

MINUTES
Colorado Springs Utilities Board Meeting
Wednesday, March 20, 2024

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

Chair Dave Donelson, Vice Chair Yolanda Avila, Nancy Henjum, Lynette Crow-Iverson, Brian Risley, Mike O'Malley, Michelle Talarico, Randy Helms and David Leinweber

Staff members present via Microsoft Teams or Blue River Conference Room:

Travas Deal, Renee Adams, Somer Mese, Mike Francolino, Tristan Gearhart, Lisa Barbato, Bethany Schoemer, Marcela Espinoza, Natalie Watts, Mike Myers, Jared Miller, Amy Trinidad, Andy Colosimo and Nathan Bloomfield

City of Colorado Springs staff members present via Microsoft Teams or Blue River Conference Room:

Renee Congdon

Citizens present via Microsoft Teams or Blue River Conference Room:

None

1. Call to Order

Chair Donelson called the Utilities Board meeting to order at 1:01 p.m., and Ms. Bethany Schoemer, Strategic Planning and Governance Specialist, called the roll.

2. Invocation and Pledge of Allegiance

Mr. Nathan Bloomfield, Manager of Energy Control Operations and Maintenance, delivered the invocation, and Chair Donelson led the Pledge of Allegiance.

3. Consent Calendar

3a. Approval of Utilities Board Meeting Minutes: Feb. 21, 2024, Utilities Board Meeting

The Consent Calendar was unanimously approved.

4. Customer Comments

There were no customer comments.

5. Recognition

- President's Volunteer Service Award

Ms. Renee Adams, Chief Administrative and Human Resources Officer, shared the President's Volunteer Program Award honors those who have made serving a central part of their life. In 2023, 49 Colorado Springs Utilities employees volunteered more than 10,048 hours of their time. Of that, 29 employees earned the President's Volunteer Service pin and congratulatory letter from the President of the United States for their volunteer commitment of more than 100 hours to one or more nonprofit organizations (these are volunteer hours outside of our Community Focus Fund volunteer projects).

Ms. Kandy Drake, Community Relations Specialist, read off all Colorado Springs Utilities recipients that received either the Bronze, Silver, or Gold Level award. Vice Chair Avila gave her appreciation to the recipients for volunteering in the community. Board Member Henjum thanked the recipients for their service and thanked staff for allowing the possibility for Springs Utilities employees to be involved in the community. Board Member Talarico congratulated the recipients and said Colorado Springs Utilities is very admirable for the work they do in the community.

6. Compliance Reports

- I-4 Risk Management
- I-8 Asset Protection

Chair Donelson explained the compliance reports are on the agenda by exception and asked if there were any questions.

- ER: 1-3 Utilities Board Expected Results Year End Performance Scorecard

Ms. Natalie Watts, Strategic Planning and Governance Manager, presented the ER: 1-3 Utilities Board Expected Results Year End Performance Scorecard. Ms. Watts reviewed the year-end results and stated the year-end overall score on a scale from one to five was a 3.82 which translates to a rating of "exceeds expectations." A total of 28 measures were on the Utilities' scorecard. Ms. Watts went over next steps for the items that partially met expectations and items that did not meet expectations. She advised the 2024 mid-year review scorecard results will be presented to the Utilities Board in September.

Board Member Henjum asked staff to elaborate on how the Adjusted Debt Service Coverage – Current Year measure is expected to recover from does not meet expectations. Mr. Scott Shirola, Pricing and Rates Manager, responded stating the biggest driver of the measure not meeting expectations was due to the variance in non-fuel revenue and low water revenue. Additionally, a reduction of development revenue due to a slowdown of growth in the community was also a factor. Board Member Henjum asked what Colorado Springs Utilities can do moving forward to address the measure and how it will affect future bond ratings. Mr. Shirola said it will be addressed through the annual budgeting process.

