

MINUTES
Colorado Springs Utilities Board Meeting
Wednesday, Oct. 19, 2022

Utilities Board members present via Microsoft Teams or Blue River Conference Room:

Chair Wayne Williams, Vice Chair Mike O'Malley, Dave Donelson, Randy Helms, Bill Murray, Nancy Henjum, Tom Strand, Stephannie Fortune and Yolanda Avila

Staff members present via Microsoft Teams or Blue River Conference Room: Aram Benyamin, Tristan Gearhart, Lisa Barbato, Renee Adams, Mike Francolino, Travas Deal, Lisa Pace, Ian Gardone, Justin Gleba, Jose Silva, Scott Shirola, Kim Gortz, Jenny Bishop, Natalie Watts, Al Wells and Andie Buhl

City of Colorado Springs staff members present via Microsoft Teams or Blue River Conference Room: John Suthers, Jeff Greene, Bethany Burgess, Alex Ryden, Chris Bidlack, Tracy Lessig, Jackie Rowland, David Beckett, Ben Bolinger, Peter Wysocki, and Mari Deminski

Citizens present via Microsoft Teams or Blue River Conference Room: Larry Barrett, Dick Standaert, Mary Shinn, Pam Zubeck, Mark Waller, Andy Merritt, Craig Dossey, Eli Bremer, Ed Libby, Don Gravette, Nathan Fisk, Doug Quimby, Nathan Rains, Cody Humphrey, Rochelle Lozano, Cale Quimby, Longinos Gonzalez, Steve Rossoll, Beth Diana, Mike Ruebenson, Tim Seibert, Renee Zentz, Danny Mientka, Russell Dykstra and Felicia Grillo

1. Call to Order

Chair Wayne Williams called the Utilities Board meeting to order at 1:01 p.m. and Ms. Andie Buhl, Utilities Board Administrator, called the roll.

2. Invocation and Pledge of Allegiance

Mr. Tristan Gearhart, Chief Financial and Planning Officer, delivered the invocation and Chair Williams led the Pledge of Allegiance.

3. Consent Calendar

3a. Approval of Minutes: September 28, 2022

3b. Appointment of Ruth Ann Schonbachler to the Utilities Policy Advisory Committee (UPAC)

Board Member Strand moved approval of the Consent Calendar and Board Member Murray seconded the motion. The Consent Calendar was unanimously approved.

4. Recognition

Water Wise Garden Volunteers

Ms. Lisa Pace, Conservation Specialist Sr., recognized volunteers who maintain Springs Utilities' gardens and utilize water-wise solutions throughout the process. Ms. Lisa Barbato, Chief Systems Planning and Projects Officer, and Utilities Board members thanked staff for their contribution.

Mr. Aram Benyamin, Chief Executive Officer, introduced the next round of individuals participating in the Engineering Rotation Program at Springs Utilities. Board Member Fortune expressed appreciation for the program.

5. Customer Comments

Mr. Dick Standaert expressed concerns about Springs Utilities plans to reduce carbon emissions by 2030 and the reliability of energy alternatives.

6. Compliance Reports

- I-11 Compensation & Benefits G-9
- E-2.8 Emergency CEO Succession
- E-2 CEO Responsibilities
 - ECA/GCA Monitoring
 - Water Outlook

Chair Williams explained that compliance reports are on the agenda by exception and asked if there were any questions. There were none.

7. Items Called Off Consent Calendar

None

8. An Ordinance Pertaining to the Extension of Water Service

Chair Williams explained the previous steps both Springs Utilities and the City of Colorado Springs have taken to secure water for the community. He said this ordinance is an additional step for this process with the possibility of adoption and approval by City Council.

Mr. Aram Benyamin, Chief Executive Officer, said the three-year average demand of water is 75,000 acre-feet and there is 95,000 acre-feet of water in storage. He said this ordinance provides a buffer for sustainable reliability of water and preparing for the future.

