

**Minutes of the
Colorado Springs Utilities
Utilities Policy Advisory Committee (UPAC) Meeting
Wednesday, June 4, 2008
Blue River Board Room
5th Floor, Plaza of the Rockies South Tower
121 South Tejon Street
8:00 a.m.**

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

Staff Members Present: Jerry Forte, Sherri Newell, Kelly Means, Edward Easterlin, Jan Crosby, Karin Hollohan, Dan Noble, Stella Chan, Brent Schubloom, Lisa Rosintoski and Nancy Schneider.

1. Call to Order

The meeting was called to order by Chair Kathleen Hatten.

2. Approval of Minutes of May 7, 2008 Utilities Policy Advisory Committee (UPAC) Meeting

The minutes were approved.

3. Policy Recommendations: Executive Limitation (EL) 5 – Compensation and Benefits

Issues Management Manager Lisa Rosintoski reviewed a presentation that was prepared by Springs Utilities' staff that reflected UPAC members' deliberations on the assignment. UPAC members suggested changes to the presentation and the accompanying white paper. Mr. Elia made a motion to direct Springs Utilities' staff to make changes as suggested by UPAC to the white paper and presentation and email those to UPAC members for comment. Ms. Blanter seconded the motion and it was approved by unanimous voice vote.

4. Presentation: Executive Limitation (EL) 13 – Infrastructure: Water Development Charges – 2004 UPAC Recommendations Review

Financial Planning and Pricing Manager Stella Chan reviewed the 2004 UPAC recommendations on the assignment on Executive Limitation (EL) 13 – Infrastructure: Water Development Charges. She gave an overview of the financial model, development charge methodology, development charge drivers, and the recommendations made by UPAC in 2004, which included a 5-year phase-in of the 1999 Black & Veatch (B&V) study. She then reviewed the 2008 water development charge, benchmarking and assignment considerations.

A break was taken from 9:40 a.m. to 9:50 a.m.

5. External Presentations: Executive Limitation (EL) 13 – Infrastructure: Water Development Charges – 2004 UPAC Recommendations Review

Housing & Building Association (HBA) President Bobby Ingels called UPAC members' attention to a letter and memo the HBA had provided to UPAC at the beginning of the meeting. He reported that the HBA had several concerns they wished UPAC to think about as they consider this assignment. He noted that HBA believes the Black & Veatch model is outdated, that large front-end tap fee charges offer only a short term revenue gain for Springs Utilities, and that a substantial tap fee charged to commercial customers would make our community uncompetitive in a changing global economy.

Fred Beech from Norwood Development stated he wanted to talk about comparative competition for commercial development. Most cities have incentives; however, Springs Utilities fees are higher than Denver and others. He further stated that development charges will not stop development, but is a factor to consider. If the goal is to encourage water conservation, there should be a way to factor in low-flow toilets so developers would not be penalized for trying to conserve by installing them. He reported that low-flow toilets use large capacity but for a much shorter period of time; they use less water; however, it is reported at larger capacity because of the amount used in that shorter period of time.

Save the Springs Founder and Chair Dave Gardner gave a presentation entitled "Subsidized System Development Charges". He asked UPAC to again recommend implementing the 1999 B & V study as they had recommended in 2004, which would include implementing the full amount in 2009. He stated that some reasons to not offer lower development charges are that it makes it less attractive to short-term customers who may not stay for long, it is easier to abandon a building, and it discourages infill. James Greenwood requested a copy of Mr. Gardner's presentation, and Mr. Gardner stated he would email the document to Ms. Rosintoski who could then distribute it to UPAC.

Walter Lawson reported he was concerned that there had been no discussion in the presentation about total dollar cost or about why there should be a subsidy. He reported he did not want to see changes made in a hurry and suggested this topic be covered in 3 meetings rather than just this one. He also stated he wished UPAC would bring into consideration residential development fees. Ms. Blanter noted that this issue was addressed over a 6-8 month period in 2004, and she thought this was meant to be a review of that information with a recommendation based on that review.

6. Policy Considerations: Executive Limitation (EL) 13 – Infrastructure: Water Development Charges – 2004 UPAC Recommendations Review

A facilitated discussion was held on the assignment and UPAC members deliberated on what recommendation they wished to present to Utilities Board.

7. Policy Recommendations: Executive Limitation (EL) 13 – Infrastructure: Water Development Charges – 2004 UPAC Recommendations Review

Ms. Blanter made a motion and Mr. McCall seconded the motion to recommend the following:

- Fully implement the 1999 B&V recommended demand ratios for commercial water meter development charges by 2009, using 2005, 2006 and 2007 data and bring the ratios up to the total recommended for 2009 in the original 2004 UPAC assignment.
- No change to existing EL 13 policy.
- Modifications should be managed as part of the 2009 Rate Filing (using 2005, 2006, and 2007 data).
- Updates should occur every three years.
- 6 inch and above water meter sizes will be calculated on a case by case basis; therefore the Utilities Rules and Regulations will need to be modified.
- Request Utilities Board assign UPAC to review the current financial business model.

Ms. Rosintoski reported the next steps will be to finalize the white paper and Utilities Board presentation at the July 2 UPAC Meeting. UPAC will present its recommendations to Utilities Board at the July 16 Utilities Board meeting.

8. General Discussion

There was no general discussion.

Adjournment

The meeting was adjourned at 11:45 a.m.