



Colorado Springs Utilities

It's how we're all connected

Agenda
Colorado Springs Utilities Board Meeting
Wednesday, September 16, 2009 – 1:00 p.m.
Blue River Board Room
5th Floor, Plaza of the Rockies South Tower
121 S. Tejon

<u>Est. Time</u>		<u>Objective</u>
1:00	I. Call to Order	
1:05	II. Minutes	
	A. Approval of Minutes of August 19, 2009 Meeting	Decision
1:10	III. Recognition/Customer Comment Period	
	A. Catamount Wildland Fire Team	
1:15	IV. Governance Monitoring Reports (see attachments)	
	A. Semi-Annual External Report on Executive Limitation (EL) 9 – Treatment of Consumers	Monitoring
	B. Chief Executive Officer's Communication Executive Limitation (EL) 8 - Communication and Support to the Board	Monitoring
	V. Discussion/Action Items (see attachments)	
2:00	A. Resolution of Appreciation T.A. Arnold Governance Process (GP) 8 – Board Committee Structure	Decision
2:15	B. Utilities Policy Advisory Committee Appointments Governance Process (GP) 8 – Board Committee Structure	Decision
2:30	C. Financial Update Executive Limitation (EL) 7 – Financial Condition and Activities	Information
3:30	D. 2010 Budget Development Executive Limitation (EL) 6 – Financial Planning and Budgeting	Information
4:30	E. Interim Watershed Access Policy Executive Limitation (EL) 13 – Infrastructure	Information
5:00	VI. General Board Discussion	
	VII. Adjournment	

**Colorado Springs Utilities Board
Meeting Minutes
Wednesday, August 19, 2009 - 1:00 p.m.
Blue River Board Room
5th Floor, Plaza of the Rockies South Tower
121 S. Tejon**

Utilities Board Members Present: Chair Lionel Rivera, Vice Chair Larry Small, Board Members Jerry Heimlicher, Darryl Glenn, Scott Hente, Jan Martin, Bernie Herpin, Tom Gallagher and Randy Purvis.

Staff Members Present: Jerry Forte, Sherri Newell, Bill Cherrier, City Attorney Ken Burgess, Tom Black, Bruce McCormick, Carl Cruz, Lisa Rosintoski, Monica Whiting, Kim Girling, Wayne Vanderschuere, Anna Seder and Bradley Stratton.

I. Call to Order

The Utilities Board meeting was called to order by Chair Lionel Rivera at 1:00 p.m.

II. Minutes

The minutes of the July 22, 2009 Utilities Board meeting were approved.

III. Recognition/Customer Comment Period

A. 20th Annual Rocky Mountain Lineman's Rodeo

Chair Lionel Rivera explained the recognition and introduced Colorado Springs Utilities Chief Executive Officer Jerry Forte who then provided further information about the recognition and the significance of this event. Chief Energy Services Officer Tom Black then introduced the individuals being recognized and explained further the events and congratulated the linemen who attended and competed at the rodeo. Chair Rivera then congratulated the individuals involved on behalf of the board.

B. Service Referral Contractors 10 Year Anniversary

Chair Rivera related the partnership involved for this recognition. Mr. Forte then explained the ongoing commitment involved and thanked each of the contractors being recognized.

C. Employee Diversity Award

Chair Lionel Rivera explained the recognition and related some of the more recent events of the Diversity Forum. Mr. Forte described further what the Colorado Springs Diversity Forum is known for, thanked Shirley Martinez for her contributions and introduced Paula Miller, co-chair of the Diversity Forum to give some more comments and to present the

awards. Ms. Miller then asked members involved in the project to come and be recognized and presented the group with an award. She then explained the "Inclusion Award" being presented to Shirley Martinez and Shirley's exemplary performance and presented Shirley with a plaque and award.

D. Customer Comment

Chair Lionel Rivera introduced Douglas Bruce for the customer comment period. Mr. Douglas Bruce stated he had two complaints and one included a bill of over \$50 dollars. Mr. Bruce explained he had a tenant that moved out on April 1st and on April 22nd the services were turned off and he was not notified. He also stated that Colorado Springs Utilities replaced the meter with an automated meter without informing him. He then stated that when calling Colorado Springs Utilities in July he was told that Utilities would put a note on the property as notice but the property was vacant and no notice was given or found on the property. Mr. Bruce then related that a friend had asked to stay in the apartment on July 18th but the gas service was disconnected. He stated that the service was then reconnected at a cost of his own time. He then contacted Karen Walker and stated that he was being charged for service on gas when the gas was disconnected. He stated Ms. Walker responded that he was being charged for service but not consumption. Mr. Bruce then stated he left his card for Mr. Forte to respond to him but received no response and then he spoke with Councilman Glenn who stated he had seen a letter of refusal that was being sent to Mr. Bruce. Mr. Bruce stated he later met Mr. Forte and was informed that he could hold a hearing. Mr. Bruce closed this topic by asking to be refunded the \$51.08 and to have a written response to his request.

Mr. Bruce stated his second complaint involved a \$6,500 dollar water reconnect charge on sale of a town home. He related that the new owner, whom he was holding the note for, paid the amount in order to have services connected. He related that it was absurd for people to be penalized for holding empty buildings. He presented the water development charges that were being charged to the new owner and also the resolutions or regulations that had been presented to that owner and cited a discrepancy in the sizes of pipes and the related charges. He also related the issue and effective dates of these resolutions and explained that it seemed the rules were being applied retroactively and that neither he nor the owners had been notified of the changes. He asked the regulation be re-visited and that people not be penalized for holding empty property and also that the regulation be applied prospectively and not retroactively. He also stated the ridiculousness of turning on water for a day and then turning it off again in order to avoid the arbitrary 2 year rule. He also asked for a written response within 10 days to this complaint as well.

Chair Rivera responded that the tariffs are reviewed consistently and if there were changes necessary they would be enacted. He further explained that there was a dispute resolution process and Mr. Bruce could use that process if he wished.

Gary Fischer asked to speak and proceeded to relate the wastewater calculations stating that he had done this previously and went on to further explain his concerns with the winter daily average calculation that included shoulder months and not just the three winter months. He then suggested that his corrective action and the corrective action by

the auditor was not received well by the Utilities. He also related that he was informed that any change would be revenue neutral. He then stated that he was informed by Utilities that only 50 percent of the water flowing through the wastewater plants was being accounted for by the billing system. He asked that those two items be addressed. Chair Rivera responded that although a great monetary and man-hour effort could be included that he had been informed by Utilities CEO that in 2010 the automated meter system would allow real-time meter readings to avoid any buffer or shoulder months. Chair Rivera then asked Mr. Forte to look at infiltration into the water system.

IV. Governance Monitoring Reports

- A. Semi-Annual Report on Executive Limitation (EL) 3
 Executive Limitation (EL) 3 – Treatment of Staff

There were no questions or comments.