Ms. Bethany Burgess, Division Chief – Utilities City Attorney, read and explained the draft ordinance. She said as a result of persistent drought in the western United States and Colorado River Basin and due to increasing demands on the City's water supply, the ordinance requires that extensions of Springs Utilities' water service boundary be approved by a supermajority vote of Councilmembers present and supported by a written record demonstrating that: (1) the City's water rights are

sufficient to meet at least 130% of all water service obligations, including existing demand and the projected demand for water services within the proposed extension of services, and the area shares at least 25% contiguity with the City boundary; (2) a unique and extraordinary event or circumstance necessitates an extension of water services to serve critical interests of the City; or (3) the area is entirely contained within the City limits, or the area is owned or leased by the City, or the extension of water service to the area has a de minimis impact on the overall City's water rights.

Mr. Peter Wysocki, Planning & Commercial Development Director, said this ordinance does not play into the City's current annexation plan.

The Utilities Board took a break at 2:35 p.m. and reconvened at 2:51 p.m.

Multiple residents expressed opposition to this ordinance and requested a more robust, formal public process.

The Utilities Board took a break at 4:02 p.m. and reconvened at 4:22 p.m.

Chair Williams said Executive Session will be delayed and the meeting will proceed with agenda items until then.

Mr. Jeff Greene, City Chief of Staff, said the City is committed to good policy and administration, and recommends this ordinance move forward to City Council for a more formal discussion.

The Utilities Board agreed to change the ordinance language and move this City Council agenda item from Regular Session (Oct. 25) to Work Session (Oct. 24). In addition, the Utilities Board agreed to not take a final vote on this item for two months.

9. Executive Session

Ms. Burgess read the following language to enter Executive Session:

In accordance with City Charter art. III, § 3-60(d) and its incorporated Colorado Open Meetings Act, C.R.S. § 24-6-402(4)(b) and (e) and Utilities Board Bylaw Rules 10(c)(2) and (5), the Utilities Board, in Open Session, is to determine whether it will hold a Closed Executive Session. The issue to be discussed involves conferences with the City Attorney's Office for the purpose of receiving legal advice on specific legal questions and instructing negotiators regarding a request for special contract service.

The City Attorney's Office, on behalf of the Chair of the Utilities Board, shall poll the Utilities Board members, and, upon consent of two-thirds of the members present, may conduct a Closed Executive Session. In the event any Utilities Board member is participating electronically or telephonically in the Closed Executive Session, each Utilities Board member participating electronically or telephonically in the Closed

Executive Session shall affirmatively state for the record that no other member of the public not authorized to participate in the Closed Executive Session is present or able to hear the matters discussed as part of the Closed Executive Session. If consent to the Closed Executive Session is not given, the item may be discussed in Open Session or withdrawn from consideration.

Ms. Burgess polled the Utilities Board and they voted unanimously to enter Executive Session.

The Utilities Board took a break at 5:41 p.m. They entered Executive Session at 5:56 p.m. and exited at 6:50 p.m.

The Utilities Board took a break at 6:41 p.m. and returned at 7:01 p.m.

10. Colorado Springs Underground Damage Prevention Safety Program Update

Chair Williams pulled this item from the agenda and requested it be added to the December Board meeting instead.

11. Municipal Government Street Lighting

Mr. Scott Shirola, Pricing and Rates Manager, said Springs Utilities provides two distinct street lighting services:

1. Municipal government (MG) street lighting
 - Established by City Code as a separate service of Springs Utilities
 - Cost of Service based on MG street lighting revenue requirement calculation
2. Electric (private) streetlight – E7SL
 - Tariff rate available in Springs Utilities’ electric service territory

Mr. Shirola provided a review of the 2023 revenue requirement. He concluded with next steps by which Springs Utilities will be requesting that City Council set the Street Lighting Revenue Requirement for the provision of street lighting services from Jan. 1, 2023 through Dec. 31, 2023 in the amount of \$4,401,000. The Utilities Board agreed to put this item on Consent at the Nov. 8, 2022 City Council meeting.

