

**MINUTES**  
**Colorado Springs Utilities Board Retreat**  
**Monday, August 5, 2024**

**Utilities Board members present in the Pikes Peak Room:**

Chair Dave Donelson, Vice Chair Yolanda Avila, Lynette Crow-Iverson, Nancy Henjum, David Leinweber and Michelle Talarico

**Utilities Board Members Excused:**

Randy Helms, Mike O'Malley and Brian Risley

**Staff members present in the Pikes Peak Room:**

Travas Deal, Renee Adams, Lisa Barbato, Tristan Gearhart, Gail Pecoraro, Bethany Schoemer and Natalie Watts

**City of Colorado Springs staff members present:**

Renee Congdon

**1. Breakfast and Icebreaker / Video**

The retreat began at 8:36 a.m. Strategic Planning and Governance Manager Natalie Watts welcomed attendees to the retreat. A video was shown that featured employees talking about why they love working for Colorado Springs Utilities. As an icebreaker activity, Board Members were asked to share what they believed to be their most significant accomplishment as a Utilities Board member:

- Vice Chair Yolanda Avila – Choosing a closing date for Drake and seeing that accomplished.
- Board Member Michelle Talarico – Chairing the Project Management Review Committee, specifically participating in the tours and seeing the facilities.
- Board Member Nancy Henjum – Elevating conversation around water, specifically helping get the County Commissioners to the table regarding regional water challenges.
- Board Member David Leinweber – Helping raise awareness for mental health, for pumped hydro, and advocating awareness for the outdoors.
- Board Member Lynette Crow-Iverson – Dedicating herself to understanding the intricacies of Springs Utilities and learning how it all works.
- Board Chair Dave Donelson – Selecting the CEO and facilitating high lines to small businesses to help ensure that they could stay open during the valve replacement project at Academy and Austin Bluffs.

## **2. Open Discussion: What do you want out of today's meeting?**

Ms. Watts reviewed the agenda for the meeting, and asked if there were other items that the Board wanted to cover. She asked Board Members what they wanted to get out of the retreat.

Ms. Henjum noted that there were three Board Members who were not in attendance. She said she would like a future discussion on collaborating with the farmers in the Arkansas Valley on water rights and the Colorado Water Plan and the Springs Utilities policy. She also would like to talk about other policies. City Attorney Renee Congdon stated that water policy could not be discussed since this was not a topic on the agenda that was noticed. It could, however, be added to a future Strategic Planning Committee meeting agenda. Ms. Henjum would also like to have a more in-depth conversation on the structure of City Council and the Springs Utilities model, being more strategic on how that is managed.

Mr. Leinweber stated that the topic he would most like to discuss is the value of being a community utility. He stated that it is sometimes daunting to know all the details and not be able to share those directly with citizens.

Ms. Talarico would like a comparison to other municipally-owned utilities on what is optimal governance for a utility like Springs Utilities. Ms. Bethany Schoemer, Strategic Planning and Governance Specialist Senior, mentioned that in 2016 a similar study was done, which she can forward to the Board.

City Attorney Renee Congdon said that the Board's responsibility is to set the direction of the organization and to monitor the CEO. The day-to-day direction of the organization is the responsibility of the CEO and his team.

## **3. Excellence in Governance Review**

Ms. Watts provided a brief review of the Utilities Board duties, responsibilities, and administrative authorities. The two duties of the Utilities Board fall within two categories: fiduciary and statutory and regulatory. Administrative decisions are made at Utilities Board meetings, rather than at City Council.

Ms. Watts explained that the Utilities Board and Chief Executive Officer (CEO) work together to attain long-term organizational success and sustainability.

### E: 1-3 Expectations

#### ***E-1 Utilities Board / Chief Executive Officer Strategic Collaboration***

The Utilities Board and the CEO work together to establish Board expected results and Leadership Competencies for the Utilities Board's annual evaluation of the CEO's performance.

