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MEMORANDUM

TO: City Council

FROM: Heather Bailey, Exec. Dir. of Energy Strategy & Electric Utility Development
Carl Castillo, Policy Advisor
Bob Harberg, Principal Engineer, Public Works, Utilities Division
David Gehr, Deputy City Attorney

SUBJECT: Governance Working Group Recommendations

DATE: July 15, 2013

In May of this year, a Governance Working Group (the “Working Group”) was created to work with city staff to understand the flexibility and limitations of the Boulder City Charter electric utility advisory board language, specifically Article XIII “Light and Power Utility,” and to develop a recommendation for City Council on any necessary ordinance amendments or other suggestions about how the utility should be governed. It was deemed important to convene this group for a variety of reasons, most notably to ensure the appropriate level of customer participation in the governance structure, including those who might be within the service territory but outside the city’s boundaries.

The Working Group consisted of 15 members selected on the basis of their diverse backgrounds and perspectives (see names and bios in **Attachment A**). It met four times beginning on May 29 and ending on June on 26 (copies of the meeting summaries can be found at **Attachment B**). During this time the Working Group reviewed the system of governance already provided for by Boulder’s Charter and the types of decisions that the City Council and the utility advisory board could be expected to face.

RECOMMENDATIONS

During its last two meetings, as well as during online discussions on “Basecamp,” an interactive online tool, the Governance Working Group discussed and developed the following recommendations related to the governance of a potential Boulder light and power utility:

A. Advisory Board Role in Rates and Rate Structure

The Working Group **recommends** that the utility advisory board (the “Board”) be given the specific role of advising the council on electric rates (e.g. rate structure and parameters). The Charter gives council the decision-making role on these matters. Charter Section 187 provides that the utility advisory board review, make recommendations, and provide advice on budgets, appropriations, bonds and policy matters. It does not explicitly address the Board’s role in setting electric rates, as is described generally for the utility in Charter Section 182, “Utility Service Standards.”

In any organizing ordinances describing the role of the Board, it should clearly state that it has an advisory role on rate issues. This is a very important part of the process that will support transparency and public involvement while helping to build community trust in the decision making process.

B. Advisory Board Composition related to County Residents

The Working Group **recommends** that at least one seat on the utility advisory board be filled by a non-city resident within the service territory known for this or her ability, probity, public service, and particular fitness to serve on the electric utility board to ensure that the utility service standards of Charter Section 182 are provided to non-city customers in a fair and reasonable manner, including the Charter prohibitions related to preferences and advantages for customers.

This goal could be reached in two steps:

1. Currently, the City Charter provides for a majority of the nine-member advisory board to be composed of registered electors. Up to four of the members need not meet the requirement of being a city resident so long as they are owners or employees of a business or governmental entity that is a customer of the utility. An ordinance could be enacted requiring one of these four seats to be filled by a resident within the service territory but outside the city limits who meets the above noted qualifications.
2. Additionally, at the point when there is more certainty with respect to the defined service territory, the Charter could be amended to replace the current language referring to "registered electors of the city" with language allowing any customer of the utility to be eligible to serve on the board, without regard to being an elector of the city, while still preserving the requirement that a majority of the board consist of registered electors of the city. This would allow people residing in the non-city portion of the service area to serve on the board regardless of whether or not they own or are employed by a "business or governmental entity that is a customer of the electric utility." While it would require a vote of the city electorate this change would allow a county resident to serve without potentially diminishing the business/governmental representation originally envisioned by the Charter.

The first of these steps would demonstrate good faith with the county residents who did not participate in the election that authorized the creation of a city electric utility. The second step is

very important should the city end up providing electric utility service outside of its municipal boundaries.

The Working Group believes that it may be appropriate to include a sunset provision to any requirement that a Board member be a non-city resident. This would allow any requirement for a "county" seat to be evaluated as to whether it should be phased out after a certain period of time has passed or after certain milestones in the utility's evolution have been met.

C. Advisory Board Composition related to Customer Classification

The City Charter currently requires "at least three" members of the utility advisory board to be either "owners or employees of a business or governmental entity that is a customer of the electric utility." Conceivably all three of these seats could be filled by small sole proprietors or employees of very small businesses. Conversely, all nine seats on the Board conceivably could be filled by owners or employees of very large organizations in the city (business or governmental).

The Working Group believes there is a significant distinction between large and small customers of an electric utility. Accordingly, it **recommends** that an ordinance be adopted that ensures some representation of each of the major customer classifications (large and small businesses as well as residential). Individuals designated to fill these seats should be judged for their ability, probity, public service, and particular fitness to serve on the electric utility board to ensure that the interests of a variety of residential and nonresidential (commercial, institutional and industrial) customer classifications are represented.

Most of the Working Group believed it would be sufficient to combine any designated large non-residential seat among commercial, institutional or industrial customers. However, one member felt strongly that the interests of governmental institutions, such as BVSD, were fundamentally different than those of businesses (one having the ability to leave the city, the other not). Accordingly, this member felt a separate large customer seat should be guaranteed for both governmental institutions and businesses.

At least in its early years, assuring this balanced level of representation is important to build trust that a city electric utility will serve the interest of both large and small customers. However, recognizing that after such trust is built such limitations on council appointments may become unnecessary, the Working Group recommends that the requirement for seats by large and small "customer class" be evaluated as to whether it should be phased out, or allowed to "sunset," after a certain period of time has passed or after a certain milestones in the utility's evolution have been met.

D. Advisory Board Composition related to Skills

Effectively serving on an electric utility advisory board requires a minimum level of skills to consider the complex types of issues that will come before the board. The Working Group recognizes that the combination of candidate self-selection and council appointment could ensure an appropriate mix of skills on the board. Moreover, the Working Group recognizes that the

necessary mix of skills can be met in a variety of ways. Accordingly, except for the energy strategies skill, listed as “5” below, it does not recommend any prescribed number of Board seats be reserved for members that demonstrate one or more skill.

The Working Group **recommends** that council institutionalize a requirement to make best efforts to recruit Board members that collectively have the following skills:

1. Engineering
2. Finance and economics
3. Legal
4. Energy strategies to achieve greenhouse gas reductions such as: distributed renewable energy, grid management and modernization, energy efficiency, and demand management
5. Utility operations

The Working Group discussed the importance of Board members having strong skills to communicate to and with the broader community. However, the group eventually decided that it was an implied skill for all Board members that did not need to be called out.

The Working Group had a spirited conversation about the need for representation from the perspective of what energy consumption does to our environment. The City Charter ensures minimum representation on the utility advisory board for business and governmental interests. Because representatives filling these seats could likely have cost and reliability as a primary or even sole concern when considering issues brought before them, many in the Working Group felt expertise and advocacy in the area of climate change would provide balance and focus on the original intent of the utility.

The Charter addresses issues related to clean energy, environmental stewardship (Charter Section 178(c)(3) and (5)) and energy efficiency and renewable energy (Charter Section 182(b)). However, it does not ensure any representation on the Board for the perspective that motivated most to even consider creating a city utility: reduction of fossil fuels in the generation of electricity. The Working Group recognizes that the current council is likely to ensure such interests would be represented when making appointments to a utility advisory board. Nevertheless, many in the Working Group believe it is important to institutionalize this as a requirement.