- B. Quarterly Report on Executive Limitation (EL) 4
 Executive Limitation (EL) 4 – Asset Protection

There were no questions or comments.

- C. Quarterly Report on Executive Limitation (EL) 7
 Executive Limitation (EL) 7 – Financial Condition and Activities

Board Member Tom Gallagher stated that there seemed to be a discrepancy in some of the figures on pages 36 and 41. Specifically the negative cash balance on page 36 and that the sales were above budget relating to water revenues. Chief Planning and Finance Officer Bill Cherrier responded that the starting amount was negative and although the sales were positive they remained negative. Board Member Gallagher explained that the electric revenue and amounts were easily transposable but that these numbers were not. He also asked if the aid and contributions were in line at the amount listed and Mr. Cherrier responded that there have been delays with some Air Force Academy projects and other projects and that we were currently substantially behind so far this year but many of these projects would be realized by the end of the year. Board Member Gallagher asked that these types of things be considered with the current budget considerations for 2010 and that he wondered if the planning and forecasting couldn't be or have been more accurate. Mr. Forte responded that there were budget reductions being made and that many of the forecasts were not being hit. Chair Rivera asked when the tap fees from Peterson would be collected or was it that the construction was delayed and that was why these numbers were down. Mr. Cherrier responded that he did not have that information but that the reduction in tap fees was being taken into consideration.

- D. Annual Report on Executive Limitation (EL) 10
 Executive Limitation (EL) 10 – Water Rights Protection and Development

There were no questions or comments.

E. Annual Chief Executive Officer performance Plan Results – Second Quarter
Board-CEO Linkage (BL) 6 – Monitoring CEO Performance

There were no questions or comments.

F. Chief Executive Officer's Communication
Executive Limitation (EL) 8 – Communication and Support to the Board

Chief Executive Officer Jerry Forte highlighted the "Green" fair that would be held in concert with the City of Colorado Springs. He then asked Richard Skorman to come up and explained that Colorado Springs Utilities had been working with him in his conservation store and asked Mr. Skorman to explain some of the items he carried in his shop and what he was trying to accomplish. Mr. Skorman then related that his conservation center was about getting out as many conservation devices as possible and also to have conversations with people to let them know the things they can do to conserve. He also stated he wanted to see Colorado Springs become a more efficient city. Mr. Skorman then offered to be the grassroots effort for rebates and to help talk people through the conservations efforts and other programs Colorado Springs Utilities offers. He then invited the board to his center to get more information in order to turn Colorado Springs into a place that doesn't waste.

Chair Rivera related that in some cities the city handled waste hauling but here that was done by private companies, he then asked if recycling was something that Mr. Skorman would be willing to spearhead. Mr. Skorman responded that recycling was one of the items they looked at and they tried to implement "adopt your block" programs to have members of the community help coordinate such efforts.

Board Member Jan Martin commended Mr. Skorman and his staff and asked about the partnership with Colorado Springs Utilities. Mr. Skorman responded that the conservation centers had been very helpful and also there was a CFL rebate that was being implemented through partnership with Colorado Springs Utilities.

Board Member Bernie Herpin related that he had been to a therapeutic center and they still have incandescent light bulbs and that a donation of CFLs with organizations like this would be nice. Mr. Skorman responded that those types of things were always considered and then offered energy audits to Council or anybody on staff.

Mr. Forte then expressed his gratitude at the partnership and that he hoped to continue this cooperative effort.

Chair Rivera then called for a short recess at 2:17 pm. The meeting reconvened at 2:36 pm.

Mr. Forte introduced Chief Planning and Finance Officer Bill Cherrier to present the 2009 financial projection. Mr. Cherrier informed the board that the 200 positions to be reduced by 2010 had been moved up to 2009, \$5 million in operating costs had been deferred and that Utilities was monitoring the monthly financial indicators and weather forecasts and

economic impacts. He then related the fixed cost coverage current financial projection including items mentioned and adjusted for in previous meetings. He reiterated that there would be service level impacts if the current, short-term fixes had to be maintained. He also related that currently the 2009 potential results would lead to a 1.54 FCC Value and the Executive Limitation required a 1.60. This is a difference of around \$8.4 million dollars. Board Member Scott Hente asked that although the drive-thru would be closed is the Utilities lobby the only place to pay cash. Customer Revenue and Services General Manager Monica Whiting responded that there were kiosks and a contract with King Soopers for customers to come in and pay. Board Member Bernie Herpin asked how the FCC Value was accounted for, if the higher number was better. Mr. Cherrier responded that the rating agencies would like to see a 2.0 number for an "AA" bond rating. Board Member Jan Martin asked about the deficits in revenues, specifically gas and Mr. Cherrier responded that those numbers were due to an abnormally warm winter.

V. Discussion/Action Items

A. Economic Vitality Executive Limitation (EL) 14 – Community Investment

Mr. Forte introduced Ms. Whiting and Economic Vitality Planning and Development Project Manager Kim Girling. Ms. Whiting explained the purpose of the program including some of the history, status and successes. She then reviewed the guidelines and rules that had to be considered with this sort of project. Ms. Whiting related the strategic partnerships between the EDC, City and Colorado Springs Utilities including the roles of each group. She then explained Colorado Springs Utilities' portfolio and ability to respond to specific companies' needs. Ms. Whiting also stated that the amount of contributions provided by Colorado Springs Utilities to community funding was higher than average. She then reviewed the research and survey findings including that Colorado Springs Utilities is one of only three utilities offering incentives to support economic development and has a strong portfolio of economic development offerings. She also reiterated the high customer satisfaction marks received by Colorado Springs Utilities. Ms. Whiting then summarized the key points and asked Ms. Girling to give a quarterly update.

Ms. Girling explained that in 2009 the focus was to implement the joint plan. She stated that Colorado Springs Utilities was looking to hold its first economic vitality forum later this year. She related that less than 30 percent of the 21 competing utilities surveyed offered an economic development or redevelopment rate and that an inclining rate was used most often. Also included were requirements to bring in new jobs and other requirements. She then stated that competitive rates were a key factor in our economic vitality portfolio. Ms. Girling then related the renewable partnerships including wind power purchasing that could be located in Eastern El Paso County and also a partnership with the United States Air Force Academy for a 2 megawatt solar power system. She then reviewed the items to be included on the Economic Impact Report including employee involvement, low-income programs and community investment in addition to the competitive rates and other considerations. Ms. Girling summarized by relating some of the new and improved programs that are being used and created and related that in the third year of the program they will move into a strategic plan of how to support the

community and other plans. Chair Rivera thanked them for their work and stated that the website had a lot of good information.

