



Minutes
Utilities Policy Advisory Committee (UPAC)
Wednesday, December 7, 2022
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 Gary Burghart, Vice Chair Larry Barrett, Michael Borden, Katherine Danner, Hilary Dussing, Chris Francis and Ruth Ann Schonbachler

Committee members excused: Scott Callihan

Staff members present in the Boardroom or via Microsoft Teams: Al Wells, Andie Buhl, Monica Indrebo, Natalie Watts, Christian Nelson, Kerry Baugh, Michael Hemesath, Jessica Thiel, Renee Adams, Travas Deal, Scott Shirola, Gabe Caunt, Justin Fecteau, Tristan Gearhart, Tara McGowan, Kim Gortz, Natalie Eckhart, Julia Gallucci, Joe Awad, John Hunter, Jenny Bishop, Danielle Nieves, Abigail Ortega, Patricia Marlow, Pattie Benger, Jerry Edwards and Bethany Schoemer

City of Colorado Springs staff present in the boardroom or via Microsoft Teams: David Beckett, Bob Cope and Chris Bidlack

Citizens Present: Marla Novak, Scott Smith and Dave Donelson

1. Call to Order

Chair Gary Burghart called the meeting to order at 8:00 a.m.

2. Approval of Nov. 2, 2022, UPAC Meeting Minutes

Vice Chair Larry Barrett motioned, and Committee Member Chris Francis seconded the motion to approve the Nov. 2, 2022, meeting minutes. The minutes were unanimously approved with a voice vote.

3. Meet and Greet – Colorado Springs Utilities Leadership and UPAC members

The UPAC members met Acting CEO, Travas Deal. Chair Burghart informed the committee on the process of filling the vacant alternate role on UPAC and that a candidate has been selected and will be formally appointed by the Colorado Springs Utilities Board at the next meeting on Dec. 12, 2022.

4. Guest Speaker – Bob Cope, City of Colorado Springs

Mr. Bob Cope, Economic Development Officer for the City of Colorado Springs, discussed the City cost and recovery mechanisms related to growth and development. There are several ways the City recovers capital costs through the police department,

fire department, including safety fees and taxes, coordination with developers for these land and building developments. Operation and Maintenance Costs are also recovered through the police and fire departments through public safety sales tax and general funds.

In the Parks Department, coordination with the developer, utilizing special districts and land dedication, open space and trail development sales tax contribute to recovery mechanisms. Where there are gaps in funding for any category, the general fund or grant funds help cover the difference. Parks recently updated the Park Land Dedication Ordinance that resulted from a comprehensive study which was based on density, current land costs with inflation adjustment, however this is not for construction maintenance.

Mr. Cope discussed how road development follows similar cost recovery mechanisms, but also include cost recovery agreements with various parties. Stormwater follows suit and includes not only cost recovery agreements but also stormwater and drainage fees. Stormwater is evaluated and prioritizes drainage basins and existing infrastructure. The Stormwater Fee covers several areas of cost recovery.

Mr. Cope responded to committee member questions regarding City involvement in funding for schools, saying cost recovery mechanisms are in school fees, developer land dedication and school district funding via taxes and bonds. He then responded to committee member questions regarding inflation, auditing, bond issues for infrastructure and bond financing.

Overall, funding the capital and operating costs associated with growth requires multiple tools and a layering of those tools. City tools do not provide for 100% cost recovery but recognizes that growth and development create jobs, grows the economy and generates significant city revenue.

5. Cost Recovery Mechanisms Assignment

Mr. Scott Shirola, Pricing and Rates Manager, provided a high-level review of the Nov. 2, 2022 UPAC meeting. The community change and the utility impact discussion revealed several variables including searching for new resources, replacing or building new infrastructure, consideration of operation costs, regulatory compliance issues, possible climate variability and service territory expansion. The four-service resource and infrastructure planning consideration discussion included allocating resources to the highest priority needs, managing organizational risk, leveraging opportunities that benefit Springs Utilities and the community, and creating a line of sight between level of service and cost of service.

Mr. Shirola discussed the current annual revenue requirement formula, debt funding of capital projects, and other miscellaneous funding sources, including development fees and charges equal to revenue requirements to be recovered through rates.

He discussed how current cost recovery in engineering design and review fees can be found in each of the four services with water having the most cost recoveries. He also discussed system extension fees, which include distribution extensions in electric and natural gas, along with pipelines and pumping for water and wastewater. There are several current cost recovery mechanisms in all four services for these system extension fees on-site and offsite and potential future recovery can be found in all four services through service lines and mainline extensions.

Current water and wastewater development charges include a one-time charge paid at time of connection to offset cost associated with investments in system capacity, however this charge for connection is based on the replacement value of the existing system capacity.

Mr. Shirola commented that overall, water is the one service with the best cost recovery system in place. Wastewater is close behind, but the electric and natural gas services have few cost recovery mechanisms in place. Potential future recovery could include system extensions fees, existing capacity development charges and future capacity resources fees in all four services. These potential cost recovery methods would help accommodate future growth.

Mr. Shirola responded to committee member questions regarding system lines, electrification goals, State emission goals, battery storage and new annexations.

Next steps will involve considerations to recover costs in areas of infill, redevelopment and Demand Side Management (DSM).

6. Selection of 2023 UPAC Officers

Mr. David Beckett, Senior Attorney – Utilities Division, introduced the 2023 UPAC Officer selection process. According to UPAC Bylaws, the Committee shall elect the Chair and Vice-Chair for the next calendar year at the Committee's December meeting by a majority vote of the Committee members following nomination(s) by a member or members of the Committee, which nomination(s) must be seconded.

Chair Burghart nominated Vice Chair Larry Barrett as Chair of UPAC. Member Hilary Dussing seconded the motion. Nomination proceeded to a vote and it passed unanimously.

Chair Burghart nominated member Hilary Dussing for Vice Chair of UPAC. Vice Chair Barrett seconded the nomination. The motion passed unanimously.

7. Citizen Comment

None

8. Committee Member General Discussion

Chair Burghart asked for further information from staff for input from the developer and real estate community. A case study was also requested of different scenarios.

9. Adjournment

Chair Burghart adjourned the meeting at 10:20 a.m.

Next meeting: Wednesday, Jan. 11, 2023, at 8:00 a.m.