At first the Working Group considered recommending that an ordinance be adopted that ensures one seat on the utility advisory board be filled by an individual that has the interest, knowledge and ability to represent the perspective of an environmental impact advocate.

The Working Group, however, did not reach consensus on this recommendation. Some members believed designating such a seat was unnecessary because the already adopted goals and objectives for the utility require that reduction of carbon emissions be an important consideration for the utility's governing body. These members expressed concern that creating a designated seat for a "special interest," important as it may be, could create a slippery slope which would lead to other interests requesting similar guarantees for seats on the board. These same

individuals believed that the city should instead seek to designate someone with these types of skills, rather than interests, as is the case with other areas of expertise. In this regard, the Working Group eventually concluded that ensuring the presence of the skill of “energy strategies to achieve greenhouse gas reductions,” listed above, would likely meet the desire for an energy advocate, and in any event, do so in a manner that ensures the knowledge and skills to address these issues. Nevertheless, the group does think that this energy strategies skill is uniquely important and accordingly **recommends** that identifying one or more member with this skill to sit on the board be made a requirement for all Board appointments, not simply a “best efforts” goal, as is the case with the other skills.

GOVERNANCE ISSUES NOT YET ADDRESSED

The Working Group was not able to consider recommendations on several other topics, including:

- Advisory board appointment process
- Advisory board term limits
- Delegation of powers from council to the advisory board
- Advisory board/staff relationship

While these topics were of interest to one or more members, time limitations prevented them from being addressed. Moreover, it was determined that it might be best to seek council direction on whether it wanted to receive recommendations on these or other topics of governance, later this year or at a date closer to the creation any Boulder Electric Utility. If City Council is interested in receiving recommendations on these or other topics, the Working Group expressed an interest in reconvening for such purpose.

Attachment A

Bios of Governance Working Group Members

David Cohen, Founder of E7 Ventures - David is currently founder E7 Ventures which is a developer of hybrid renewable energy systems. He is actively involved in several other ventures including: acting President of General Microgrids; Partner of S2 NRG Holdings and founder and Chairman of Evolution7 Labs a GridAgents spin-off company developing technology to enable and integrate solar and other renewable-based MicroGrids. David has 22 years of management, product development, and business development experience for emerging renewable energy technology companies. He has specialized in the areas of distributed energy, intelligent buildings, telecommunications, software, and renewable power system finance, due diligence, and development. David co-founded four start-up companies and has a track record in building, scaling, and selling innovative ventures. He has completed numerous R&D joint ventures, and partnerships in the US, Europe, Latin America, Africa, Middle East, Australia, and Asia-Pac. He has developed and commercialized over 20 energy-related software products, and is nationally renowned for his pioneering work in distributed energy and SmartGrid software applications including the pioneering development of the SmartGrid industries first intelligent agent-based software platform, GridAgents™. David was named as one of the top [100 movers and shakers in the SmartGrid](#) in 2012 by Greentech Media. He wrote *The Electrinet: A Communications Architecture for a Competitive Electric Power Industry*. David has been a judge for emerging technology startups for the CleanTech Open for the past two years. He is also a founding Emeritus Member of the GridWise Architecture Council (GWAC). He currently serves on the advisory boards of Cool Energy, Fabriq, Bella Energy, and Heart Transverter, S.A. and recently served as acting COO of Lighthouse Solar where he advised the company in its move into Utility-scale and Community Solar solutions. He has a BA in Environmental Conservation and a MS in Energy Engineering from the University of Colorado, Boulder.

Manohar Croke MA, CCP, Psychotherapist and Educator, Points of Light LLC dba U. S. Esogetic Colorpuncture Institute - Manohar Croke has primarily been a resident in the Boulder, Colorado area over the past 28 years. She currently resides in the unincorporated area of Gunbarrel. Ms Croke is the owner and president of a Boulder-based business, Points of Light LLC, under whose auspices she offers a private practice in somatic psychotherapy (involving counseling, trauma resolution methods and body/mind acu-light therapy) and an educational institute that conducts nationwide professional trainings in a bodymind system of alternative healing (see www.colorpuncture.org for more information). She has a masters degree in Transpersonal Psychology and is currently a PhD candidate. Finally, Ms. Croke is an member of Gunbarrel Energy Future (GEF), an organization involved in researching, informing and educating the Gunbarrel community as to what municipalization might mean for them.

Angelique Espinoza, Public Affairs Manager, Boulder Chamber - Angelique Espinoza is the Public Affairs Manager for the Boulder Chamber, a post she has held since May 2011. She has lived in Boulder since 1991 and completed and M.A. at the University of Colorado at Boulder. Her husband also attended graduate school at CU in the early nineties and works in downtown Boulder. Their son, who currently attends his neighborhood BVSD middle school was, was born at Boulder Community Hospital, just a few blocks from their present home in a North Boulder cohousing community. Angelique has worked in Boulder for over twenty years, at both non-profit and for-profit organizations and startups. She served on the Boulder City Council from 2007 to 2009 and has volunteered for several local organizations. Her primary contribution to the Governance Working Group will be to ensure that local businesses are treated fairly and have a voice and role in how the electric utility is operated, if it is formed.

Attachment A

Karl Gerken, Manager of Facilities Engineering, Ball Aerospace & Technologies Corp. -

Virginia Holtzman-Bell, Boulder Laboratories Site Manager - Virginia Holtzman-Bell assumed the newly created position of Boulder Laboratories Site Manager working for the National Institute of Standards and Technology (NIST) in November 2009. In this role, she serves as the Department of Commerce's primarily liaison with other federal, state and local governmental entities, community-based interest groups and the general public on matters affecting the operations, safety and security of the DOC Boulder Laboratories site. Captain Holtzman-Bell retired from the United States Coast after 32 years of service. As a Coast Guard officer she primarily served in the fields of civil engineering, facilities portfolio management, and strategic resource planning. Virginia graduated from the U.S. Coast Guard Academy in 1981 with a B.S. in Civil Engineering and the University of Illinois, Champaign-Urbana in 1985 with a M.S. in Civil Engineering.

Michelle Krezek, Boulder County Commissioner's Deputy –

Ken Leiden – Ken is a resident of Dakota Ridge.