12. Public Utility Regulatory Policies Act (PURPA)

Mr. Shirola provided background information about PURPA and said it was established in 1978 to promote conservation and efficiency. He said additional standards (amendments) for consideration were established in:

- Energy Policy Acts of 1992 and 2005
- Energy Independence and Security Act of 2007
- Infrastructure Investment and Jobs Act (IIJA) of 2021

Mr. Shirola reviewed the IIJA standards for consideration, which are:

1. Demand response and demand flexibility:

- Promotion of demand-response and demand flexibility practices to reduce electricity consumption during periods of unusually high demand
 - Establishment of rate mechanisms for the timely recovery of the cost of promoting demand response and demand flexibility practices
2. Electric vehicle (EV) charging rates:
- Promotion of affordable and equitable EV charging options
 - Improvement of customer experience associated with EV charging
 - Acceleration of third-party investment in EV charging
 - Appropriate recovery of the marginal cost of delivering electricity to EVs and EV charging infrastructure

Mr. Shirola concluded with next steps and said eventual findings and determinations are expected to be incorporated into a future rate case proceeding. The Utilities Board agreed to put this item on Consent at the Nov. 8, 2022 City Council meeting.

13. 2022 Supplemental Appropriation to Annual Budget and Sources of Funds

Mr. Tristan Gearhart, Chief Planning & Finance Officer, said City Code § 12.1.104 states Supplemental Appropriations Ordinance must be approved for Springs Utilities to expend funds in excess of the original appropriation. He reviewed the budget summary (in thousands) for uses of funds:

- 2022 projected year-end: \$1,512,145
- 2022 approved budget: \$1,236,170
- Increase: \$275,975
- Percentage of change: 22.3%
- Key drivers:
 - Increased electric and natural gas fuel related costs (\$244 million)
 - Increased capital expenditures related to water rights acquisition (\$27 million)

Mr. Gearhart also reviewed revenue summary (in thousands) for sources of funds:

- 2022 projected year-end: \$1,489,829
- 2022 approved budget: \$1,184,166
- Increase: \$305,663
- Percentage of change: 25.8%
- Key drivers:
 - Revenue recovering increased fuel costs

Mr. Gearhart concluded with next steps. The Utilities Board provided a head nod to move forward with this item at the Oct. 25 City Council meeting (first reading) and the Nov. 8 City Council meeting (second reading with a Consent proposal).

14. Pueblo Board of Water Works Clear Creek Reservoir Intergovernmental Agreement (IGA)

Ms. Kim Gortz, Water Resources Planning Supervisor, said Pueblo Board of Water Works (PBWW) owns and operates Clear Creek Reservoir, located near Granite, CO in Chaffee County. She said PBWW is conducting a study to determine the feasibility of enlarging the reservoir from 11,015 acre-feet to approximately 30,000 acre-feet of capacity. She explained how Springs Utilities desires to investigate the feasibility of an additional enlargement of the reservoir to assist with meeting the future water supply demands of its customers.

Ms. Gortz said the parties negotiated an IGA providing for Springs Utilities' participation in the feasibility study and for the parties to negotiate further intergovernmental agreements for Springs Utilities' participation in the enlargement.

Ms. Gortz concluded with next steps. The Utilities Board agreed to put this item on Consent at the Nov. 8, 2022 City Council meeting.

15. Aurora/Colorado Springs Joint Water Authority Amended Transmission Contract (ACSJWA)

Ms. Barbato provided background information about Aurora and Colorado Springs' partnership. She said in 1983, both cities established a separate governmental entity and subdivision of the State of Colorado known as the Aurora-Colorado Springs Joint Water Authority. She explained how the Authority financed, constructed, operates, and maintains a pipeline from the outlet of Twin Lakes Dam to the Otero Pumping Station Intake and provides for the transmission of water owned or controlled by the two cities through the pipeline.