**B. Emissions Strategy
Ends (E-1) – Environmental Results**

Mr. Forte stated that this was a key point in conjunction with the new legislation coming forward in considering the Electric Integrated Resource Plan. Mr. Forte related that Colorado Springs Utilities was looking at using wind power, woody bio-mass and other ways to help enhance the coal power that would remain a part of Colorado Springs Utilities' portfolio for the foreseeable future. He then introduced Chief Energy Services Officer Tom Black who gave an overview of the presentation that would follow including supply and customer programs, renewable portfolio standard compliance, the state implementation plan and closing with an NSG update. Mr. Black related that the supply and customer programs included creating a beneficial use for coal combustion by-products including removing and selling landfill ash to create cinder blocks. He then related that they were able to include up to 15 percent wood in with the coal but through a long term view there were three variables to consider including: biomass supply price and certainty, drake boiler combustion design review and raw biomass processing. Mr. Black then stated that currently the project was being pushed back until 2011 and 2012 instead of 2010 to allow further testing and inspection.

Chair Rivera asked if stimulus funding was requested and Mr. Black responded that it had been requested and the receipt of such funds may change that plan. Mr. Forte further expanded that the projects were being spread out to better manage money because of other projects but that additional funding would force more changes. Mr. Black then explained that magnesium hydroxide injection was also being pursued in order to utilize less expensive coal with lower ash and sulfur dioxide content. He also related some of the demand side management projects including load cycling, green power and others.

Chair Rivera asked for further information about magnesium hydroxide injection and Mr. Black responded that current contracts limited usage but they were negotiating with the coal companies to increase the amount of the cheaper Powder River Basin coal used in the plants.

Acquisition, Engineering and Planning General Manager John Romero then presented Renewable Portfolio Standard compliance. He then related the renewable energy standards including 1 percent of energy from renewable sources. He displayed a chart showing Colorado Springs Utilities current renewable energy sources including mostly small hydroelectric plants. He then stated that Colorado Springs Utilities will be compliant until 2018 under the current renewable energy standard. He also related that the current rate impact was between 0.25 percent for residential customers and 0.38 percent for industrial customers to keep within the standard. This equates to \$0.13 for residential or \$89.20 for industrial on average. Mr. Romero then explained the future investment in renewables including Cascade Hydro and the solar facility on the US Air Force Academy which resulted in around \$18 million in stimulus funds. Chair Rivera asked our compliance level and Mr. Romero responded that even without doing these additional

projects we would be compliant until 2018. Mr. Forte added that the federal standards, if implemented and approved could change those compliance levels and require other action.

Environmental Services Manager Dave Padgett then presented Emission Control Regulatory Drivers and Costs. He explained the state implementation plan for regional haze and the best available retrofit technology (BART) requirements and future SIP revisions and implications. The regional haze state implementation plan expects to restore visibility to natural conditions by 2064. Mr. Padgett stated the Nixon, Birdsall and Front Range power plants are not subject to BART requirements but they are subject to reasonable progress goals however the Drake power plant is subject to those requirements. For Drake the requirements include Nitrous Oxide and Sulfur Dioxide control which must be implemented as expeditiously as practical but no later than 2014-2015. Mr. Padgett related the projected capital costs using traditional capture technology totaling \$96 million for SO₂ at Nixon with \$4 million in annual O&M and additional reductions that may be required at the other plants and with higher requirements. He then related a new ozone standard and also explained that Nitrous Oxide reduction in Colorado Springs could be shown to reduce Denver area ozone.

Chair Rivera asked if the EPA could realistically impose an additional reduction on Colorado Springs to help with Denver ozone and Mr. Padgett responded that it would be the state that would impose those types of regulations.

Board Member Purvis asked the wood source for the biomass project at Drake and Mr. Black responded that beetle kill trees in a radius surrounding Colorado Springs would be used. Board Member Purvis then asked if the impacts of removing that wood from the forests were being considered. Mr. Padgett responded that thinning was already a consideration in keeping with fire safety and promoting new growth. Mr. Black expanded that the health of the forests would be considered.

Mr. Forte explained the high monetary commitment that would need to be used for NO_x and SO_x requirements using traditional technologies and introduced Dr. David K Neumann, CEO for Neumann Systems Group, Inc. Dr. Neumann explained some of the history with Colorado Springs Utilities and the EDC. He then explained the ability of PureStream™ to maintain a smaller capital cost and smaller footprint that was required of some of the power plants used by Colorado Springs Utilities. Dr. Neumann then thanked many of the different people involved in the SO_x project at Drake. He then informed the board of the success of the 2MW project and continued operation with no wear on the key components of the system and also the implementation of the 20MW system which will come online this week. He then stated that the costs will be under half of the conventional system prices. Dr. Neumann then explained that he was asked to speak at a premier energy conference and other organizations would be touring and learning from the systems at Colorado Springs Utilities. He also stated that the system was removing 96 percent of the SO_x and only 90 percent was required.

Chair Rivera asked about the waste returns from the system and Dr. Neumann responded that some would be used to create gypsum or for other purposes. Chair Rivera then asked if there were other plants that could again come viable through use of

this technology and Dr. Neumann responded that a key point would be gaining BART certification.

Board Member Martin asked about sales of this system and Dr. Neumann responded that after the continuous test of the 20 MW system there would be more opportunities and that his group was currently working with a larger utility but they had other requirements and the continuous operation was a part of that. Board Member Martin congratulated Dr. Neumann and his group and asked about CO2 capture and Dr. Neumann responded that capture technologies were being considered and explored. Board Member Martin then asked if it would be a separate system and Dr. Neumann affirmed and expanded that SOx would have to be removed first and then an additional system or product would need to be added.

Board Member Purvis asked about NOx removal and Dr. Neumann responded that a chemical change would be required but that it would not be as efficient at removal for both as the current chemical is at removing SOx. Board Member Purvis then asked about the parasitic load and Dr. Neumann responded that it was about a 1 percent load but that other systems required up to 5 percent. Board Member Purvis then asked about clean coal and predictions for such in the future and Dr. Neumann responded that clean coal was coming into reality today but that loads were a consideration. Chair Rivera then congratulated Dr. Neumann and his group and thanked them for coming.

Chair Rivera called for a short recess at 4:20 pm. The meeting reconvened at 4:27pm. Board Member Gallagher recused himself from the next discussion item.