Barney Moran – Barney Moran was born and raised on the East Coast, and attended Wesleyan University. He moved with his wife to Boulder in 1996. Barney is a property manager and tax advisor, and has served on these Boulder HOA Boards: Iris Hollow, Remington Post, Palo Park III. He is an advisor to the Horizon West HOA Board. Barney was general contractor for one of the largest private solar farms in Boulder, Phase I at Remington Post, which covers 4 roofs and 2 carports. It was installed in 2011. He worked with XCEL on an 80% rebate for replacing all 24/7 lighting fixtures with energy efficient fixtures in all of Remington Post's underground garages. Project was completed in 2011. Barney teaches Daddy Boot Camp at hospitals throughout Boulder County, and he and his wife live in unincorporated Boulder County and have two daughters that currently attend Boulder schools. They installed a residential solar system on their home in 2012. Barney can be reached at barneymoran@yahoo.com

Mike Parenteau, Manager: Maintenance, I&E and Facilities, Corden Pharma Colorado – Mike is currently is the site facilities and maintenance manager for Corden Pharma Colorado, as well as the site electrical engineer. Has been involved in the electrical field since 1995. Has worked as an electrician, electrical consultant, an electrical engineer for Square D (Schneider Electric) and one of two electrical facility engineers for IBM. Electrical engineering experience consists of Arc Flash analysis, Short Circuit Analysis, Time Current Coordination Analysis, Power Quality and electrical systems design for industrial and commercial facilities (120V up to 13.2kV). He lives in Longmont and enjoys mountain hikes and mountain lakes.

Steve Pomerance - Steve Pomerance served on Boulder City Council from 1986-93 and again from 1995-97, six years as Boulder's representative to Denver Regional Council of Governments (DRCOG). In 1975 he built one of the first passive/active solar houses in Boulder. In 1982 he designed Boulder's solar access ordinance using concept of "solar fence". In 1983, as legislative assistant, he wrote the bill to create the Colorado Office of Consumer Counsel, to represent residential and small business ratepayers at PUC; revised bill ultimately passed in 1984. In 1987, as council member, he initiated the effort to create Boulder's first Raw Water Master Plan, to examine and address impacts of global warming on Boulder's water supply. In the 1990's he helped to start the Energy Project at the Land and Water Fund, now Western Resource Advocates. In 2006 he initiated the concept of a popularly-voted-on "Carbon Tax" on utility bills to fund Boulder's energy efficiency programs; tax passed in the November, 2006 city election. In 2009 he co-created a group to improve and expand Boulder's energy efficiency programs.

Attachment A

Susan Riederer - Susan Riederer has been a resident of Boulder for 24 years and lived in the Gunbarrel area for 17 years. She has a MA in Education and her 35 year career includes work in elementary, special, and early childhood education as well as administration and program management. Her last position before retirement was Director of the Community School Program where she managed Facility Rental, Lifelong Learning, Kindergarten Enrichment and the School Age Care Program for the Boulder Valley School District. This program which brought in significant revenue for the general fund was managed by her for 10 years. In retirement, Susan enjoys volunteering, sharing her art space with adults and children and figuring out how to do more errands on her bicycle to reduce her carbon footprint.

Nolan Rosall, Public Affair Chairs, Downtown Boulder Inc. Board of Directors - Nolan has a varied and extensive background in both public and private sector planning and analysis. He has been principally responsible for a wide range of tourism-related research and master planning for ski resorts, convention and visitors' associations, and municipalities, as well as national level strategic planning and forecasting for the National Ski Areas Association and Canadian Ski Council. He has also administered numerous Public Planning projects, starting with his involvement as Planning Director for the City of Boulder in the 1970s, and continuing through his private sector work. During his tenure as Planning Director, Nolan oversaw the design and implementation of both the Pearl Street Mall and the Danish Plan (Boulder's original growth management system), as well as the adoption of the first Boulder Valley Comprehensive Plan. Nolan has coordinated several large-scale PUD and development projects, including their public processing before a wide array of local, regional, and federal agencies. He also has extensive experience in moderating focus group discussions and other types of public meetings. Nolan was a founding partner and President of RRC Associates (Rosall Remmen Cares, Inc.). He retired from RRC in 2011 and is currently a partner with R and C Advisors, which provides complementary planning and market research services.

Coby Royer – Coby is a resident of Martin Acres.

Steven Wallace, Operating Partner of The Best Western Plus Boulder Inn – Steven Wallace is a 27 year resident of the city. He lives in the Whittier Neighborhood. He the operating partner of The Best Western Plus Boulder Inn, President of The Boulder Hotel Motel Association, Board Member of Boulder's Convention and Visitors Board, Past, ten year, board member of Boulder's Beverage Licensing Authority.

Louise Vale, Vice Chancellor for Administration, CU Boulder -

Attachment B

Governance Working Group Meeting Notes – May 29, 2013

Attendees:

- City Staff
 - Carl Castillo
 - Heather Bailey
 - David Gehr
 - Bob Harberg
 - Andrew Barth
- Community – sorry if any names are misspelled
 - Angelique Espinoza
 - Karl Gerken
 - Steve Pomerance
 - Mike Parenteau
 - Susan Riederer
 - David Cohen
 - Virginia Holtzman-Bell
 - Nolan Rosall
 - Manohar Croke
 - Coby Rowyer
 - Steve Wallace
 - Barney Moran
 - Allison Burchell

6:05 p.m. – Heather Bailey introduction of the Municipalization Exploration Study

6:12 p.m. – Introductions

6:23 p.m. – Information sharing

- Biography request
 - Will be used to provide information to community on who's working on this project and where they're involved.
- Group work
 - This will be the group throughout the process.
 - Experts may be brought in as we move forward
 - Basecamp and filing system. You are allowed to share items too. Discussion and commenting feature has been valuable for meeting follow-up
- Ground Rules and Protocols – handout (available on Basecamp)
 - Discussion on sharing materials outside of the group
 - Don't share documents marked "DRAFT" or "CONFIDENTIAL"
 - All else is free for you to use as you'd like.
 - Any needs for anyone else?

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- Basecamp info is potentially subject Colorado Open Records Act requests
- Don't share sensitive information about businesses
- Declare your opinions
- Multiple working groups going on at same time, similar but distinct in their charges. Is there info for this group that might impact other group's work or recommendations? Or vice versa?
 - A joint meeting was held in Phase 1 for everyone to hear what was going on. Another meeting like that may be held in this phase as well. If another group's recommendation will impact other working groups, they should be discussed and we'll share what we can and what is needed. The city's goals and guiding principles are how a utility would be operated.
 - Heather Bailey provided a brief summary on the other working groups and their charges.
- Other general questions
 - Angelique – Protocols> Do you need to be here to provide input or comment?
 - Angelique - I think Basecamp works if someone wants to add info even if they can't make it.
 - Carl – might be difficult if there was a consensus at the last meeting.
 - Angelique – That is the exception to the rule.
 - Conclusion: It is a best practice to provide comments before a discussion occurs rather than after the conversation has come to a conclusion.
 - Will decisions be made as we go or will they wait until the end?
 - Carl – We'll make decisions as we go.
 - David Cohen – Can we dial in?
 - Heather – Yes, we'll facilitate dial-in.
 - Carl – If you're there or on the phone, you can provide comment and "vote" if necessary.
 - Conclusion: the staff will attempt to provide call in information prior to each meeting.
 - Provide homework or read-aheads that people can comment on and digest before the next meeting
 - Steve P – This group is not representative of the city. What the meaning of group consensus is – is a function of the people in the room. I'd like that feedback if I was on council.