Ms. Barbato said the Authority currently provides water transmission service to the cities pursuant to an Amended First Revised Water Transmission Service Contract that expires on Dec. 31, 2022. The Authority and the two cities have negotiated a second amendment to the Revised Transmission Contract that extends its term through Dec. 31, 2027, with up to two five-year extensions at the cities' discretion. She said no changes were made to the remaining terms of the agreement.

Ms. Barbato concluded with next steps. The Utilities Board agreed to put this item on Consent at the Nov. 8, 2022 City Council meeting.

16. Wastewater Service Agreement with Stratmoor Hills Sanitation District

Ms. Barbato reviewed the Wastewater Service Agreement, by which Stratmoor Hills Sanitation District provides wastewater collection services within the City of Fountain and El Paso County. She said Springs Utilities has provided wastewater treatment services from the Las Vegas Water Resource Recovery Facility to Stratmoor Hills since 1960.

Ms. Barbato said parties agree to increase the term from five to ten years and there are no new regulations that apply. She said the agreement is reviewed annually to ensure industrial pretreatment regulations are current. Ms. Barbato said the gross

revenue is approximately \$400,000 per year, and the current service agreement expires Nov. 9, 2022.

Ms. Barbato concluded with next steps. The Utilities Board agreed to put this on Consent at the Oct. 25, 2022 City Council meeting.

17. Rock Creek Metropolitan District Regional Services Request

Ms. Jenny Bishop, Water Resource Planning Engineer, said Rock Creek Metro District is located south of Cheyenne Mountain State Park and west of Highway 115. She said the proposed housing includes 543 dwelling units of apartments, single family homes and attached homes.

Ms. Bishop reviewed the full-service regional water service request, which includes:

- 244 acre-feet of water for build out
 - Approximately 543 dwelling units
- Full-service water involves provision of water owned by Colorado Springs through Springs Utilities' water system to a point of connection
- Springs Utilities has the infrastructure capacity to provide water service
- Springs Utilities has available water supply to provide water based on a first come, first served policy

Ms. Bishop reviewed the full-service regional water service cost per regional tariffs and URRs (Utilities Rules and Regulations):

- System availability fee – anticipated 3" meter
 - \$2,731,945 total fee
 - \$154,496 annual fee paid each year over 25 years
- Annual cost of water fee
 - \$1,760 per acre-foot of full-service water needed
 - For 244 acre-feet = \$429,440 per year for 25 years
- 2022 full-service commodity charge = \$0.0898 per cubic foot

Ms. Bishop reviewed the regional wastewater service request:

- Estimated daily flow at build out = 0.103 million gallons per day
 - Provide wastewater service for RCMD 543 dwelling units
 - Additional wastewater collection from an existing mobile home park (230 units)
- Utilities has the infrastructure and treatment capacity to provide wastewater service
- Enables the collection, treatment, and reuse of reusable return flows

Ms. Bishop reviewed the regional wastewater service costs per regional tariffs:

- System availability fee
 - Flow between 0.10 and 0.29 million gallons per day (mgd) = \$28,216 one-time charge
- Treatment Charge = \$0.0312 per cubic foot

- Additional charges for excess biological oxygen demand or total suspended solids

Ms. Bishop reviewed the Water Supply Management (I-7) Policy for considering regional requests like this one and concluded with next steps.

Mr. Danny Mientka, President of the Equity Group, gave an overview of current water and wastewater conditions in the Rock Creek Mesa area, and provided benefits of this project. Mr. Russell Dykstra, Spencer Fane Attorney, explained next steps for this project.

Ms. Felicia Grillo, resident of Rock Creek Mesa water district, expressed concern for this development.

18. Board Member Updates

Chair Williams thanked staff for coordinating the Arkansas Water Tour.

Board Member Donelson also thanked staff for coordinating the Arkansas Water Tour.

Board Member Henjum also thanked staff for coordinating the Arkansas Water Tour. She explained how she attended the Customer Service Appreciation lunch on Oct. 7, and complimented customer service employees for their hard work and dedication.

Board Member Helms also thanked staff for coordinating the Arkansas Water Tour.

19. Adjournment

The meeting adjourned at 7:51 p.m.