

MINUTES
Colorado Springs Utilities Board Meeting
Wednesday, May 17, 2023

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

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

Staff members present via Microsoft Teams or Blue River Conference Room: Travas Deal, Natalie Watts, Andie Buhl, Joe Awad, David Longrie, Mike Francolino, Renee Adams, Abby Ortega, Scott Shirola, Kalsoum Abbasi, Tristan Gearhart and Bryan English

City of Colorado Springs staff members present via Microsoft Teams or Blue River Conference Room: Alex Ryden, Renee Congdon, Chris Bidlack, Jackie Rowland, Mari Deminski and Peter Wysocki

Citizens present via Microsoft Teams or Blue River Conference Room: Gary Burghart and Ray O'Sullivan

1. Call to Order

Chair Donelson called the Utilities Board meeting to order at 1:00 p.m. and Ms. Andie Buhl, Utilities Board Administrator, called the roll.

2. Invocation and Pledge of Allegiance

Chaplain Matt Kasper delivered the invocation and Chair Donelson led the Pledge of Allegiance.

3. Consent Calendar

3a. Approval of Utilities Board Meeting Minutes: April 19, 2023

Board Member Helms moved approval of the Consent Calendar and Board Member Crow-Iverson seconded the motion. The Consent Calendar was unanimously approved.

4. Customer Comments

There were none.

5. Compliance Reports

- I-2 Financial Condition and Activities (to include Contracts Over \$500K) G-7 – Q1
- I-2 Financial Condition and Activities - Annual City Auditors Report G-7 (Annual external)

- I-8 Asset Protection - Annual City Auditors Report
- E-2 CEO Responsibilities
 - Water Outlook
 - ECA/GCA Monitoring

Ms. Kalsoum Abbasi, Planning Supervisor – Water Conveyance, discussed local weather conditions as of April 30, 2023 and the U.S. drought monitor, which shows abnormally dry and drought conditions across eastern Colorado, with areas in western Colorado free from drought. She said the snowpack in the Arkansas River Basin is 87% of normal as of May 15 and the snowpack in the Colorado River Basin is 137% of normal as of May 15.

Ms. Abbasi said the statewide SNOTEL (SNOWpack TELelemetry) map shows that watersheds in western Colorado are at or above normal snow water equivalent, with lower-than-average SWE (Snow Water Equivalent) in eastern Colorado watersheds. She explained that May 1 yield forecast predicts 100% of average yield from Colorado Springs' water collection systems this year. Ms. Abbasi said water demand in April averaged 49.3 million gallons per day, which was 6.7% less than last year. She reviewed monthly water use for April 2023 with a total water use of about 1.48 billion gallons.

Ms. Abbasi discussed Colorado Springs' system wide storage, which is about 183,600 acre-feet, or 70.8% of capacity. She pointed out this is above the shorter-term (2001-2022) average of 67% for this time of year. She said Colorado Springs' system wide storage was about 183,200 acre-feet, or 70.7% of capacity, on April 30, which is just below the longer-term (1991-2021) average of 72% for this time of year. Ms. Abbasi said this equates to about 2.6 years of demand in storage.

Mr. Travas Deal, Chief Executive Officer, expressed appreciation for Ms. Abbasi and wished her well during retirement. Chair Donelson and Board Member Avila also thanked Ms. Abbasi for her service to the organization.

6. Items Called Off Consent Calendar

There were none.

7. Water Service Extension Ordinance & Annexations

Ms. Abby Ortega, Resource Infrastructure Planning General Manager, said Ordinance No. 23-03 passed on Feb. 14, 2023 and codified as City Code section 12.4.305. She said it requires the Utilities Board to recommend and City Council to approval to the extend water service boundary. She said it does not apply to in-City development or areas already receiving City water service. Ms. Ortega said approval must be based on substantiated and written record demonstrating one of the following:

- B. 1. 128% of existing water usage* plus projected demand for proposed water extension(s), and 25% of the perimeter of the area is contiguous

- OR -

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 an enclave, or the area is owned or leased by the City, or the extension will have a de minimis impact on the overall City's available water supply.