Attachment B

- Carl – We want the group to move forward, but we also want to be able to comment so council knows what everyone’s thoughts are.
- Future meeting dates – the dates we’ve chosen are dates when all city representatives can attend.
- Brevity of this discussion
 - One of many working groups
 - Had to have a governance discussion
 - Wanted to give the 5,800 properties outside the city to have input somehow
 - Need to be realistic on what we’re going to tackle during our month together
- 6: 50 p.m. - David Gehr – Background on City Charter Language and voter-approved language on utility Governance
 - Charter Section 130 is general language on boards
 - By city law, you have to be a registered voter to serve on a board, but there is other law that deals specifically with other boards and their powers
 - City Charter – voter approved – on electric utility board
 - Home Rule Cities are given a broad grant of authority by the constitution
 - Under the state constitution, a home rule city can govern on matters of local concern. For matters of local concern, Boulder can adopt laws that may conflict with similar state laws.
 - A city becomes eligible for home rule through the adoption of a city charters tend to limit the broad authorities that are provided for by the Constitution.
 - The powers in the constitution related to the creation of municipal utilities are quite broad. The city charter narrows those powers.
 - Boulder Government: City Council - City Manager Form of Government.
 - City Council -- Policy Maker
 - General governing responsibilities are done by the City Council. Typical board level decision center around rates, budget, bonding, general operational direction, monitoring performance, rule making, and the use of eminent domain.
 - City Manager -- Executive -- Runs the day to day operations of the utility.
 - Utilities Director as an employee that reports to the city manager.
 - Boards and Commissions.
 - Generally advisory to the council and the manager

Attachment B

- Charter Section 130 Boards -- This is the authority that the city charter provides for boards generally. The light and power charter provisions are much more specific.
 - Broad discretion given to the council to define the duties and responsibilities of the Board.
 - Limited to 5 members.
 - Given specific responsibilities -- Generally advisory
 - Council acts as the board of the City's other three utilities. Until 1992 with the creation of WRAB, there were no boards that specifically provided the utilities advise.
 - Even the utilities function has evolved over time with the general oversight of the planning board giving way to the more specialized water resources advisory board.
- Charter Level Boards. These are Boards that are specifically created in the charter. For example, Planning Board, Parks and Recreation Advisory Board and the Open Space Board of Trustees
 - Tend to have greater specificity in responsibilities
 - Given Authority over certain responsibilities. e.g. open space disposals.
 - The light and power utility Board will be the most recent addition to the Charter level boards.
- Utility Charter Provisions.
 - Guiding Principles
 - Reliable Energy
 - Fiscal Responsibility
 - Clean Energy
 - Rate Payer Equity
 - Environmental stewardship
 - Enterprise status.
 - Service Standards -- Charter Section 182.
 - Service to benefit the customer
 - Clean Energy
 - Fair and responsible rates
 - Limits on fund transfers - Require to have books separate from the general fund.
 - No preferences, advantages, or free service.
 - Customers represented by an elected city council.
 - Council and Utility will be advised by a Customer Based Nine Member Board
 - A minimum of 3 seats dedicated to employees of businesses and governmental customers

Attachment B

- A minimum of 5 seats are required to be city voters
 - Board will provide advice on budget, rates, debt and service delivery. Its role may expand over time
 - Can have additional responsibilities as delegated by the council.
- The Charter provisions are consistent with other approaches the City has taken. Charter level boards have evolved over time, with the current structure of the
 - planning board taking form in the 1950's;
 - the parks and recreation advisory board in the 1960's and
 - the open space board of trustees in the 1980's
- If you have questions, ask David Gehr.
- Question and Answer Session.
 - Charter materials – City Council has ultimate authority but may delegate certain duties/responsibilities. (YES). Is there flexibility in the charter if we make a recommendation to allow a utility board to be formed from the beginning?
 - YES. A utility board has a great deal of opportunities for responsibilities under the charter. If the makeup of the board is changed than is different than is specified, then the city would need to hold an election to amend the charter
 - Many issues were raised early on with City Council during the ballot drafting process in the summer of 2011. The council looked at a variety of governance models including the traditional council - manager approach, or to go with a completely independent agency approach like the Denver Water Board. The Denver Water Utility is governed completely separate from City and County of Denver. Denver mayor appoints members of that board. For the most part, all other governance is done separately from the City and County of Denver.
 - The charter provides that council will make certain decisions and board is advisory in nature. However, the council can delegate additional responsibilities to it. We can talk about what powers should be delegated. It might be difficult to get a new charter brought back to voters this year.
 - Could still vote somewhere down the road.
 - The city could change the approach if something isn't working. Cities can and have shifted governance structures over time.
 - Three members must be of business - governmental entity class?
 - Businesses and institutions like NIST, CU, NOAA, etc.

Attachment B

- A majority of the board must be registered voters in Boulder
 - Will send a link to actual charter language to the group.
 - Page 3 and 4 of packet are charter requirements
- Goals and Objectives, council adopted, are included in your packet.
 - These pertain to the larger Energy Future project
- Steve P. – Planning board structure. PB makes decision, Council calls them up if they want to look at them. This seems to work. PB has authority, and council can call them up.
 - This authority was granted by City Council by ordinance, as opposed to provisions in the charter related to the planning board’s authority.
- Angelique – Want to make sure I understand our scope of possible recommendations correctly. Do they run from leaving the charter as it is all the way to some very substantial delegation of powers to board (quasi-judicial)? If we recommend anything beyond that, for example, going to an independent board, when we should describe what would be needed to get there (vote to amend charter)?
 - Answer from Heather – Yes with caveat that Charter language isn’t that prescriptive and is really just an outline. The charter doesn’t say exactly what the advisory board will do or requirements to be on the board.
 - We’ll need to fill things in, tell council what we think they should do. And look at membership requirements and make recommendations on that aspect as well.
- We’re looking for an opening day entity that will have enough power when the utility opens and subsequently moving into something more substantive?
 - Yes, that is a good assessment
- 6:20 p.m. – Page 9 – Purpose/Scope – Group Adoption
 - What will this group’s output be?
 - A report with those principles. Working Group won’t write it, but the group’s thoughts will be articulated in a report to council.
 - Agreement on those principles.
 - Conclusion. This purpose seems fair to all and will be posted on website.
- 6:25 p.m. – Issues this group would like to tackle - Discussion
 - Service area issues