Board Member Henjum asked staff to further explain the cause for lower rating measures for the Fiber Network Expansion Program, Customer Satisfaction and the Environmental Index. Ms. Somer Mese, Chief Operations Officer, provided an overview on the fiber project measure stating challenges with internal resources within the city has caused delays. She indicated Springs Utilities is looking for external resources to expedite the process, such as hiring a second contractor and gathering resources from out of state to assist.

Mr. Mike Francolino, Chief Customer Enterprise Services Officer, stated Colorado Springs Utilities is putting together multiple comprehensive improvement plans for customer experience. Ms. Lisa Barbato, Chief Officer of System Planning and Projects, advised Springs Utilities proactively discontinued discharging from the JD Philips Plant due to issues with filaments and micronutrients and stated Springs Utilities is performing engineering studies to design and meet current and future permit limits to better the situation.

Board Member O'Malley expressed concerns of customers having knowledge of the Springs Utilities' app and whether the lobby will be closed to the public soon. Mr. Francolino responded by explaining there is a communication plan in place to educate customers on the app's features, however there are concerns that certain demographics prefer the experience the lobby provides. Vice Chair Avila voiced concerns of the lobby fully closing saying it would affect people with varying disabilities and she hopes Springs Utilities will take that into consideration.

- E-2 CEO Responsibilities
 - Water Outlook

Ms. Katie Garrett, Water Resource Engineer, reviewed the local weather conditions as of March 18, 2024. She said the eastern portion of Colorado is free from drought conditions as of March 2024. Ms. Garrett stated the snowpack in the Arkansas River Basin is 108% of normal and in the Colorado River Headwaters Basin is 107% of normal. She reviewed the 2024 water demands, the monthly water use for February and the 2024 actual water consumption. Reservoir system levels are above average and Colorado Spring's system wide storage is at 83.4% of capacity. Ms. Garrett discussed South Catamount Reservoir capacity remains restricted for dam maintenance and South Slope system pipeline to Tollefson Water Treatment Plant will continue to be offline until mid-May due to normal winter operations.

7. Items Called Off Consent Calendar

There were none.

8. Fuel Related Rate Filing

Mr. Shirola provided a background of the fuel-related rates by stating (non-fuel) base rates recover the cost of building, operating and maintaining our electric and natural

gas systems. The difference between the types of fuel related costs were discussed: Energy cost, which consists of Electric Cost Adjustment (ECA) and Gas Cost Adjustment (GCA), and capacity costs, which are Electric Capacity Charge (ECC) and Gas Capacity Charge (GCC).

Mr. Shirola said the natural gas prices as of March 1, 2024, were lower than average due to warmer weather and over collection of resources across the nation. He stated the primary drivers of the cost adjustment was a decrease in the forecasted natural gas expense and then reviewed the projections for ECA and GCA as of March 2024. The main drivers for the adjustments for ECC and GCC were explained and due to the completion of \$7.4 million over-collection refunding, there would be a slight increase in charge.

The sample residential bill for the proposed changes effective April 1, 2024, showed the proposed total decrease of electric and gas would average \$1.53. Mr. Shirola stated on the sample residential bill, Spring Utilities' proposed electric service would be about 15% less and gas service would be about 36% less than the Front Range average of comparable providers. He concluded with a sample bill showing the decrease in proposed rates for commercial customers.

Mr. Shirola provided a list of available bill assistance programs, such as Low-Income Energy Assistance Program (LEAP) and Project COPE. Long-term assistance options available to customers were also given, which included free efficiency home upgrades, efficiency tips and education and rebates.

The Utilities Board unanimously approved the item to go on the March 26, 2024, City Council agenda.

9. Park Vista Addition No. 10 Annexation

Mr. Bryan English, Development Projects Manager, provided a brief overview and of where the property is located and stated the owner of the property voluntarily initiated annexation. He explained Springs Utilities currently provides natural gas and electric services to the area. There is already existing utility infrastructure located near the property and there are no capacity issues anticipated. Mr. English advised the proposed annexation and water extension meets both enclave and has minor impact to City's water supply exceptions. Per City Code, annexation of the property would require Utilities Board recommendation and City Council approval to extend the water service boundary.