C. Arkansas River Storage Reconnaissance Study
Executive Limitation (EL) 10 – Water Rights Protection and Development

Chief Water Services Officer Bruce McCormick related that an amended offer previously considered at the June Utilities Board meeting had been received and he wanted to update the board on that offer. He then introduced Water Resources Manager Wayne Vanderschuere to cover this information. Mr. Vanderschuere explained that the Return of Yield was separate from SDS and there was no urgent need to gain new storage for ROY and ROY storage is not a supply issue. He further explained that exchanges and other current contracts were able to minimize any losses. Mr. Vanderschuere then explained the storage criteria used including location, capacity, available conveyance, permitting requirements, timing and price. He then transitioned into a map of potential storage locations that would be included in the integrated resources water plan including many sites. He then explained the site appraisal for Return of Yield and other information about the offer for Stonewall Springs. Specifically the site appraisal was for \$3 million in 2005 and the purchase price at that time was over \$7 million dollars so a purchase was not pursued. The Stonewall Springs Quarry Partners then purchased the site for \$6.25 million in 2005 and now the current purchase price was \$38.8 million. Mr. Vanderschuere also explained that although the previous offers included 46 percent shares in the Excelsior Ditch the current offer did not. He further related that discussions had continued to obtain the specifics from the Morley's in regard to this offer. Mr. McCormick then explained that Colorado Springs Utilities recommended not pursuing this opportunity at this time.

Vice Chair Small asked about the costs for other reservoirs per acre-foot and Mr. Vanderschuere responded that the material was being reviewed but that at first glance the document mentioned included areas along the South Platte which was more open to gravel pit operations and that those were completed supply reservoirs rather than exchange reservoirs. He then instructed Vice Chair Small to read the footnote. Vice Chair Small then read the note and saw that it included costs of dams and that this offer while it may not need a dam would still require outlets and other amenities to hold water. Vice Chair Small asked what would need to be done to turn these into viable reservoirs. Mr. Vanderschuere responded that the gravel would have to be excavated, transport of that gravel, the licensing, water rights and other considerations in addition to the water improvements. Vice Chair Small asked about water losses and Mr. Vanderschuere responded that the preferred plan was to use Holbrook in order to minimize losses. Mr. McCormick expanded that he did not want to say that the property was not valuable or able to be used for water storage but in comparison to the other methods used this particular deal was not fiscally responsible.

Board Member Heimlicher asked about the distances of Holbrook compared to Stonewall Springs and Mr. Vanderschuere responded that it was approximately 25 miles and Stonewall was about 5 miles. Board Member Heimlicher asked about pumping to move the water and Mr. Vanderschuere and Mr. Black responded that this water would not need to be pumped and that currently Holbrook or Lake Meredith made more sense. Mr. Forte responded that through exchanges there had been no loss other than transit loss and that the cost consideration was only for transit loss. Specifically the consideration was that the cost of purchasing a reservoir far outweighed the small amount of transit loss currently impacting Colorado Springs Utilities.

Board Member Heimlicher asked if the purchase price of \$6.25 million would even make the reservoir worthwhile and Mr. McCormick responded that even then purchasing the reservoir would not make financial sense. Board Member Hente asked about the difference between the Williams Creek reservoir and Mr. McCormick responded that this would not negate the need for the Williams Creek reservoir. Board Member Martin asked what value has been added to the property to increase the sale price from \$6.25 million to \$38.8 million and Mr. McCormick responded that there had been some improvements toward bringing that property toward certification as a reservoir site. Mr. Forte further expanded that there had also been some value subtracted.

Jon Slyman from Southwest Sod farms stated that he had been working with the ROY partners and Colorado Springs Utilities at a better value than this project and that he would ask for the ability to continue working with them. Chair Rivera asked the location and Mr. Vanderschuere responded that it was around the location of Stonewall Springs but not quite as far down stream.

Mr. Morley stated that this had not gone the way he had hoped and explained that there does not seem to have been enough time to see what has been done. He explained that they had obtained a special use variance from Pueblo. He also stated that they had received a mining permit from the state and they have been working with Pueblo County on a 1041 permit. Mr. Morley then stated that other entities such as Aurora, Pueblo

Board or Waterworks would or could also use this reservoir. He stated that the releases to Meredith and Holbrook were 60 percent efficient in contrast to 90 percent with Stonewall Springs. Mr. Morley then stated that although exchange opportunity was not being adversely affected now it could be affected in the future. He then stated that they had a right of way agreement from Stonewall Springs up to Woodmen avenue with Xcel Energy. He then stated that although there were other quarries they did not have conveyance whereas Stonewall Springs did. Mr. Morley then explained that a study was conducted in 2004 and that negotiations had been previously conducted with Colorado Springs Utilities but not to fruition. He then stated that he purchased the property because Pueblo Board of Waterworks was interested.

Chair Rivera interjected to ask Mr. Morley to speed up. Mr. Morley then stated that he inherited the land so the purchase price was not relevant. He related that he thought it was a fair price that hadn't changed from the previously negotiated deal and was a good deal for our city. Don Deer then explained that he prepared the cost table Vice Chair Small had earlier questioned. He explained that these were the costs of the full project. He also reiterated that the location was ideal and that they already had approval for many of the permitting requirements. Mr. Deer also iterated that there was gravity inflow and outflow for the reservoir and an already built dam on the property.

Brett Hall then stated some of his areas of expertise and projects he has worked on. He also related that it was important to permit projects today because in the future it would cost more. He also reiterated the importance of gravity in and gravity out to avoid costly pumps. Board Member Jerry Heimlicher asked about a lease for the operator removing the gravel and Mr. Morley responded that there was a lease but it was outside of the thousand acres being offered to Colorado Springs Utilities. He also stated that there was a lease until 2025 for \$9 million. He further explained that they could start building the reservoir tomorrow and have water in it within 18 months. Board Member Herpin asked if the third column in the graph from the presentation related the offer and Mr. Morley affirmed but also explained that this was at \$3,800 an acre. Mark Morley stated that in 2005 they bought a hay farm and that now it was a quarry and potential reservoir site.

Mr. Forte then thanked both Mr. Morley's, Mr. Deer and Mr. Hall and explained that as a CEO, Colorado Springs Utilities did not need this property. He also stated that with what we know right now this seems like an expensive offer. Mr. Forte further expanded that there are other providers and partners that needed to be considered and other potential partners that could have more value. He stated that we needed to work with our partners to find the deal that was right for us and our partners. Mr. Forte then explained that the previous appraisal included gravel mining, something Mr. Morley said had been omitted from that previous appraisal, and that an additional appraisal had been ordered but that without board direction he would cancel this appraisal and direct future negotiations to the ROY group.

Board Member Hente asked if Utilities would continue to consider and work with the Morley's since it seemed that they had not been approached in the spirit of negotiation. He also asked that Colorado Springs Utilities work and negotiate with the Morley brothers to find a compromise that would benefit both parties. He also stated that it sounded like Mr. Forte had already agreed to do that but through the ROY group. Mr. Forte responded

that they would continue to work with any property owners but that it must be through the ROY group and our partners since we were not first in need. Mr. Forte expanded that any decision must be right for the ratepayers and our partners and that as part of this Colorado Springs Utilities and the ROY partners were looking at many different solutions and did not want to prematurely negotiate and neglect other offers that might make more sense and bring more value to our ratepayers.