**Calculated using a five-year rolling average of unrestricted weather normalized usage data.*

Ms. Ortega reviewed Springs Utilities' application of ordinance language and overall annexation process.

Villages at Waterview North Annexation

Mr. Bryan English, Project Manager III, provided a property description and proposed development of the Villages at Waterview North Annexation. He reviewed the annexation petition status for the property and explained the annexation agreement. Mr. English reviewed the four-service (water, wastewater, natural gas and electric/fiber) perspective, capital cost for capacity, and application of water extension ordinance.

Customer comment:

Mr. Ray O'Sullivan expressed concerns about the cost recovery and the change of policy for this project.

Mr. English concluded with next steps, and the Utilities Board agreed to refer this to Planning Commission and City Council.

T5 Annexation

Mr. English provided a property description for the T5 Annexation. He provided an annexation petition status for the property and explained the annexation agreement. Mr. English reviewed the application of water extension ordinance. He concluded with next steps, and the Utilities Board agreed to refer this item to City Council.

City Right-of-Way Annexations

Mr. English provided a property description for the City Right-of-Way Annexations, as well as their proposed developments and additions. He also reviewed the application of the water extension ordinance. Mr. English concluded with next steps, and the Utilities Board agreed to refer this item to City Council.

Hope Chapel Additions No. 1 and 2 Annexations

Mr. English provided a property description for the Hope Chapel Additions No. 1 and 2 Annexations and an annexation petition status for the property. He also explained the annexation agreement and application of water extension ordinance. He concluded with next steps, and the Utilities Board agreed to refer this item to City Council.

8. Fountain Valley Authority (FVA) Water Treatment Contract

Ms. Abby Ortega, Resource Infrastructure Planning General Manager, provided background information about the FVA which was established in 1979 to operate the Fountain Valley Conduit, the Water Treatment Plant and system. She said FVA partner entities include Colorado Springs, Fountain, Security, Stratmoor Hills, and Widefield. Ms. Ortega explained how the Fountain Valley conduit is owned by the Bureau of Reclamation and operated under a separate contract and the Water Treatment Plant is operated by the FVA under contract with the participating entities.

Ms. Ortega reviewed the terms of the contract between FVA members and the Authority:

- Term of contract is 40 years
- Will deliver water per terms in Conveyance Contract
- Details operation, metering, billing and insurance obligations
- Allows for delivery through Colorado Springs reverse flow if the Water Treatment Plant is down for maintenance with approval

Ms. Ortega concluded with next steps, and the Utilities Board agreed to put this item on Consent at the June 13, 2023 City Council meeting.

The Utilities Board took a break at 2:20 p.m. and returned at 2:32 p.m.

9. Clean Heat Plan

Mr. David Longrie, Engineering Manager, provided a Clean Heat Plan (CHP) overview and stated that the Colorado Senate Bill 21-264 was signed in June 2021. He said it requires gas utilities with more than 90,000 retail customers to develop, file, and receive approval of comprehensive clean heat plans designed to reduce greenhouse gas (GHG) emissions. Municipal gas distribution utilities shall submit their CHP to the Air Pollution Control Division (Division) no later than Aug. 1, 2023 for verification.

Mr. Longrie reviewed regulatory considerations and differences. He explained how Springs Utilities, as a municipal utility, must set rules for compliance within legislative provisions. Mr. Longrie said the CHP must include a robust public process, which will educate and bring awareness to customers of the requirements and the incentives available. He said stakeholders will be able to provide feedback that will be taken into consideration before submittal of the CHP. He also reviewed the CHP guidance document, which states:

- Springs Utilities will utilize clean heat resources to the maximum extent practicable and count greenhouse gas emission reductions resulting from the use of those resources.
- Springs Utilities shall calculate a baseline level of emissions for calendar year 2015.