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- Heather B – Look at Energy Future goals and objectives. Page 5 and 6 of the packet. Provides examples of key things an advisory body needs to consider. Use those to determine what representation you'd want to cover those things. Low income housing? Business community? Etc.?
- The Group had a discussion about ideas related to the composition of the Board.
 - Steve P – Talking about this board being representative customers. WRAB is filled with experts. That is more valuable to city council because they want quality advice. Pick representatives or pick people that actually know something? Just representation doesn't do City Council much good. Council members tend to have a community representation perspective.
 - David Cohen – Pick advisors that know how to run the business. Could customers have their own committee and have experts on an advisory board? It may be appropriate to consider more than one board to address the issues.
 - Alison Burchell – Have looked at governance boards in other communities. Take a look at these.
 - Colorado Springs – good board – they have ways to fix mistakes quickly
 - Portland, OR citizen utility board is great for democracy standpoint
 - Marin County, CA
 - Denton, TX
 - Los Angeles and San Diego, CA
 - Have an expert board and also use community representation
- We should look at board composition.
- Consider creating opportunities for Involvement of residents within unincorporated areas in the service area. Don't "expertise" them out. There are three of us on this working group. Maybe the three of us can work together outside of the overall group. Will share emails after meeting.
- What power should be delegated to advisory board?
 - The more you delegate the more expertise you will need.
- Use Basecamp as a bulletin board of what you'd like to discuss/tackle and then discuss and bring back 2 to 4 or 5 items that we really want to use
- Issues upon which the working group could provide feedback to the council.
 - COMPOSITION of the Board and DELEGATION responsibilities to the Board are two issues to address
 - Transitions. Possibly talk about a transition of the board. An evolution from what happens on day 1, and how the board's powers and scope may evolve as the utility itself grows and needs change.
 - Customer representation should last forever, but will need to look at how many.
 - Can we talk about creating two different entities?
 - David G – You can do this. We have Charter section 130 that allows us to do this. Subject only to the limitations of 130
 - According to the charter criteria, a majority of the 9 member electric utilities board must be registered elector. They may be electors, but we

Attachment B

can apply additional requirements. An advisory board can be made up of people appointed by council, but there may be another industrial advisory board. A church board. A small-business board. That is what we need to talk about. There are many ways. Independent review panels. Special project boards.

- You'll have special interests that come out of this representation, but you have community interest in running the utility as much as possible. The special interests can become sub-servient to the broader community. How do you balance the two entities? Special interests can get lost in the larger community voice, or vice versa, depending on situation. This can deteriorate a situation.
- Guiding principles should be abided by. If they are followed, you will get to the common realm on many decisions. These are parameters on the board and the community.
- EXAMPLE PROVIDED – Unincorporated citizen- what is the tax rate for me? Don't need an answer. But this is something to think about. How will issues affect different classes of customers.
- Look at the role and duties of the board and then what they will do. What qualifications are needed. Start there and work your way down. What is it that the board needs to do and what are the qualifications to do that.
- Charter constraints on what the utility can do. Can't treat people arbitrarily. The utility will end up in court. Inside vs. Outside customers – must be charged the same rates or end up that PUC.
- What do you want the Board to do? Water utility's biggest decision was buying Barker reservoir. Decisions like that are infrequent. That involved a lot of community discussion. A big decision will end up being discussed and decided by the community. Council will defer to them.
- Composition issue – Look at the rate classes we will have. Commercial, Industrial, Residential. City and County currently don't pay different rates, so they are essentially equal by Charter. Need to look at who you'll be leaving out instead of who is in. How do you incorporate all interests. Customer classes will be good start.
- There is a potential negative if we keep too many people out of the equation. Look at trade-offs. Are there issues you have thought about?
- Maybe the city could list the kinds of decisions the utility will have to make so the group knows what a board will be working on. This will help guide decisions. Determine the decisions that need to be made, then look at the people who can make Such decision and who should advice on such decision.
 - Approval of the budget – operating and capital budget
 - Issuing debt – can be done at council level, but the board will make recommendations
 - Sale of any system assets – impacts debt and bond covenants
 - Use of eminent domain.

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- Rates – impacts everyone
- Construction and major capital improvements
- Quality of service
- Resource decisions
- Rates are huge. Community residents can affect large users and industries.
 - If the large users don't like it, they may leave or choose to start making their own power.
- The City currently serves water and waste water service to many out of city customers and the water board is only made up of registered electors.
 - The water board members currently all have an industry expertise. There have been times when members had no industry expertise and it has been rare to have business interests directly represented.
- Will we discuss boundaries and service area?
 - No – the service area boundaries have been established and annexation of service area is not required.
- Board and the staff. Can the board direct staff or is staff responsible to the city manager? We should talk about this.
 - City manager hires and staff are responsible to them. But when we get down to budget and policy, it affects city staff and those are discussed by the board.
 - Can the board request staff do something? Research specific items?
 - Water board makes recommendation, and city council then asks city manager who asks staff to research and determine items.
- 6:56 p.m. – Meeting adjourned.
 - Next meeting on Tuesday, June 4.

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Governance Working Group Minutes June 4, 2013

Attendance: Steve Pomerance, Mike Parenteau, Coby Royer, Manohar Croke, Susan Riederer, Karl Gerken, Steve Wallace, Virginia Holtzman-Bell, Ken Leiden, Louise Vale, Angelique Espinoza, Barney Moran, David Cohen, Michelle Krezek (on phone)

City Staff: Carl Castillo, Heather Bailey, David Gehr, Bob Harberg, Sarah Huntley

Agenda

Information Sharing on Basecamp

C. Castillo kicked off the meeting with a welcome, introductions around the table and checked in with the group to make sure everyone is managing to navigate Basecamp. The group members indicated they have been able to access and utilize this forum.

Types of Decisions an Electric Utility Might Face

Referring to a “straw dog” proposal made on Basecamp by A.Espinoza, D. Gehr explained the types of decisions that a utility board might make from a legal perspective. He said board actions generally fall into three categories: administrative, legislative and quasi-judicial. Gehr said that while some boards act in a quasi-judicial nature, he is not anticipating that this board will be playing more of a legislative or policy-advising role.

B. Harberg outlined how the Water Resources Advisory Board works as an example of how one of the existing boards works. He said the board offers input on policy, largely around water quality issues and requirements. The board also looks at the budget and capital needs and makes ratemaking recommendation. In addition, the board weighs in on the setting of priorities and goals as part of the Master Planning process. Harberg cited recent policy discussions that have occurred at the board level, including fluoridation and Barker Reservoir public discussions.

V. Holtzman-Bell asked if public weighs in at advisory board level instead of council or if it can be discussed at both venues. She indicated she was trying to understand the value-add of the board. Bob said the public discussion at the advisory board level sometimes addresses key issues brought to staff’s attention by members of the public. The goal is to try to resolve most of the issues at that level. But there is nothing to preclude the public from going to council and council from choosing to discuss issues that are of particular public interest or controversy.

S. Wallace asked to what extent budget recommendations are prepared by staff. Bob indicated that staff usually takes the first stab, but the board plays a role of evaluating whether the proposed budget makes sense based on goals and Master Plan. H. Bailey added that there may be some requirements set by the city’s financing procedures and the bonding agency’s

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requirements. Wallace said he would want to make sure the information is well vetted before it comes to the board. There was a brief discussion on insurance. Bailey indicated the board would be expected to provide feedback but would have guidance from the bonding agency on the issue related to insurance.

Harberg discussed the example of the water resources board raising and considering the issue of equity of water use and water budgets.

C. Royer asked how the board will be asked to balance competitive rates with the desire to decarbonize the energy supply. Bailey responded that the guiding principles spell out a variety of factors in hopes of helping to strike this balance. Some of this may require expertise, but often, it requires good judgment.

Castillo brought up the example of the Denver Water Board, which is a wholly separate entity that makes all of the decisions. Typically, this board looks at the bottom line as opposed to having to make qualitative decisions based on the goals of the community. The idea is that a community-based board that is making recommendations to council, which is also accountable to the public, may be more responsive to the variety of goals Boulder has set.