Chair Rivera stated that he was for continuing to negotiate with property owners for land that could benefit Colorado Springs Utilities but that he did not want to become a gravel pit operator since Colorado Springs Utilities is a four service utility and that is its business.

Vice Chair Small stated that he agreed things would become more difficult in the future and that things would not become cheaper. He then stated that if we would need future storage we should figure out what we need and get it while we can. He further stated that he was not opposed to holding property for its future value. He also stated that if we could get money by leasing to a mining company while holding then that should be pursued also. He then related that he did not think we were looking at this carefully enough as a future investment rather than a current need.

Board Member Glenn stated that he was not comfortable shutting this process down because it seemed some information had not been considered and Utilities should continue to pursue and consider this opportunity. Chair Rivera stated that there were multiple offers and Mr. Forte affirmed but stated that we should work the real estate processes we have in place and continue to consider all of these offers in concert and work through to find the best value. Board Member Hente reiterated that Mr. Forte had not said to shut it down and that we should work with all the potential offers.

Chair Rivera left at 5:40 pm and turned the meeting over to Vice Chair Small. Also during this presentation Board Member Purvis left.

VI. General Board Discussion

Board Member Hente asked about recent media attention involving the South Slope and stated that he wanted to see this process move forward quicker. He also asked that the board be related the information about a timeline to reconcile this issue before the next board meeting. Vice Chair Small affirmed.

Board Member Jan Martin asked about parks and stated that the board had been told there would be options presented and Mr. McCormick responded that they had requested a legal consideration from City Attorney Patricia Kelly but that he was unsure of the timeline or urgency of the request. Board Member Martin then stated that they would need to get this information soon.

VII. Executive Session

Upon decision of the Board, the Utilities Board meeting was adjourned and the Executive Session was convened at 5:44 p.m. Deputy City Attorney Ken Burgess read the language

in the agenda describing the proposed Executive Session. Vice Chair Small polled the Board Members. Each answered *no*, except Chair Rivera and Board Member Purvis who were not present and the consent for holding an Executive Session was denied by voice vote. The item was then discussed in open session.

Specifically this item involved the Air Force Academy Wet Utility Privatization. Vice Chair Small asked if the costs would be passed on to the Air Force Academy and Mr. Forte affirmed. Mr. Forte then explained further about these negotiations. Board Member Herpin asked what information in this might be considered confidential and Mr. Forte responded that since this was a current negotiation that was the consideration. Board Member Heimlicher asked that the consideration was that the Air Force Academy would either use Colorado Springs Utilities or do this themselves and Mr. Forte affirmed. Vice Chair Small asked about capacity and Wastewater Planning Engineer Jeff Daniel responded that this would be a relatively small amount for the JD Phillips reclamation facility. Board Member Gallagher stated that transparency was key because Colorado Springs Utilities was seen as a regulator since it was not regulated by the Public Utilities Commission. Mr. Burgess stated that the privatization was needed quickly because otherwise an RFP would have to be sent out by the Air Force Academy. Board Member Gallagher stated that we do provide service to Fort Carson, Peterson Field and others and transparency has helped with that. Vice Chair Small then asked if Mr. Forte had enough information to move forward and Mr. Forte affirmed that Colorado Springs Utilities would move forward with negotiations.

VIII. Adjournment

The meeting was adjourned at 5:59 p.m.



Colorado Springs Utilities
It's how we're all connected

Interoffice Memorandum

Date: September 9, 2009
To: Utilities Board
From: Jerry Forte, P.E., Chief Executive Officer
Subject: **Catamount Wildland Fire Team**

EM for JAF

On Sunday, July 19, 2009, four members of Colorado Springs Utilities' Catamount Wildland Fire Team volunteered to work race safety at mile 8 of the 2009 Pikes Peak International Hill Climb. The responsibility of the crew was to respond to any fire calls on the hill during the race as well as to assist with any calls that came into race safety control.

During the motorcycle heats there was a 62 year old rider from Austria who had an accident, and our team was the first to respond. When they reached the rider, he was lying face down with his helmet and face buried in the dirt on the hill. Immediately, the team cleared his airway by removing the dirt from his helmet and face while keeping his head and neck still to ensure no further injury was caused. The team kept the rider from slipping down the hill, and kept the crowd clear from the crash area so the ambulance could get to the crash site.

Once the paramedics arrived, our crew continued to assist by cutting the rider's leather clothing off to determine the extent of his injuries, putting on the "C" collar, and placing the rider on the back board. The Catamount crew got the rider up the steep incline and assisted in getting the rider onto the gurney and into the ambulance.

Throughout the process, the Catamount crew exhibited the excellence we expect from our employees as they demonstrate and practice our strong CSU safety culture. Safety was first and foremost in dealing with the motorcycle rider, the medical personnel and the spectators.

After the race, the race safety officials advised the Catamount crew that they had indeed saved the man's life. Their professionalism, training, and fast thinking all worked to mitigate the serious situation that occurred. The rider did suffer severe injuries but is expected to recover. Colorado Springs Utilities is extremely proud of the Catamount Wildland Fire Team.

Interoffice Memorandum



Date: September 9, 2009

To: Utilities Board *BSM for JAF*

From: Jerry Forte, P.E., Chief Executive Officer

Subject: **Semi-Annual Report on Executive Limitation (EL) 9 – Treatment of Consumers**

Information Objective: Monitoring

The significant informational updates to Executive Limitation (EL) 9 since March 2009 are:

- Colorado Springs Utilities has developed an Identity Theft Prevention Program (ITPP) in order to comply with a Fair and Accurate Credit Transaction Act (FACTA) mandate. The new regulation requires Utilities and other creditors under the Federal Trade Commission (FTC) to create and implement such programs by November 1, 2009, which has recently been changed from May 1, 2009.

Colorado Springs Utilities had already established a number of processes and policies that protect customer information and these were incorporated into the ITPP. The completed ITPP fully complies with the federal regulation, and includes a completed risk assessment.

- Approximately 1,900 customer issues were escalated to Customer & Corporate Services staff for resolution. From these escalations, four were escalated to an informal hearing with the Better Business Bureau. One of those four was settled at the Better Business Bureau informal hearing level, the remaining three moved to formal hearings. One escalation from 2008 also carried over to a formal hearing in 2009. All formal hearings were ruled in favor of Colorado Springs Utilities.

Colorado Springs Utilities Board Monitoring Report

Date: September 9, 2009

Policy: Executive Limitation (EL) 9 - Treatment of Consumers

Frequency: Semi-Annual **Method:** Semi-Annual Report (including External Survey Results)

Global Policy Prohibition: *With respect to interactions with consumers or those applying to be consumers, the chief executive officer shall not cause or allow conditions, procedures, or decisions which are unsafe, undignified, unnecessarily intrusive, or which fail to provide appropriate confidentiality or privacy.*

Compliance: These conditions have not occurred as of this reporting period.

