the organization wanted to ensure they were using all of the excess capacity. The organization currently does not have that excess load or capacity, so feels that it is more important to adjust the scorecard.

Board Member Risley said that discussion at the Strategic Planning Committee was around shifting from cost comparison metrics to power generation metrics. Part of the discussion was around the new federal administration and what the states will do with a new President being sworn in this January. It was the recommendation of the Strategic Planning Committee to approve the Enterprise Balance Scorecard as it appears today and to make changes to the scorecard after the new administration comes into office in 2025.

Board Member Henjum asked how the decision was made to move the two points into Bond Rating versus another category. Mr. Gearhart stated that this was a staff recommendation, that one of the key items looked at is the bond rating.

After the presentation, Board Member Crow-Iverson made a motion to approve the adoption of the proposed 2025 Chief Executive Officer Performance Plan and Board Member Talarico seconded the motion. On a vote of 8-0, with Board Member Leinweber excused, the motion passed.

19. 2025 Strategic Plan Update

Ms. Watts explained that the E-2 Chief Executive Officer Authorities, Powers and Duties – City Code states that the Utilities Board and the Chief Executive Officer work in partnership to achieve excellence in governance to attain long-term organizational sustainability. They work jointly to set the strategic direction and vision for the enterprise.

The strategic plan outlines the organization's focus areas, mission, vision, values, strategic objectives, strategic initiatives and enterprise scorecard. The strategic plan was significantly updated in 2023. Two minor changes are being proposed for 2025.

Ms. Watts reviewed the Springs Utilities' Strategy Map which outlines the mission, vision, values, strategic objectives, and strategic initiatives.

Board Member Henjum asked for a definition of strategic initiative "promote safety maturity excellence". Mr. Deal, Chief Executive Officer, said that it is employees' understanding of why it is important to work safely rather than doing it because they are told to do so. Ms. Adams further explained that the organization has developed a safety maturity model that consists of five different stages that is reviewed bi-annually at the Safety Leadership Summit. There are thirteen components of safety maturity. Safety activities and safety

videos are planned for 2025 that will be disseminated throughout the organization with one being covered each month (and two in one month) so that all 13 components are covered in 2025.

Vice Chair Avila said that safety maturity is when an employee is out in the community and acts when they find an unsafe situation.

After the presentation, Board Member O'Malley made a motion to approve the adoption of the proposed guidelines. Board Member Henjum seconded the motion. On a vote of 8-0, with Board Member Leinweber excused, the motion passed.

20. Board Member Updates

Board Member Helms gave a fiber update on the north end of town. Restorations are going well and installations are continuing.

Vice Chair Avila wished staff and employees happy holidays.

Board Member Talarico asked Board Members if they have topics or changes to the Program Management Committee to get those to her. She will follow up this request with an email.

Board Member O'Malley said that rates were increased for reliability, and he thanked the Board for keeping reliability at 99.9% commitment.

Board Chair Donelson thanked his colleagues, the leadership team, and the employees of Colorado Springs Utilities for their hard work this past year.

Mr. Deal said that many strategic decisions were accomplished this past year, particularly the five-year rate case. He thanked Board Members for their support and investment in meeting challenges in 2024.

21. Summary of Board Actions

- Approval of the Utilities Board minutes from the Oct. 16, 2024, meeting
- Approval of the G-14 Wastewater Backup Assistance Program
- Approval of the I-11 Compensation and Benefits Compliance Report changes
- The Open Access Transmission Tariff Update for Interconnections will move forward to City Council on Dec. 10, 2024
- Approval of Changes to City Code Chapter 12 of the Real Estate Code Changes
- The Real Estate Code Changes for Chapters 12, 3, and 6 will move forward to City Council on Dec, 10, 2024 on consent
- Approval of the P-5.4 2025 Committee Work Plans
- Approval of the Proposed 2025 Chief Executive Officer Performance Plan
- Approval of the 2025 Strategic Plan

22. Adjournment

The meeting adjourned at 4:31 p.m.