

**Minutes of the  
Colorado Springs Utilities  
Utilities Policy Advisory Committee (UPAC) Meeting  
Wednesday, February 6, 2008  
Blue River Board Room  
5<sup>th</sup> Floor, Plaza of the Rockies South Tower  
121 South Tejon Street  
8:00 a.m.**

Committee Members Present: Vice Chair Robert Holzwarth, Committee Members T.A. Arnold, Janna Blanter, Prince Dunn, and Jim McCall, and Alternate Members Anthony Elia and James Greenwood. Chair Kathleen Hatten and Committee Member Robert Steinke were excused.

Staff Members Present: Jerry Forte, Sherri Newell, Jan Crosby, Bruce McCormick, Karin Hollohan, Melissa Kellione, Kelvin Southard, Lisa Rosintoski and Nancy Schneider.

**1. Call to Order**

The meeting was called to order.

Vice Chair Holzwarth introduced James Greenwood and Anthony Elia, and asked each of them to give a brief statement about themselves. Chief Executive Officer Jerry Forte introduced Senior Attorney Jan Crosby, who will now serve as legal counsel to the Utilities Policy Advisory Committee.

**2. Approval of Minutes of January 2, 2008 Utilities Policy Advisory Committee (UPAC) Meeting**

The minutes were approved.

**3. Presentation: Executive Limitation (EL) 5 – Compensation and Benefits: Total Compensation Review**

Workforce Rewards Manager Karin Hollohan, Senior Compensation Specialist Melissa Kellione, and Organizational Development Consultant Kelvin Southards gave a presentation on Springs Utilities' compensation and benefits review. Ms. Hollohan reported that the presentation would focus on human resource trends and challenges, business drivers, and Springs Utilities' total compensation package.

Ms. Kellione reported on the Workforce Planning Project, stating that it is a multi-year organizational initiative with targeted strategies around compensation, recruiting/staffing, retention, and training and development. She reported that further information on questions asked by UPAC members at the last meeting were included in the appendix that was distributed today. Ms. Kellione stated that a bonus plan is defined by the IRS as "after the fact", whereas a performance plan is much more methodical, with specific objectives and measurements set in advance.

Ms. Kellione then described Springs Utilities base pay approach, and Mr. Southards gave an overview of Springs Utilities' pay for performance program.

Ms. Kellione introduced Ann Carroll Butler, CCP, Senior Consultant for HRadvantage, who spoke on pay for performance practices and trends. She reviewed recent studies on the use of pay for performance as well as program designs and plans.

Ms. Hollohan stated that the next steps in the assignment would be to discuss public perception challenges, as well as pay for performance options. Then, in April, project scope deliverables will be reviewed with an April 16 preliminary check-in with Board followed by another update to the Board in May and presentation of recommendations to the Board in June.

Mr. Arnold stated that he felt compensation takes many forms, and he suggested that Springs Utilities be sure that they are using other ways to compensate employees, such as working at home and flex time. Ms. Blanter stated that another way to look at the fact that a large percentage of employees who are getting incentive pay is to note that it shows that a large number of Springs Utilities' employees are performing very well. Mr. Holzwarth noted that "pay at risk" has a very negative connotation when used as a recruiting tool. He suggested that "incentive pay" has a better connotation.

#### **4. Facilitated Discussion: Executive Limitation (EL) 10 – Water Rights Protection and Development**

Issues Management Manager Lisa Rosintoski presented an assignment summary, and then reviewed the changes to EL 10 that Springs Utilities recommended. She then led a facilitated discussion on the assignment recommendations.

#### **5. General Discussion**

Mr. Arnold requested an update on the Southern Delivery System (SDS) and the draft environmental impact statement (EIS), and Chief Water Services Officer Bruce McCormick provided that update.

#### **6. Adjournment**

The meeting was adjourned at 9:35 a.m.