Comments/interpretation: Colorado Springs Utilities has developed an Identity Theft Prevention Program (ITPP) in order to comply with a Fair and Accurate Credit Transaction Act (FACTA) mandate. The new regulation requires Utilities and other creditors under the Federal Trade Commission (FTC) to create and implement such programs by November 1, 2009, which has recently been changed from May 1, 2009.

Colorado Springs Utilities had already established a number of processes and policies that protect customer information and these were incorporated into the ITPP. The completed ITPP fully complies with the federal regulation, and includes a completed risk assessment. The Utilities Board approved Colorado Springs Utilities' ITPP at the Board's October 22, 2008 meeting.

The ITPP includes:

- Policies and Procedures to assist in the detection, prevention, and mitigation of Identity theft
- Auditing Service Providers to ensure the Protection of Colorado Springs Utilities' customer information
- Periodic Reports to ensure to identify any identity theft incidents, changes or updates.
- Employee Training
- An ITPP Administration Program

Accordingly, the CEO shall not:

Policy Prohibition 1: *Use application forms that elicit information for which there is no clear necessity.*

Compliance: Only business-relevant information is requested from customers.

Comments/interpretation: Residents and businesses requesting utility service complete a utility request application. The majority of the applications received for utility services are over the phone. The rest are completed in person or via fax. Likewise, customers participating in special offerings such as rebates and demand side management programs must also complete appropriate application forms.

Policy Prohibition 2: *Use methods of collecting, reviewing, transmitting, or storing client information that fail to protect against improper access to the material elicited.*

Compliance: Most customer information is maintained in the Colorado Springs Utilities Customer Care and Billing system. Employee access to customer information is restricted based on business need. A distinct password is required for every employee. Access by customers and third parties, as allowed by the tariffs and the Colorado Open Records Act (CORA), is provided when appropriate approval is obtained.

Comments/interpretation: Policies are in place to authorize or refuse requests received from outside persons or agencies seeking access to our customer database as outlined in the tariffs or CORA. Pursuant to CORA and tariff requirements, Colorado Springs Utilities has arrangements with qualifying law enforcement or investigative agencies granting access to customer records.

Policy Prohibition 3: *Cause or allow any actions in violation of the Colorado Springs Utilities Tariffs regarding treatment of consumers.*

Compliance: Colorado Springs Utilities continually strives to ensure compliance with its tariffs regarding the treatment of consumers and is not aware of violations during this reporting period.

Comments/interpretation: Since there is not a specific tariff section regarding treatment of consumers, this requirement is interpreted to cover treatment-related aspects of the Utilities Rules and Regulations sections on Application and Contract for Service, Deposits, Discontinuance of Service, Dispute Resolution Procedure and User Charges.

Policy Prohibition 4: *Fail to maintain a process for accessible, fair, efficient and unbiased handling of customer complaints regarding utility service or proposed utility service that provides for resolution at the lowest level through use of staff procedures, informal review through either Colorado Springs Utilities or a mediator, or formal appeal to a hearing officer appointed by the City Attorney.*

Compliance: These conditions have not occurred as of this reporting period.

Comments/interpretation: Service is provided to customers on a non-discriminatory basis as defined in the tariffs.

Customer complaints and claims are processed in a timely and fair manner. Complaints may arise from any issue involving utility services. In these situations, customers have the option to escalate the dispute through internal staff, to further escalate through the informal review via Colorado Springs Utilities or to the Better Business Bureau, and through a formal appeal to a hearing officer appointed by the city attorney. When customers are dissatisfied, staff informs the customer of their options. Efforts are

**Governance Monitoring
Reports**

continually made to resolve customer issues through staff in order to minimize escalations.

Approximately 1900 customer issues were escalated through the Customer and Corporate Services Division staff for resolution from January 2009 through July 2009, down roughly 100 from the previous reporting period. This year we averaged 270 escalated customer inquiries per month. Escalations reported from January 2009 through July 2009 were a mix of billing/meter equipment corrections concerns related to customer consumption and customer payment extension options. From these escalations, four were escalated to an informal hearing with the Better Business Bureau. One of those four was settled at the Better Business Bureau informal hearing level, the remaining three moved to formal hearings. One escalation from 2008 also carried over to a formal hearing in 2009. All formal hearings were ruled in favor of Colorado Springs Utilities.

During reviews, if Colorado Springs Utilities recognizes an error or finding outside of established policies, corrections are made and these escalations would not be forwarded to informal or formal hearings.

Policy Prohibition 5: *Maintain facilities that fail to provide a reasonable level of privacy, both visual and aural.*

Compliance: These conditions have not occurred as of this reporting period.

Comments/interpretation: The Utilities Customer Service Center located at 111 S. Cascade in downtown Colorado Springs serves as Colorado Springs Utilities place of business for customers wanting to meet with Utilities' Customer Service Representatives (CSRs). CSRs continue to meet with walk-in customers in sectioned work spaces. Enclosed areas for more private conversations are also available, if requested. Additionally, Colorado Springs Utilities has implemented strict physical and information security measures to ensure the safety of its customers and the protection of confidential information.

Policy Prohibition 6: *Fail to make reasonable efforts to inform or provide consumers with clear information about what may be expected and what may not be expected from the service offered.*

Compliance: These conditions have not occurred as of this reporting period.

Comments/interpretation: Providing information on the safe and efficient use of utility service is both an executive limitation and customer expectation. According to research, our customers want to hear from us, and have a more positive perception of the utility when they do.

We communicate with customers a number of ways, using such tactics as our Web site, call center, monthly bill package, direct mail, electronic publications, public presentations and special events. We also provide information to our customers through local media outlets (television, print and radio).

Among the most important topics, according to customer research: water and energy efficiency, price changes, and the safe use of utility services.

Policy Prohibition 7: *Fail to make reasonable efforts to inform or provide consumers of this policy, or to provide a grievance process to those who believe they have not been accorded a reasonable interpretation of their rights under this policy.*

Compliance: These conditions have not occurred as of this reporting period.

Comments/interpretation: Our dispute resolution procedure is included in our tariffs to allow customers due process. The information is available on our Web site. Staff also verbally notifies customers of the dispute resolution process when working through escalated issues with customers, particularly when the customer's concern is not resolved to their satisfaction.

Policy Prohibition 8: *Fail to consider supplemental programs or options for residential consumers to mitigate the impact of significant potential damage not adequately covered by Colorado Springs Utilities liability, third parties, or insurance providers.*

Compliance: These conditions have not occurred as of this reporting period.

Comments/interpretation: Colorado Springs Utilities discontinued offering Surge Protection, Wastewater Backup Insurance and Service Line Warranty in 2007 after analysis was completed and determined that similar products were available in the marketplace for our customers. At this time, the need for such supplemental programs are not needed, and therefore none offered.