S. Pomerance said the most valuable boards show they have thought the issues through from all perspectives and values as opposed to any individual value.

A. Espinoza said the Planning Board often has to evaluate cash value versus some kind of human value. There is some documentation and text that the board adheres to, so when council calls up an issue, council has limited scope. While accountability is important, she wondered if there is some aspect of objectivity or consistency in terms of operating guidelines and rules. Some of these have been included in the Charter – others might be necessary.

Gehr pointed out that this is especially important for boards that are in a quasi-judicial role and conferring a special right on an individual.

Wallace asked the former council members whether council can choose qualified people or do there need to be specific seats that require qualifications.

- Pomerance said this is not a problem as long as qualified people apply.
- Espinoza said she would like to define some number of seats that have specific requirements, to take it out of the political arena. Writing qualifications in ensures you get people with qualifications.
- Pomerance pointed out, however, that the cycling of board members can make this challenging.

D. Cohen said he feels like the board needs to be more knowledgeable than the people running the utility so they add value.

Harberg said boards can offer different perspectives, help staff think through issues and make sure they understand and take into account community viewpoints.

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Guiding Principles and Role of the Board

Bailey walked the group through the goals and anticipated roles of the board as spelled out in the purpose, framework, goals and objectives document, which set the stage for the Charter guidelines. This document gives some concrete examples about the types of issues the board could expect to address. Bailey suggested it could frame the discussion about the kinds of people you would want to serve to meet these responsibilities and address these goals in a way that represents the community.

Decision on Issues to Tackle

- **Review spreadsheet of suggested topic areas (attached to minutes)**

The working group discussed the list of issues itself, and several asked questions.

B. Moran said he wants to make sure the group builds “a two-way” street so that county residents understand that they have a say in their utility.

Espinoza asked about some language that suggested there would only be geographic seats for early stages. Castillo explained that the idea is that over time, as the utility matured, these seats could be phased out or sunset if the community felt like that was a good idea.

Espinoza asked about how delegate some decisions from council to utility advisory board could impact city’s ability to secure a good bond rating. Gehr explained that there is a strong history of City Council setting rates to meet bond requirements. City utilities have a AAA rating. This history has been a selling point in the past with bonding agencies. Espinoza said that in some instances, bonding agencies trust board members more because they don’t face the same political pressures. Staff said that can be true, but in Boulder, that has not been the case.

Bailey said she believes council should retain the ultimate decision about rates and issuing bonds. The advisory board can play a role in these areas, however.

Castillo made it clear that there is a board described in the Charter. The working group has the opportunity to decide which issues it most wants to tackle and refine or suggest changes to what voters have already approved.

Royer indicated he is struggling with deciding the types of people who might need to be on the board to be effective.

Riederer asked if WRAB has ever had someone with no experience in water. Harberg said typically the members have interest and skills. They self select and apply because they have confidence they have abilities to bring to the table.

K. Gerken said he wants the board to be grounded and not too political.

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D. Cohen, who is in the electric industry, said when he looks at the goals he sees them as areas that require specialized knowledge. He said he would support having a customer-base representation side panel and then have a separate advisory board that is running the business.

Bailey questioned whether any advisory board should be making operational decisions. That will be the responsibility of the utility's management. Boards that deal with issues "down in the weeds" never have an opportunity to get to the broader policy issues.

D. Cohen said he feels like he needs more information about what the advisory board will do. He said he agrees with the six operational goals and is open to a mix of ideas about how to achieve them, but it would be advisable to have at least one expert per goal.

Wallace said you need people who have specialized knowledge but also people who have different perspectives that could be valuable.

M. Croke said some of the goals would likely be supported best by individuals who have different proficiencies, not just engineering and legal. For example, promoting energy literacy may require communications backgrounds.

Pomerance said he would have no problem with an ordinance that defines participation by constituency, but he wants brainpower to provide useful input to the elected officials who are making decisions. He wants to be able to trust the perspective and expertise even if he disagrees with the individual.

Holtzman-Bell asked whether the robust knowledge needs to come from the energy sector. Pomerance said no, it would not.

K. Gerken reminded the group about what the Charter says related to what the advisory board would do. He said some more specific recommendations about what council should delegate to the board would be helpful.

The board agreed that it clearly needs to discuss composition of the Utility Advisory Board.

Holtzman-Bell said it might be good to start out by considering only what the Charter says the board should do and see what areas of discomfort, if any, arise.

Bailey pointed out that the description in the Charter does not address rates. Harberg said council typically delegates master planning and making recommendations about rates to the existing utility boards.

Gehr said there is a separate section of the Charter that addresses rate-making. Responsibilities of the board include offering advice on the "elements of the Charter," so he believes that offering advice on rates would be appropriate. Gehr estimated that 85 percent of the time, council accepts the recommendations of its advisory boards.

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Wrap-up and next steps:

Gehr agreed to provide some more information about the major responsibilities he would see the advisory board would assume based on the Charter.

Bailey asked the working group to confirm that nothing is missing from the board's responsibilities as outlined by the Charter.

The group agreed to discuss this on Basecamp, with the discussion occurring in a timely way.

Pomerance said after all the responsibilities are outlined, then it would be important to determine who (broadly) should handle them – the board or council.

Once that has been worked out, there needs to be a discussion about the types of individuals on the board.

Espinoza said it would then be appropriate to address how they are selected.

The group seemed to concur.

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Governance Working Group Meeting #3 – June 12, 2013

Attendance:

Nolan Rosall
Steve Pomerance
Manohar Croke
Virginia Holtzman-Bell
Louise Vale
Susan Riederer
Angelique Espinoza
Michelle Krezek
Ken Leiden
Barney Moran
Coby Royer

City Staff:

Carl Castillo
Bob Harberg
Andrew Barth
David Gehr

Carl Castillo opened with the agenda.

AGENDA ITEM I - Carl – Started with a review of the comments made by workgroup members on Basecamp. Recounted that Virginia made a comment about whether the utility advisory board had a charter-defined role in advising on rates.

David clarified that the The board would have a role in advising council on rates.

Carl – Comment on Boulder County (BC) residents by Manorah on council’s selection process for advisory board.

Menorah – Just need to clarify.

Carl – Let’s add that to agenda item 4.

David – Charter says City Council appoints members after an application period. The group can make recommendations to Council on this issue.

Nolan – Let the Gunbarrel community decide who their representative should be. Allow different constituencies to do this too.

Carl – Manohar’s question on recommendations about delegation of power from council to the advisory board can also be addressed in agenda item #4.

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Steve – When we talk about “rates” we need to realize there are three parts to rates. Revenue requirement is basically the cost. There are some long term decisions on resource used. But not much you can do about revenue requirements. That is clear. Rate structure is the issue. Once you make structure, it’s over with and the rest is someone doing the math. Just wanted to make sure people know.

Virginia – It is about the rate structure and parameters.

Louise – Variable costs and how do you develop those.

Steve- Big issue in rate setting is people with solar. There is no net consumption with many. All of that is up for grabs because rate structure methods are old. Time of use is also an issue.