#### ***E-2 Utilities Board Partnership Expectations***

The CEO assists the Utilities Board in obtaining the knowledge needed to meet joint responsibilities. Ms. Watts asked Board Members if there were additional items they would

like Travas Deal, Chief Executive Officer, to report on in addition to those currently being reported on: the ECA/GCA monitoring report and the Water Outlook

Mr. Leinweber said it would be helpful to see water risk. Ms. Congdon stated this could not be done in a public forum – but could be done in a closed session. Mr. Leinweber also mentioned the need to know about older equipment needing replacing. Mr. Deal gave an update on some replacement and reliability issues the organizations is facing.

Ms. Henjum suggested a more extensive strategy on compensation and benefits. Renee Adams, Chief Human Resources Officer, stated that a presentation is scheduled at the August Personnel Committee meeting. Ms. Henjum asked that we begin talking about the long-term future of debt ratios after the 5-year rate increase to address future needs for aging infrastructure.

### ***E-3 Chief Executive Officer Authorities, Powers, and Duties – City Code***

The Utilities Board respects and supports the authority of the CEO to lead Colorado Springs Utilities.

For communication purposes, Mr. Deal asked the Board to reach out directly to the CEO or Officer Team, but not directly to other employees within the organization.

### **Compliance Reports**

The instructions to the CEO are broken down into 13 sets of directions, Responses to these directions are known as compliance reports.

compliance reports always come before the full Board, but also go through various committees. The Strategic Planning and Governance section maintains a list of compliance reports to include when they are due and which committee they go through. Some of the compliance reports are audited on a regular basis while others are not. The Auditor's Office may choose to audit any of the compliance reports at any time. These auditors' reports come to the full Utilities Board.

### ***Guidelines***

The Governance Manual also contains Guidelines. These further explain the instructions, commitments, expectations and practices..

## **4. C-2: Annual Board Evaluation Discussion**

Ms. Watts said that in February 2024, the Utilities Board decided they did not want to do their annual Board evaluation during the Utilities Board meeting but would rather do it in an informal setting.

The C-2 is focused on the accomplishments of the Board as a whole, not on the individual accomplishments of Board Members. The Board had a lively discussion around the annual evaluation. They went through each of the first seven questions on the evaluation form and gave themselves a score.

Ms. Henjum asked other committee chairs how they felt about being more informal in their committee meetings (for example, simply asking questions rather than asking the committee chair if they can speak). Chair Donelson pointed out that each committee meeting is recorded and reporters can go back and look at those meetings so it is important to keep decorum at meetings.

Chair Donelson said Board Member O'Malley believes the Utilities Board's self-evaluation should be discontinued. Board Members present did not believe this would be beneficial. Ms. Henjum stated that best practice is to do a self-evaluation annually. Ms. Crow-Iverson said that she will need to see what the benefit and value of this tool is. City Council does not perform a self-evaluation.

## **5. Utilities Board Focus Area and Strategic Direction Review**

Ms. Schoemer reviewed the Excellence in Governance Policy Manual which gives the responsibility of setting the strategic direction and vision of the organization on the Utilities Board in partnership with the Chief Executive Officer.

### Focus Areas

The three focus areas of the organization are:

- Rates (40%)
- Reliability (40%)
- Relationships (20%)

Ms. Schoemer said the Utilities Board can change the focus areas and the weight of each area. Ms. Crow-Iverson asked Mr. Deal for his input on distribution weighting. Mr. Deal felt that more emphasis should be put on Reliability, perhaps up to 50%, with rates going down to 30%.

Mr. Leinweber suggested adding regulatory as a fourth focus area. Ms. Henjum suggested factoring regulatory into reliability, but not adding it as a separate strategic focus area.

A compromise was suggested of regulatory at 45% and rates at 35%. No final decisions were made. Further discussion will take place at the November Strategic Planning Committee meeting.

Ms. Schoemer will provide the Board with historical information on when the distribution of strategic focus areas have changed.