Vice Chair Avila made a motion to approve the annexation, and Board Member Helms seconded the motion. With a vote of 8-0 (Board Member Henjum left the meeting earlier and was excused) the Utilities Board unanimously approved to recommend approval of extending water to Park Vista Addition No. 10 Annexation to City Council. City Planning will schedule the Planning Commission hearing and City Council hearing.

10. Board Member Updates

Board Member Helms provided an update on the challenges that arise in the colder month with fiber installation across the city. He asked for patience during this time and to reach out if customers encounter any issues regarding the fiber installation.

Vice Chair Avila reported out on what occurred at Personnel Committee. There was a presentation of Springs Utilities' new strategic initiative, Total Worker Health, which is about promoting and integrating programs and practices to advance worker well-being. She said Personnel Committee received a presentation from the DELTA Leadership team and the work they have been doing around diversity, equity and inclusion within the organization. There was also an update on the employee volunteer programs at Springs Utilities that have been implemented to promote volunteerism. Chair Avila said the next Personnel meeting will be May 20.

Board Member Talarico read a statement regarding an agreement between Springs Utilities and Pikes Peak Waterways to collaborate on the Colorado Springs (COS) Creek Plan. In the statement she asked the Utilities Board to help revise the policy of underground and overhead transmission electric lines and would like to bring it forward to Strategic Planning Committee.

Chair Donelson expressed his appreciation to the Springs Utilities team for their hard work during the storm on March 14.

11. Summary of Board Actions

The Utilities Board approved the Fuel Related Rate Filing to be on the City Council agenda on March 26.

The Utilities Board voted unanimously to recommend the approval of extending water service to Park Vista Addition No. 10 Annexation.

12. Executive Session

Ms. Renee Congdon, City Attorney's Office – Utilities Division Chief, polled the Utilities Board Members. With a vote of 8-0, with Board Member Henjum excused, the Utilities Board unanimously approved to go into Executive Session. The Utilities Board took a five-minute break at 2:38 p.m. and entered Executive Session.

13. Chief Executive Officer Salary

The Utilities Board returned from closed Executive Session at 3:59 p.m.

Ms. Adams gave a brief explanation regarding the Chief Executive Officer (CEO) pay and advised after the annual year-end evaluation in March, the Utilities Board may approve any compensation or benefit adjustments. A brief background of historical information was presented regarding CEO salary and the market data from 2013 to 2023 was reviewed. Ms. Adams stated all employees, except the CEO, received a structure adjustment of 5% in 2023 and 3.5% in 2024. There is about a 25% difference

in pay between the highest paid Officer and the CEO at Springs Utilities. There was a total of seven CEO salary options that were presented varying from no change to a new annual salary of \$661,788.

Board Member O'Malley recommended the CEO salary be adjusted by 3.5%, which is the same amount Colorado Springs Utilities' employees received in 2023. Board Member Risley asked for clarification regarding budgeting for executive salaries. Ms. Tara Russell, Human Resources Supervisor, advised Colorado Springs Utilities does budget for the entirety of staff.

Board Member Helms suggested choosing option 3, which was an increase of the CEO's current salary by the compounded annual market adjustments of 5% in 2023 and 3.5% in 2024. Board Member Crow-Iverson and Board Member Talarico expressed their supports for option 3. Chair Donelson stated the CEO's salary has not been adjusted since 2018 and gave his appreciation of the CEO and supported option 3 as well.

Board Member O'Malley motioned to approve an increase to the CEO's current salary by the compounded annual market adjustments (2023 – 5% and 2024 – 3.5%) provided to all employees for a new annual salary of \$521,640. Board Member Helms seconded the motion. With a vote of 8-0, with Board Member Henjum excused, the decision passed unanimously.

14. Adjournment

The meeting adjourned at 4:26 p.m.