- Springs Utilities shall exclude emissions from its power plants served by Springs Utilities' gas distribution system as those emissions are accounted for under Springs Utilities' Clean Energy Plan.
- Springs Utilities will use 2015 actual revenue adjusted for the gas cost adjustment (GCA) balance – an annual cost impact of \$2.5 - \$4 million.

Mr. Longrie said Springs Utilities' CHP application shall:

- Present a plan to implement clean heat resources throughout the clean heat plan action period.
- Demonstrate that the clean heat plan will result in greenhouse gas emissions reductions necessary to meet the applicable clean heat targets or show compliance with the cost cap.
- Demonstrate that the activities contemplated in the clean heat plan facilitates Springs Utilities' ability to meet future greenhouse gas emission reduction targets.
- No later than Aug. 1, 2023, the largest municipal gas distribution utility in Colorado, as determined by the volume of gas sold in Colorado, shall file its first application for approval of a CHP.

Mr. Longrie said Springs Utilities shall present the following portfolios of clean heat resources:

- At least one portfolio shall use the maximum amount of clean heat resources practicable and also comply with a 2.0/2.5% annual retail cost impact cap;
- This portfolio may or may not meet the clean heat target in the applicable plan period, but must demonstrate reductions in methane emissions;
- At least one portfolio shall meet the clean heat target regardless of the annual retail cost impact of such portfolio;
- Springs Utilities may present other alternative portfolios;
- Springs Utilities shall identify a preferred portfolio that best balances, given the information available, the goals of maintaining just and reasonable rates, maintaining system safety, reliability, and resiliency, protecting disproportionately impacted communities, and contribution to statewide progress on meeting the greenhouse gas emission reduction goals established in § 25-7-102(2)(g), C.R.S.

Mr. Longrie explained how Springs Utilities shall provide a prospective gas demand side management (DSM) plan demonstrating the organization's proposed expenditures by year for each DSM program. He concluded with next steps for the CHP.

10. Economic Development Subcommittee Dissolution

Ms. Natalie Watts, Strategic Planning and Governance Manager, said according to the Utilities Board Bylaws:

- *The Utilities Board may establish subcommittees on an ad hoc basis by a vote of the Utilities Board. Subcommittees are authorized to provide information and recommendations to the Utilities Board but do not have approval authority over operations or activities.*

Ms. Watts said in 2018, the Economic Development Subcommittee (EDSC) was established by the Utilities Board to review performance and compliance with Utilities Board policies and guidelines. She said the subcommittee is comprised of Utilities Board Members and external economic development stakeholders and makes recommendations to the Finance and Strategic Planning Committees.

Ms. Watts reviewed staff's recommendation which is to dissolve the EDSC for the following reasons:

- There is an overlap between Utilities Board membership and materials reviewed on the Strategic Planning, Finance committees and EDSC — creating redundancy.
- Outside of the annual compliance reports, there has not been a significant amount of materials for this subcommittee to review and make recommendations on to justify an entire subcommittee, staff time and resources and additional work plan.

Vice Chair O'Malley moved approval of the recommendation and Board Member Henjum seconded the motion. The recommendation to dissolve EDSC was unanimously approved.

11. Board Member Updates

Board Member Helms shared efforts he uses at home to reduce water usage.

Board Member Leinweber said he is in the process of making his home operate fully on solar.

Board Member Henjum and Mr. Deal provided an update about the regional water task force.

Board Member Avila provided updates from Springs Utilities' Delta potluck event and the May Personnel Committee meeting regarding diversity hires at Springs Utilities.

Board Member Talarico expressed appreciation from attending the Program Management Review (PMR) fiber tour.

Chair Donelson and Mr. Deal recognized Mr. Doug Lyons, Vegetation Management Program Manager, for receiving an award on Arbor Day. Chair Donelson provided an update from the energy public meeting that took place on May 8, and he also shared how beneficial the PMR fiber tour was for the Utilities Board.

12. Summary of Board Actions

There were none.

13. Adjournment

The meeting adjourned at 2:56 p.m.