## **6. The Role of Utilities Policy Advisory Committee (UPAC)**

Ms. Schoemer explained that UPAC is a third-party policy committee, and then explained the roles of the UPAC process.

The way the process works is that the Utilities Board identifies areas that need research or policy attention then vote to assign the scope of the assignment. UPAC researches and

completes the scope of work and drafts a recommendation to bring forward to the Utilities Board for consideration.

The UPAC Board liaison (the Chair or Vice Chair of the Utilities Board) works closely with UPAC and Springs Utilities staff to ensure the work stays within the approved project scope. The UPAC staff liaison works with UPAC and Springs Utilities staff, serving as a conduit between Utilities Board and UPAC, to help facilitate presentations and information needed to complete the assignment.

Ms. Avila asked what the role of the Utilities Board Liaison is if UPAC is a third-party committee. Mr. Deal stated that the intent was to provide communication between the Committee and the Utilities Board, for example, changes in scope.

At the conclusion of the UPAC Assignment, the Utilities Board can 1) Accept the assignment and do nothing with the recommendation; 2) Implement a new administrative policy consistent with the Governance Manual; or 3) Direct the CEO to incorporate their recommendation in operations.

UPAC assignments have three purposes:

1. Provide a third-party perspective to strategic operating and financial policies to the organization
2. Provide policy research focused on a law, regulation, procedure, administrative action, incentive or voluntary practice
3. Provide the Utilities Board with research assistance in their fiduciary and statutory duties

The process for generating new UPAC assignments has been unclear in the past. Brainstorming on a more formal process occurred.

Mr. Leinweber suggested that proposals go through the Strategic Planning Committee for consideration. Mr. Deal suggested these not be limited to the Strategic Planning Committee.

Ms. Henjum suggested an agenda item be added each committee's monthly agenda. City Attorney Renee Congdon suggested having individual committees pick their top one or two and bring those to the Utilities Board for a final vote before assignment.

Potential UPAC assignments were not brainstormed. The new process will be followed beginning in October 2024, with brainstorming occurring at each of the committee meetings. The new Board will need to vote on the new assignment in April 2025.

## **7. Communications Support to the Board**

Ms. Watts reminded everyone that for the fastest responses to constituents' concerns to use the [ub@csu.org](mailto:ub@csu.org) email address. This email is monitored daily. This also helps with tracking, coming through a central point of contact, the Utilities Board Administrator (Gail Pecoraro).

### Weekly Comm

Ms. Watts said that Weekly Comm emails come out every Friday. Board Members agreed that these communications are helpful and additionally asked for a quarterly fiber update.

### Board Briefings

Board briefings are the once-a-month meetings with Mr. Deal. All the Board Members agreed these are extremely useful.

### Committee Packets

Committee packets are sent once per month for each committee. These meeting materials are helpful in preparation of upcoming Board Committee meetings.

### UB Comm

UB Comm emails are important in knowing what is going on in the community and are delivered on an as-needed basis. There was a discussion around how quickly they need to be read and Mr. Deal stated if something were extremely urgent, he would call the Board Members about it instead of sending an email.

### Tours

Tours take place quarterly in conjunction with the PMR Committee meetings. They are also offered to all Board Members on an as-needed basis. Board Members love tours. Mr. Deal mentioned some new tours that are being offered in the second half of 2024.

### Lunch and Learns

Lunch and Learns take place monthly before Utilities Board meetings. Board Members were asked what topics they would like to learn more about in the future. Mr. Leinweber suggested AI and Utilities as a future topic

Ms. Henjum asked how the Board will be addressing communication with customers for the 5-year rate case. Ms. Adams stated that a communications plan is being developed. Mr. Deal said that the organization will be releasing high-level speaking points to the Board as soon as they are available.

## **8. Summarize and Review Next Steps**

Ms. Watts reviewed the items put in the parking lot and summarized next steps.

## **9. Adjournment**

The retreat ended at 3:18 p.m.