Louise – Functions of the board. Budget and appropriation. Rate setting is in a different section – Council section. There’s a disconnect because rate structure and rate setting are tied together.

Carl – So to clarify, the group is recommending that the city establish a clear role for the advisory board to advise both on the rate structure and parameters.

Susan – Transparency and fairness in how decisions are made is also an issue. We have a lot of mistrust from some folks about honesty in rates. During recent meeting in Gunbarrel the Mayor assured people that rates would be the same across the board. But Gunbarrel water rates are more expensive. Gunbarrel had to sue the city to get rates more comparable with in-city limits.

Nolan – There was obviously a misunderstanding on those issues.

Susan – Some in the county are worried about annexation too. And that the rates of a city utility could be higher than Xcel.

Nolan – Recounted Basecamp posting regarding composition of the board inresponse to Mike P.’s comments on geographic distribution. Supports ensuring representation within and outside of the city. Also representation by certain classes – commercial/industrial should be represented and I support that. Comm/Ind pay 70% or more and they should have guaranteed representation. Also should find way to have areas of expertise like financial representation on the board. Should get expertise included by doubling up on different categories. Commercial/Industrial member who has financial background.

AGENDA ITEM II – Question was asked whether, other than rates, there were any other major decisions that have not specifically been assigned to the council and/or board. Is anything missing?

Steve – Not worried about it. Council will say to the board to look at everything and tell us what you think. They don’t have the time to do that. To make the tough decisions.

Virginia – But trust factor is an issue.

Bob H – Role of issues will be very much influenced by the approved guiding principles. Those are the important aspects of creating a new utility. This board will advise on all of those goals and objectives

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and a lot speak to rate payer equity. There are others too that are important. Do we want to call out other goals and objectives as being under the boards review?

AGENDA ITEM III - COMPOSITION DISCUSSION USING SPREADSHEET

Carl – Using the spreadsheet, Carl began walking workgroup through each specific idea for regulating board composition. Encouraged a a discussion on each regarding how they could work and their pros and cons. Indicated that after conversation that group would have opportunity to conduct dot voting on the options. Two favorite and then we'll discuss those that get top votes. Try for consensus.

Carl – Spreadsheet explanation

1. Unincorporated area resident that also owns a business. One or two seats . Con is that it narrows the pool. Hard to find a board of nine when we have a small pool to choose from. This approach could be done by ordinance if one or more business owners are also residents of unincorporated area. Alternatively, it could be done through a charter amendment if the language regarding registered electorate of the city was changed to registered electorate of the service area. One question is whether the interests of out of city residents are different than in city residents. Also an option that this approach could be phased in or phased out over time. Matter of trust issue? Perhaps ensure county seat(s) early in the utility's life to build trust"
 - a. Nolan – Annexation issue with all of commercial and industrial areas. All were annexed.
 - b. Virginia – What is more difficult ordinance resolution or amending the charter?
 - i. Carl – Charter is like constitution. Ordinances are like laws. Charter amendments require vote of people. Ordinance resolution can be done by council – majority vote.
 - c. Steve – Current charter allows people that live in surrounding community to be on board. They could work in boulder but live in Arvada?
 - d. Carl – Charter says four of nine. Yes they could live in Arvada so long as they work in Boulder.
 - e. Steve – On the question of whether we should designate one or two seats for county residents, I believe it should be one seat.
 - f. Nolan – I agree. Charter amendment would be required on two.
 - g. Virginia – Should be a minimum of one.
 - h. Ken – A little concerned about the idea of business owner who also lives in county. Would that person really represent the community if he has a huge electric bill with his business? Would it be about his business or the community? Might not be the type of representative county people want.
 - i. Carl – Perhaps, but it could be. Council is allowed to I choose a person who is an employee and not an owner of a business. Charter says they can be on the board and not live in the city if they are an employee or an owner. Conceivably these seats would be filled only by employees and not business owners, and thus their interest could be closer aligned with the average interest of a resident.

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- j. Steve – Having an employee doesn't guarantee anything either. It's about their interest and ability to represent. This would give the member direction on their expectations. This will be a function of who shows up.
 - k. Angelique – If we created a designated seat for a county resident and there isn't an applicant for that specific seat, what are council's options? How do they move forward
 - i. Carl – Council would need to do an outreach effort and find someone.
 - ii. Steve – If you don't find someone the first time, people will apply the second time. It's about knowing the competition and who's there
 - l. Virginia – What about retirees? Could they have worked in Boulder?
 - i. Carl – Not according to the way the charter is currently written.
 - m. Angelique – Not comfortable being required to share the three business seats with the county residents. When the current charter language was written, we didn't know the service area count extend into the county. Had we known that, things would have been written differently. Working within the current charter language is not a perfect fit. Has potential to compete with business
 - n. Manohar – Goals and objectives. Suggests possibility of citizen advisory board that would advise the board. Thinking about elderly, low income, etc. Citizens board that brought issues to representatives on the main board. How does board get fed information about specific demographics.
 - o. Virginia – You hold public hearings during the board meetings.
 - p. Angelique – There is currently plans for a ballot issue to address a bonding matter. It is seen as a technical change that voters will look at. Amending the charter to clarify that county residents in the service territory qualify regardless of business affiliation is on par with that kind of charter amendment. Over multiple years we will need to make several charter adjustments. As the utility evolves, the board will need to evolve too. Might be good to take it to the ballot
2. Carl – Acknowledge that he combined option one and two into one discussion.
- a. Barney – Very important that non county representatives are here too. Thank you for listening to our side.
 - b. Nolan – Would Palo Park feel represented by Gunbarrel representative?
 - c. Barney – Yes. We currently don't have any representation on the Xcel board. Some may oppose the creation of a city utility, but if one is created, then county residents that are served want to see it succeed.
 - d. Susan – Last week's Gunbarrel meeting was contentious, but not that bad. The city representatives listened and people thanked me. There are upset people but I don't think they are the majority. They just want to be heard. Ensuring a county position on the utility's advisory board will go a long way
3. Discussion about the option to designate one or more board seats by customer class
- a. Susan – Does that include governmental entities? Who are the biggest users?
 - b. Angelique – CU, Ball, IBM, Corden Pharma,
 - c. Nolan – 80/20 rule – 80 percent pay 20 percent – not exact, but close.
 - d. Carl – Are we really talking about two general classes? Non residential and residential?

