



**Minutes**  
**Utilities Policy Advisory Committee (UPAC)**  
**Wednesday, July 6, 2022**  
**Blue River Boardroom, 5<sup>th</sup> 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, Rex Adams, Hilary Dussing and Ruth Ann Schonbachler.

**Committee members excused:** Scott Callihan, Michael Borden, Katherine Danner and Chris Francis.

**Staff members present in the boardroom or via Microsoft Teams:** Kerry Baugh, Al Wells, Andie Buhl, Monica Indrebo, Natalie Watts, Bethany Shoemer, Pat Wells, Joe Awad, Scott Shirola, Natalie Eckhart, Brittanie Schneider, Jessica Rheinschmidt, Danielle Nieves, Tristan Gearhart, Pattie Benger, Lisa Barbato, Jennifer Jordan, Michael Hemesath, Jason Rigler, and Christian Nelson

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

**Citizens Present:** Joseph Kelley

**1. Call to Order**

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

**2. Approval of June 1, 2022, UPAC Meeting Minutes**

Vice Chair Larry Barrett motioned, and Committee Member Hilary Dussing seconded the motion to approve the June 1, 2022, meeting minutes. The minutes were unanimously approved with a voice vote.

**3. Water Acquisition Funding Assignment**

Chair Burghart reviews Water Acquisition Funding Assignment and the assignment introduction to the Utilities Board on June 15, 2022. Vice Chair Larry Barret recounts presentation and notes there was some uncertainty with the funding portion of the assignment during the Utilities Board Meeting presentation, but that the presentation was otherwise well received. Chair Burghart directs the committee to craft and scrutinize the language for a final policy proposal to the Utilities Board to best capture the nature and purpose of the account.

Mr. Pat Wells, General Manager of Water Resources and Demand Management, presents some of the draft policy language that staff has been working on and policy

approaches. To begin, Mr. Wells addresses regional growth and water system resiliency; how there are fast developing water supply risks and the effects of these risks result in a continuous water acquisition stance for years to come to reinforce, maintain and increase reliability of our water system and to address growth in the region.

Mr. Wells overviews the process for water acquisition that will be evaluated on a case-by-case basis. Water acquisition will begin with a letter of intent that will legally initiate the purchase process while also allowing time for Colorado Springs Utilities to complete the process of due diligence. If the water acquisition deal passes due diligence, then the purchase and sale agreement will be pursued, and the water acquisition proposal will be presented to the Colorado Springs Utility Board of Directors for final approval. If the water acquisition deal does not pass due diligence, then Colorado Springs Utilities will be able to withdraw from the deal.

Mr. Scott Shirola, Manager of Pricing and Rates, summarizes the policies and modification to policies that will address water acquisition. The first modification is in Instruction 3 which relates to high level financial planning and budgeting. The change is an additional clause, labeled number five, that establishes the water acquisition funding account.

The next policy modification is in Guideline 8 regarding the water reserve account. Paragraph 3 was modified to allow 100% of actual revenue greater than budget will be allocated to the water reserve account. In paragraph 5, a modification was made to allow up to 50% of the water reserved account to be used to supplement current year budgeted expenditures. The last modification in Guideline 8 is the addition of paragraph 6 which stipulates that when the water reserve account funds are more than \$10 million then it may be transferred to the water acquisition account with Utility Board approval. These modifications on based on existing rate structures.

Mr. Shirola introduces Guideline 13 that was created to address the Water Acquisition Account, specifically in detail. This policy establishes what the Water Acquisition Account is, how the account will be used and funded, what the target account balance is and the frequency of evaluations on the account.

The final policy modification is introduced by Mr. Wells, who notates a few changes in Instruction 7 that develops water supply management. Paragraph number 4 is an addition that connects the Water Acquisition Account to responsible water resource planning to allow leverage and use of the account to support timely water right acquisitions and yield expansion.

Utilities Policy Advisory Committee reviewed all the policy modifications and additions

and provided additional suggestions to clarify the policy languages.

The next steps for the Water Acquisition Account assignment will be a presentation to the Finance Committee on July 15, and a presentation to the Utilities Board Meeting on July 20. Both presentations will include draft policy language and Board Instruction changes from today's Utilities Policy Advisory Committee meeting.

**4. Citizen Comment**

None

**5. Committee Member General Discussion**

None

**6. Adjournment**

Chair Burghart adjourned the meeting at 9:21 a.m.

**Next meeting:** Wednesday, August 3, 2022, at 8:00 a.m.