Interoffice Memorandum



Date: September 9, 2009

To: Utilities Board *Bsm for JAF*

From: Jerry Forte, P.E., Chief Executive Officer

Subject: **Chief Executive Officer's Communication
Executive Limitation (EL) 8 – Communication and Support to the Board**

Information Objective: Monitoring

InterGovernmental Agreement – Lower Arkansas Valley

An Intergovernmental Agreement, between Colorado Springs Utilities, the Lower Arkansas Valley Water Conservancy District (Lower Ark) and the Fountain Creek Watershed Flood Control and Greenway District (FCW District) has been proposed with the goal of supporting Fountain Creek efforts and the FCW District for two years. Plans are to make the IGA effective October 1, 2009.

The Lower Ark Board approved the proposed IGA on August 19. The IGA was considered by the FCW District on August 28. FCW District approved the proposed IGA last week.

The key conditions of the IGA are as follows:

- Two year commitment starting in October 2009 with a 30 day termination policy for any party participating in the IGA. Lower Ark and Colorado Springs Utilities would each contribute \$150,000 per year for two years.
- Steering Committee, made up of one person from CSU, Lower Ark, FCW District, will develop a plan of action and will be responsible for the management of the master plan implementation.
- FCW District shall have sole authority over the expenditure of funds.
- Contributions from CSU and Lower Ark will each fund as much as \$100,000 annually for the development of the master plan and the pursuit of funding.
- Contributions from CSU and Lower Ark will each fund as much as \$50,000 annually for FCW District staff.
- CSU payments will serve towards Monetary Mitigation for Fountain Creek impacts under the Pueblo County 1041 permit for SDS, and the contribution would be subtracted from the 1041 monetary commitment.

Pueblo County Commissioners will determine if the above terms are acceptable to meet the intent of the Pueblo County 1041 Permit conditions for SDS. Additionally, the City of Colorado Springs City Council and the FCW District Board must agree to this IGA prior to it being finalized.

Resolution No. U08-01

**A RESOLUTION OF THE
COLORADO SPRINGS UTILITIES
BOARD OF DIRECTORS
THANKING T.A. Arnold
FOR HIS OUTSTANDING SERVICE ON THE
UTILITIES POLICY ADVISORY COMMITTEE**

- WHEREAS,** T.A. Arnold is a member of the Utilities Policy Advisory Committee; and
- WHEREAS,** From Mau 2001 through September 2009, Mr. Arnold has served as a Community-at-Large member; and
- WHEREAS,** Mr. Arnold has been an active and involved member who has contributed to the successful completion of a number assignments from the Colorado Springs Utilities Board; and
- WHEREAS,** Mr. Arnold also served as Vice Chair of the Committee in 2003 and Chair of the Committee in 2004 and 2007; and
- WHEREAS,** Mr. Arnold has been a dedicated participant who has consistently demonstrated his integrity and commitment to the success of the Utilities Policy Advisory Committee in providing insights and perspectives on the many issues while also seeking to develop group consensus on recommendations to the Colorado Springs Utilities Board; and
- WHEREAS,** Mr. Arnold has completed his eligibility to serve on the Utilities Policy Advisory Committee;

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

That the Utilities Board extends its sincere appreciation to T.A. Arnold for his dedicated and outstanding service to the Colorado Springs Utilities Board and the Colorado Springs community.

Dated this 16th day of September 2009.

By: _____
Chair of the Utilities Board

Attest: _____
Secretary



Interoffice Memorandum

Date: September 9, 2009

To: Utilities Board *BSM for JAF 9/9/09*

From: Jerry Forte, P.E., Chief Executive Officer

Subject: **Utilities Policy Advisory Committee Appointments**

Relevant Board Policy: Governance Process (GP) 8 – Board Committee Structure

Information Objective: Decision

Previous Board Communication/Discussion: The last appointment to the Utilities Policy Advisory Committee (UPAC) was in July 2009, and the last re-appointment to UPAC was September 2007.

Executive Summary: UPAC is composed of citizens appointed by the Colorado Springs City Council or City Council acting as Utilities Board. The City Council or City Council acting as Utilities Board directs UPAC to study specific issues or policies regarding the various overall strategic operating and financial policies for Utilities and UPAC is to provide recommendations as appropriate.

Currently, three UPAC members are eligible for re-appointment. One member is not seeking reappointment, Mr. T.A. Arnold, and two members, Prince Dunn and Janna Blanter, are requesting reappointment for another term on UPAC. TA Arnold's vacancy is recommended to be filled by alternate member David Sered, and UPAC and staff support the re-appointment of Prince Dunn and Janna Blanter.

Background Information: UPAC is composed of seven regular (voting) members. The UPAC Bylaws provide that to the extent practicable, three (3) members are selected for their skills and experience in the financial/business professions, one (1) is selected from the engineering profession, one (1) member is selected to represent large industrial customers and two (2) are selected from the community at large. City Council or City Council acting as Utilities Board may also appoint non-voting alternate members to gain experience before a regular member position is available. All members must reside in the Colorado Springs Utilities service area and 5 of the 7 members must reside within the city limits. Terms are three years with a maximum of three consecutive terms.

Options: Utilities Board could choose to recruit a new candidate by going through the interviewing process.

Recommendations: Appoint alternate David Sered as a regular member of UPAC effective October 1, 2008 and re-appointment Prince Dunn and Janna Blanter for another term.



Colorado Springs Utilities

It's how we're all connected

Interoffice Memorandum

Date: September 9, 2009

To: Utilities Board

From: Jerry Forte, P.E., Chief Executive Officer

Subject: Financial Update

Jerry Forte M.P.S.

Relevant Board Policy: Executive Limitation (EL) 7 – Financial Condition and Activities

Information Objective: Information

Previous Board Communication/Discussion: Updates have been provided to Utilities Board periodically through monitoring reports and weekly communication.

Executive Summary: The presentation will provide an overview of Colorado Springs Utilities AA Bond Rating recently affirmed by the rating agencies, the 2009D Series Bond Issue, the Drinking Water Revolving Fund Loan – Highline Reservoir, and a brief update on financial performance.

Background Information:

Moody's, FitchRatings and Standard & Poor's recently assigned a 'AA' long-term rating with a stable outlook to the Colorado Springs Utilities (Utilities) system revenue and refunding bonds, Series 2009A, B and D. The three rating agencies also affirmed their 'AA' long-term rating on Utilities' previously issued and outstanding debt.

Utilities will be presenting the 2009D bond issue at the September 22 City Council meeting. The Series 2009D Bonds are a combination of fixed rate tax-exempt bonds and fixed rate Build America Bonds in an amount not to exceed \$62 million.

