

MINUTES
Colorado Springs Utilities Board Workshop
Friday, Aug. 12, 2022

Utilities Board members present via Microsoft Teams or City Hall Chambers: Chair Wayne Williams, Dave Donelson, Randy Helms, Vice Chair Mike O'Malley, Bill Murray, Stephannie Fortune, Nancy Henjum, Yolanda Avila and Tom Strand

Staff members present via Microsoft Teams or City Hall Chambers: Aram Benyamin, Natalie Watts, Andie Buhl, Monica Indrebo, Al Wells, Bethany Schoemer, Kerry Baugh, Tara McGowan, Kim Gortz, Lisa Barbato, Pat Wells, Joe Awad, Jason Rigler, Jennifer Franceschelli, Maria Pastore, Jessica Rheinschmidt, Jane Zook, Amy Trinidad, Birgit Landin, Dale Adams, Jason Green, Matthew Thieme, Michael Hemsath, Rachel Knobbs, Scott Lorenz, Ted Skroback, Thad Clardy, Tyler Benton, Patricia Marlow, Natalie Eckhart, Abigail Ortega, David Longerie, Katie Claire, Cindy Speeck, Justin Fecteau, Scott Shirola, Kia Wilson, Renee Adams and Danielle Nieves

City of Colorado Springs staff members present via Microsoft Teams or City Hall Chambers: Bethany Burgess, Jeff Greene, Alexander Ryden and Peter Wysocki

Citizens Present: Kerby Smith, John Almy, Steven Smith, Jack Briggs, Jennifer Cecil, James McMurray, Lisa O'Boyle, Page Saulsbury and Tamara Estes

1. Call to Order

Chair Wayne Williams called the Utilities Board workshop to order at 1:00 p.m. and Ms. Monica Indrebo, Strategic Planning and Governance Administrative Specialist, called the roll.

2. Growth and Annexation Utilities Board Workshop

a. Objective 1

Ms. Lisa Barbato, Chief System Planning and Projects Officer, introduced the annexation workshop and planning for growth for utility needs. She said the workshop intends to educate Board Members on resource and infrastructure planning process, service territories, potential impacts and cost recovery mechanisms. This workshop will discuss planning considerations and tradeoffs, utilities considerations when planning for growth and economic considerations. Lastly, the workshop will address next steps for the proposed City Code revisions, cost recovery engagement and integrated resource planning.

Ms. Kim Gortz, Water Resource Planning Supervisor, described the workshop goals and introduced the annexation timeline that started in 2006 with the City Annexation Plan. The City Annexation Plan set the current boundary with focus on enclaves. In

2019, *PlanCOS* was created to embody a comprehensive plan that set the vision for Colorado Springs. Beginning in 2021 and continuing today, the *AnnexCOS* draft is being created to address how Colorado Springs will expand to meet the vision set in *PlanCOS*.

In the Fall of 2022, *ReToolCOS*, was created as a rewrite of Chapter 7 to include code changes needed to support the *PlanCOS* and *AnnexCOS* vision. For future trajectory, Colorado Springs Utilities considerations include City Code and planning documents as the foundation for utilities planning.

Mr. Peter Wysocki, Director of Planning and Community Development from the City of Colorado Springs, introduced the annexations from a city planning perspective and reviewed how the City and Pikes Peak region continue to grow with data recorded between the 1970's and 2010's that shows both population and residential construction growth.

Available land for development was discussed including hill side overlays, stream side overlays and other constrained areas that are included in the available land development calculation. The infill boundary map was explained, and Mr. Wysocki noted that a few newer developments have not been included within the red line of the infill boundary map; these areas are located north of Research Parkway and east of Powers Boulevard. In addition to the City's comprehensive plan, *PlanCOS*, the County's master plan, *Your El Paso*, identifies areas of possible annexations for urban-level development.

