**Associated Utility Consultants report 1993**

Recommendations

Place a Board of Utilities Commissioners between the City Council and CSU. (High priority)

In contemplating a revised organizational arrangement for CSU, we reviewed a number of municipally-operated utilities with characteristics similar to CSU. In addition, research, studies and data collected by utility associations and others relative to the most optimal organizational configuration and working relationship for CSU and its policy body were reviewed.

Alternatives identified include a direct reporting relationship of CSU to the City Council (status quo), an Advisory Board, a Management Board, privatization of the gas and electric utilities, or privatization of all four utilities, with capital recovery of a significant magnitude to the City. Review and analyses were also conducted of the work of the City of Colorado Springs Charter Review Commissions over the years, and of the most recent deliberations of the 1992 Charter Review Commission. Throughout this research and analysis, a business versus political perspective was employed.

Research of 13 municipally owned and operated utilities with similar characteristics to Colorado Springs (e.g., population, form of government, customers, multiple utilities, complex operations, etc.) indicated that a majority utilized a utilities board between the City Council and the utility. The average life of such boards was 56 years, and about half required an initial charter amendment to put them in place. The vast majority of these boards are appointed by the City Council, with the qualifications of individual members being evenly split between those with business experience and those who represent the diverse interests of the community. Residence was required in some instances as well.

On average, board members served four-year terms of office, with some limitations to two terms. In almost all cases, the board chair was elected by board members, and board members received compensation for their service ranging from none to $9,000 annually, with $2,800 annually being the average. The number of board members ranged from 3 to 11, with 5 being the average.

In a majority of cases, the Utility Director or General Manager was selected and appointed by the board. The General Manager most frequently served at the pleasure of the board, but a contractual arrangement was used in some cases.

Advantages of a board are as follows:

- Relieve Council from extensive time commitment and obligation to acquire high level of technical knowledge
- Assist the utilities with strategic direction by having the time and expertise to develop a unique and specialized understanding of issues
- Offer an additional process for public input
• Provide a buffer to Council on sensitive issues
• Act as a forum for public education regarding utility issues
• Provide Council with an additional perspective on utilities

Disadvantages include:
• Removal of direct control of utilities from the overall policy-making body of the City
• Possibly elongate the decision process on rate and debt issues.

The above research results are consistent with our secondary research from various utility associations and like organizations. We also found from our analysis that the present Financial Advisory Committee to CSU does not provide all of the advantages described above.