On August 21, 2009, the Board of Directors of the Colorado Water Resources and Power Authority (CWRPDA) approved Colorado Springs Utilities Drinking Water Revolving Fund (DWRF) loan application in the amount of \$12.6 million. Loan proceeds will be used to fund the previously planned, multi-year Highline Roof Replacement project. Debt service savings are estimated to be between \$3.5 million and \$4.0 million. Utilities staff is reviewing the loan's terms and conditions in conjunction with existing bond covenants in order to finalize the decision to execute or decline.

Utilities has closely managed operational expenditures and has taken other actions to mitigate a severe national and local economic downturn. This has required daily monitoring of the organization's financial position, liquidity and bank relationships. Utilities has been providing more frequent Utilities Board communications in an effort to keep Board members fully apprised of developments.

Utilities Board
September 9, 2009
Page 2

Options: N/A

Recommendations: N/A

NOTE: *The presentation for this item will be provided in advance of the September 16 Utilities Board meeting.*



Colorado Springs Utilities

It's how we're all connected

Interoffice Memorandum

Date: September 9, 2009

To: Utilities Board

From: Jerry Forte, P.E., Chief Executive Officer

Subject: 2010 Budget Development

BSM for JAF

Relevant Board Policy: Executive Limitation (EL) 6 – Financial Planning and Budgeting

Information Objective: Information

Previous Board Communication/Discussion: Utilities Board was presented Executive Limitation (EL) 6 – Financial Planning/Budgeting, which includes the 2010 Strategic Business Planning process, at the July 22, 2009 meeting. In addition, strategic business planning updates are provided as part of the Executive Limitation 6 – Financial Planning/Budgeting monitoring report.

Executive Summary: The Strategic Business Plan is reviewed for appropriateness and continuous improvement as the beginning step of the annual business planning cycle to ensure alignment with the 2010 budget development process. Notable results of this review cycle in regards to the 2010-2014 Strategic Business Plan include:

- Scenario Planning to understand the dynamic environment in which we operate, identify and track metrics that signal an approaching scenario and ensure agile and seamless execution of our business operations during uncertain times
- Regulatory business drivers (by service) to determine program of work, prioritization and address reliability (performance plan targets);
- Evaluation of customer expectations (J.D. Power and Associates customer satisfaction research) to identify improvement opportunities and prioritize projects that matter most to customers given resource constraints. Key findings and opportunities are outlined by customer satisfaction driver, for instance, power quality and reliability, price, customer service, corporate citizenship, communication, and billing and payment;
- Enterprise Risk Management to identify key risks to the organization, prioritize risks based on likelihood of occurrence and impact to the organization and develop response and mitigation plans to minimize risks and their impact on the organization;
- Organizational integrated resource plan to evaluate the needs and requirements of each service and ensure alignment of critical resources with business direction;
- Capital outlook in alignment with the capital optimization initiative

Objectives have been aligned with themes, indicators and targets are being adjusted as needed, and initiatives in support of objectives are defined. The Strategic Business Plan is

Utilities Board
September 9, 2009
Page 2

used as the foundation from which the annual operating plan, budget, and CEO performance plans are derived.

Colorado Springs Utilities will present the 2010 Annual Operating Plan and Budget overview at the November 18 Utilities Board meeting. The presentation provides information regarding key points in the preliminary AOP. The AOP will be finalized upon City Council approval of the Budget Appropriation Ordinance.

Background Information: The Kaplan Norton Balanced Scorecard model is referenced for the strategic business planning development and deployment processes. The model translates strategies into operational objectives, indicators, targets and initiatives that drive both behavior and performance. Continual monitoring of scorecards and initiatives assures implementation of the strategy and identification of opportunities for continuous improvement.

Options: The Board could direct staff to modify or add items that reflect their expectations based on the industry and budget

Recommendations: N/A

NOTE: *The presentation for this item will be provided in advance of the September 16 Utilities Board meeting.*



Colorado Springs Utilities

It's how we're all connected

Interoffice Memorandum

Date: September 9, 2009

To: Utilities Board *BSM for JAF*

From: Jerry Forte, P.E., Chief Executive Officer

Subject: Interim Watershed Access Policy

Relevant Board Policy: Executive Limitation (EL) 13 – Infrastructure

Information Objective: Information

Previous Board Communication/Discussion: The Board has received presentations at the December 2006, February 2007 and April 2007 Utilities Board meetings. In addition, weekly communications were sent on August 1, 2008, December 19, 2008, June 19, 2009, August 28, 2009, as well as other dates in 2007.

Executive Summary:

CSU and the Watershed Access Advisory Group continue to work collaboratively through a public participation process to define and implement the appropriate balance of recreational uses, operational needs and environmental stewardship on City-owned watershed lands. At the request of the WAAG, and after detailed discussions, the original scope of considering only four trails was expanded to include considering all potential recreational uses on all local watershed lands, approximately 15,000 acres. This expansion in scope resulted in increased project costs and a longer timeline for completion.

Staff and the WAAG have attended numerous presentations by resource agencies, recreation managers, and environmental consultants to gain an understanding of the resources found on watershed lands as well as opportunities and challenges associated with recreational use. The WAAG has narrowed the list of possible recreational uses to be considered on watershed lands to include: backpacking, bird watching, boating (non-motorized), camping, commercial outfitters, environmental education facility, fishing (ice, shore, stream), hunting, interpretive site, limited auto access, open space, overnight hut system, picnic area (primitive, picnic grounds), rock climbing, trail creation (cross country skiing and races, equestrian, hiking, handicapped, mountain bike, snowshoeing, bicycle races, foot races), and infrastructure associated with proposed uses (e.g. trailhead parking, restrooms, roads, etc.). It should be noted that the trails and uses are applicable only for City-owned watershed lands. For instance, trails such as the proposed "Ring-the-Peak" involve other land owners to complete, to which this process would not apply.

EDAW/AECOM, a recreational and environmental planning firm in Fort Collins, was chosen through a rigorous selection process to analyze potential environmental and operational impacts of the aforementioned proposed recreational uses, as well as recommend mitigation for these

impacts. Based on the analysis a conceptual recreational plan will be developed and presented through an open public process to engage a wider public audience. After incorporating feedback, an implementation plan that describes approved uses will be developed. The Watershed Access Policy will then be updated and the Policy and Implementation Plan will be presented for City Council approval in 2010.

It is the recommendation of the WAAG that CSU "let the land decide" what uses are appropriate in specific areas, based on environmental conditions on the watershed lands. A systematic, thorough, and scientifically-driven process will allow us to achieve results that strike the balance between operational needs, environmental stewardship, and compatible public uses on watershed lands.

Background Information: The purpose of the interim watershed access policy is to ensure protection of watersheds, source water quality and collection system infrastructure on City-owned watershed lands, while accommodating compatible recreational activity. Utilities Board supported the interim watershed access policy with the expectation that the project should include a thorough public participation process to consider four proposed trails on watershed lands.

Recommendations: Staff recommends support of the current direction.