Mr. Wysocki provided the City's annexation process equation and explained the annexation process is largely defined by state statues. He said the workshop will focus on an example of annexation through a voluntary petition with concurrence of 100% of owners for annexations to describe the process. The six general steps for the City's annexation process begin with the initial petition expressing intent to annex that is filed with the City Clerk.

After submittal, the City reviews the formal application, approves it, and authorizes formal filing of the application to begin the engagement of various city departments and agencies to create the draft annexation agreement. Then the agreement must go through a Planning Commission hearing and recommendation to City Council. At City Council the agreement is set for a public hearing, the hearing takes place, and it moves forward to the final action. In the final action, the annexation plan is recorded with the City Clerk.

Mr. Wysocki reviewed the City Code on conditions for annexation, which address not only general city improvements but also utility improvements. He further explained the City/County IGA, which is intended to improve coordination between the city, county and Colorado Springs Utilities in a practical manner on annexations.

In conclusion, Mr. Wysocki reviewed the final goals for good development, which include the availability of utility resources, capital improvements, long term availability of utilities, and the ability to provide all City services as required by state statute.

Ms. Gortz summarized the list of considerations when addressing annexation, such as available water surplus, water and/or wastewater facilities expected to be sufficient for the projected needs, utility extensions, groundwater transfer and rights of way and easements.

For additional annexation considerations, four service utilities can impact capacity to serve existing and future customers, the foreseeable future versus the planning horizon, policies around first come first serve for water, and performance criteria – levels of service and risk management for reliable, long term sustainable service. Additionally, the cost of annexation must be considered with all four services for utilities in regards to resources, infrastructure, service territory impacts, cost recovery and sustainable capacity to support the annexation.

After Ms. Gortz's presentation, the meeting recessed at 2:26 p.m. and resumed at 2:35 p.m.

b. Objective 2

The Workshop then moved into the breakout session portion. The breakout sessions provided foundational information on utilities four service considerations for annexations. They were not intended to evaluate a specific case or situation.

The breakout session addressed three topics. The first topic was planning factors and horizons.

On this topic, population growth does not always equal demand. Demand is influenced and calculated from multiple factors and risk criteria is used to “buffer” against uncertainty. Planning horizons are used to determine when to develop resources to meet anticipated demand and mitigate risk. The balance between demand of available resources and surplus is established by service criteria, how it can be met and adjusted year to year while also maintaining a buffer.

The second topic was service territory considerations. Regulations govern what happens when one service provider wants to provide service in the service territory of another service provider. This requires resolution with the impacted service provider and just compensation may be required.

The last topic covered in the breakout session was cost of service and recovery mechanisms. Springs Utilities plans infrastructure to reliably meet peak load for existing and future growth. They currently recover costs through several different mechanisms and growth is a driver for resource and infrastructure investments.

Additionally, Colorado Springs Utilities needs to determine when and how forecasted capital investments should be included in cost recovery mechanisms.

The Breakout Sessions ended at 3:30 p.m. and there was a 15-minute break until 3:45 p.m.

c. Next Steps

Ms. Gortz wrapped up the workshop with next steps, which includes the following: stakeholder and community input regarding proposed annexation policies and consideration and adoption of *AnnexCOS*.

Proposed changes to City Code include review at future Utilities Board meetings and consideration of City Code revisions to follow *RetoolCOS*. Cost recovery review includes the plan to discuss growth related cost recovery as part of the 2024 Rate Case. Finally, integrated resource planning includes additional policy discussion and evaluation as identified.

Board Member Donelson thanked staff for preparing this workshop and for the helpful information on accommodating future growth.

Chair Williams thanked Colorado Springs Utilities Chief Executive Officer, Mr. Aram Benyamin, and Ms. Barbato for highlighting their team, and requested an after-action report to summarize the various questions that arose in the different breakout sessions. Chair Williams also thanked the public for attending.

3. Adjournment

The meeting adjourned at 4:44 p.m.