



Minutes
Utilities Policy Advisory Committee (UPAC)
Wednesday, October 4, 2023
Blue River Boardroom, 5th floor, 121 S. Tejon St., Colorado Springs, CO
and Microsoft Teams Virtual Meeting

Committee members present in the boardroom or via Microsoft Teams: Chair Larry Barrett, Vice Chair Hilary Dussing, Gary Burghart, Michael Borden, Katherine Danner, Scott Smith, David Watson, Chris Meyer, and Scott Callihan

Staff members present in the Boardroom or via Microsoft Teams: Al Wells, Marcela Espinoza, Bethany Schoemer, Tristian Gearhart, Tara McGowan, Scott Shirola, Natalie Watts, Abby Ortega and Lisa Barbato

City of Colorado Springs staff present in the boardroom or via Microsoft Teams: David Beckett and Renee Congdon

1. Call to Order

Chair Larry Barrett called the meeting to order at 8:01 a.m. and called the roll.

Chair Barrett welcomed new members Mr. Chris Meyer and Mr. David Watson. He also explained that he and Committee Member Gary Burghart were appointed to their third and final UPAC term and Committee Member Scott Smith was appointed to a regular position. Chair Barrett allowed each of the new UPAC members to introduce themselves to the rest of the committee.

2. Approval of July 5, 2023, UPAC Meeting Minutes

Vice Chair Dussing made a motion to approve the July 5, 2023, meeting minutes and Committee Member Danner seconded the motion. The motion carried unanimously.

3. Cost Recovery Mechanisms Assignment Update

Mr. Scott Shirola, Manager of Pricing and Rates, provided an update on the financial assignment staff provided earlier this year based on more current cost estimates and an update on the timeline.

He said the purpose of the cost recovery assignment is to provide a recommendation to the Utilities Board on whether Colorado Springs Utilities should revise and/or establish new cost recovery policies. Mr. Shirola explained that the cost recovery assignment involved new state regulations, customer behavior, industry transformation, and community planning and growth.

Committee Members and staff discussed financial analysis changes which included applying inflation over the 10-year budget. They reviewed the schedule and ability to execute the changes, incorporating and analyzing studies of wastewater to support growth within the city. Committee members discussed why removing annexation was part of the analysis and why the financial analysis included full project cost for projects started within the 10-year period for fee calculations.

Mr. Shirola compared the current cost recovery mechanisms across all four services and the current impact of growth on rates versus what UPAC recommended previously.

Ms. Tara McGowan, Engineering Manager, explained that staff evaluated what role incentives should play in supporting resources and infrastructure planning objectives. She said staff looked at what would be appropriate incentive groups that would benefit the system. Those incentives were – infill, densification, redevelopment and utility efficiency.

Committee Member Dussing requested data of previous and current incentives that are in place and how they have done.

Ms. McGowan advised the recommendation of the Utilities Board was to update review and design fees to fully recover appropriate costs including updating existing fees to current costs and adding new fees for service currently provided without fees. Committee Member Watson asked for clarification on how the recovery costs are shifted between the customer and the developer.

Mr. Shirola explained the purpose of this assignment was proposed because Springs Utilities needs to recover the same amount of costs to be able to fund reliability projects and support growth. Committee Member Smith recommended developing a general philosophy of splitting costs between the buyer and the developer.

Mr. Shirola provided a brief overview of the timeline of the cost recovery assignment advising there will be no meeting in November, however, there will be an Industry Workshop scheduled for Nov. 1. Following the workshop there will be a joint UPAC and Utilities Board meeting. Lastly, UPAC will formalize their recommendation and present it to the Utilities Board in early 2024.

Committee Member Watson asked if UPAC would be able to attend the Industry Workshop. Ms. Renee Congdon, City Attorney's Office – Utilities Division, advised if UPAC plans to attend the meeting would need to be noticed. Ms. Bethany Schoemer, Strategic Planning and Governance Specialist, advised staff is recommending only the industry at the workshop, however, staff will provide an in-depth summary with UPAC members following the workshop.

Mr. Tristian Gearhart, Chief Financial Officer, answered and discussed the Committee's

concerns of projection of projects, annexation, current and future inflation concerns, and the structure and phasing of fees.

Staff and Committee Members further discussed whether UPAC should or shouldn't attend the Industry Workshop. Ultimately, Mr. Gearhart recommended UPAC members to not attend the Workshop and staff will provide a recording and an extensive summary on the data that will be collected.

4. Citizen Comment

None.

5. Committee Member General Discussion

None.

6. Adjournment

Chair Barrett adjourned the meeting at 9:31 a.m.

Next meeting: Dec. 6, 2023, at 8:00 a.m.