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- e. Steve – Actual numbers are not what people think they are. I think that's by Xcel's doing. Units vs. Meters. Its big chunks vs single families. Just a point. Rate structure may not be the same as it has been. Class distinctions may not persist. Think about this as type of user – Large, small, medium – Classes may change.
 - f. David G. – Xcel's PUC practices. Various rate classes. They shouldn't prejudice one class against another.
 - g. Nolan – We should know what those categories are, but we don't at this time.
 - h. Steve – Large res, small res – large bus, small bus.
 - i. Carl – Charter requires at least three be business owners or employees. Theoretically, all three seats could be filled by employees or owners of very small businesses.
 - j. Louise – It says three members, but there are six other members. Clarify?
 - k. Steve – Do not turn this into a primary process. It will be a non-functional board.
 - l. Angelique – Language is attempting to find that balance.
 - m. Manohar – This is a good faith item. IBM has arrangements through Xcel so they'll be wary.
4. Discussion about the idea of designate one or more board seats by a special interest category such an environmental advocate or low income resident advocate.
- a. Virginia –Doesn't the charter say that the board can hold open meetings where people can come talk about their special interests?
 - b. David – Yes.
 - c. Virginia – Perhaps we ensure that people can be heard that aren't board members.
 - d. David G. – Special interests go to boards and council to press their interests. That's part of the political process. That's normal.
 - e. Ken – The reason I'm here and why I voted for allowing the city to explore to municipalization is that Xcel isn't trying to reduce carbon footprint. The average Boulder citizen thinks this is about green energy. It would be disservice to not ensure that we have one seat for an advocate for the environment. That's what people voted for.
 - f. Nolan - I think in reality, Council is committed to that and they'll make the decisions. The board members will have people that support it. We can't isolate this special interest because it allows so many other entities that are now vying for the seat. Slippery slope.
 - g. Virginia – We have six goals and we can't single out one goal over the others. Everyone should work towards the goals at all times.
 - h. Ken – If you took out the carbon issue, I don't think these ballot measures would have passed in 2011.
 - i. Michelle – How do you ensure that someone actually has a specific interest. Hard to clarify what you advocate for.
 - j. Steve – What is important is that people trust this gets off the ground and doesn't damage what they already do. Once it gets going, then things will drop away to a certain extent.

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- k. Carl – So what I hear you saying, Steve, is that this effort was led by environmentalist and that their voices are already heard but that now we need to make sure the other voices are being heard.
 - l. Steve – The community will regulate things if Council starts making decisions against the goals of the community.
 - m. Angelique – I agree with Steve completely. Is there a mechanism to get input from existing boards who listen to special interests like Human Relations Commission and EAB?
 - n. Carl – A recommendation could be to create a requirement that ensures for comment from EAB, Human Relations, and other boards that represent special interests.
 - o. Barney - Change word “advocate” to “communications” – Communications is a huge part of what this board will need to do
5. Discussion about designating one or more board seats by expertise
- a. Carl – Idea put forth by David Cohen. They’ll need smart, skilled people – engineers, law, finance, etc.
 - b. Steve – Rather than require it, we could say council should make a best effort to include following skills on board. Engineering, finance, legal, energy efficiency, etc
 - c. David – This isn’t in the charter except for probity and good civic spiritAngelique – Important that people don’t have an agenda. Proper diversity and level of expertise.Carl – We’ll discuss the wording in a discussion on Basecamp regarding the working group’s recommendation with regards to expertise and skills, values include...=David – Observation – I’ve watched many council appointments. When a board is not working right, council corrects it. When something is narrowed, you’re constraining council’s ability to correct. When it comes to expertise (quote from Charter) – I like that same spirit. Lay out what Charter language means as far as skill sets goAngelique – There has been community discussion about people who have a great deal of knowledge vs. people who are representing the greater community. I want to give council a clear sense about technical expertise – that it is really important. It should be most of the board. Louise – I agree that we should spell it out. Carl – We will discuss this again. Wording is important. Steve – Mostly in terms of startup. That’s when expertise will be critical. Initially, experts are necessary. We are here to advise council. We shouldn’t tell them what to do. We should advise them on why.

Second Review of all the options.

Carl – Agreement that a combo of #1 and #2 will move forward. Seemed like support for number three too.

Virginia - #3 – I don’t like to set parameters. Shouldn’t be permanent. Don’t bind council’s hands. Don’t lock this in.

Carl - #4 – Special interest group.

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Ken – I think it would be a good faith gesture to have one designated person there to reduce city's carbon footprint. Could be a person from Sierra club, or along those lines. I don't think the other items address that.

Carl – Vote - #4 vote – Five people agreed that #4 should be talked about.

Barney – I would vote for this if we could include the verbiage for carbon footprint. Worded where it was the viability of the hardship.

Ken – This is one person on the board. You have an amoeba working around.

Angelique – I wouldn't oppose it.

Nolan – I oppose it. I think it will be represented on the board. That is an essential function of the board – being green.

Ken – Three seats for businesses, you have conflict in cost factors. You could lose the goal of the board if costs are going up and businesses are on the board.

Steve – The idea of someone on the board that is a climate expert, carbon expert, etc. We have people in this town that know a lot more than most. This expertise area doesn't show up. Having that voice is important.

Are we talking about environmental skills or advocacy?

Barney – I think we are talking about an environmental impact advocate.

David – No arguments from me. Not an issue of law. It's policy.

Carl – We'll summarize the recommendations and send them out to Basecamp.

Carl – We could talk about delegating tonight with our remaining time.

Angelique – I'd like to talk about that next time.

Virginia – We should have a separate "discussion" on Basecamp about each of the the composition recommendations. Raise one issue and then discuss it. Four discussions.

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Governance Working Group Meeting #4 – June 26, 2013

Attendance:

Ken Leiden
Steve Pomerance
Nolan Rosall
Manohar Croke
Virginia Holtzman-Bell
Louise Vale
Karl Gerken
Angelique Espinoza

Staff:

Carl Castillo
Heather Bailey
Andrew Barth
Bob Harberg

Meeting Notes:

Agenda

1. Review of workgroup recommendations from meeting #3 and city staff summarization of working group conclusions
2. Consideration of new recommendations on other topics
3. Next Steps

Carl Castillo – Introduction and Agenda Item #1

- Look at the memo that was handed out – attempt to get agreement on topic
- City has reviewed and revised recommendations.
 - Example – Having positions to represent interest of county residents or class of customers
 - City recommends alternative words that are in-line with Charter
 - Page 2 section 2 – change is ok
- Charter language explanation/interpretation
 - Charter amendment – Not just customers of the city, but customers of the utility
 - Charter amendment can be delayed until we know service area
 - Nolan – County resident chosen shows primary objective of representing that demographic – county residents.
 - Carl – Issue of what hat are they wearing? Want to make sure people have the big picture of representing the utility in mind. Not narrow perspective.
 - Steve – Charter says what people need to pay attention to.

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- Karl – Focusing on who is in the geographical area, no discrimination there. Not saying you have to have “x” number here or there. Representing the customers. You may get people who are interested, but you have limited number available.
- Heather – Timing issue. If we do a charter amendment, it can be done next fall – David G- That is correct.
- Heather – We’ll know more a year from now and will be better able to craft language in the charter. Do an ordinance in the short-term. Charter amendment down the road.
- Carl – All agree ordinance can be done immediately. Amendment can be done next year?
- Virginia – Charter amendment language in memo. Add a clause about service area.
- Angelique – Two conflicts
 - Waiting until more info available make sense.
 - But you could argue about “striking while the iron is hot.” New council may not have same priorities as current.
 - Do an ordinance, but suggest that when service area is known that a charter amendment should go forward. Charter change should be done when service area is done. Change “could” to “should” in memo.
 - Communicating the clarity of intention
- Virginia – First option is most flexible. Group recommends council add “x” number X then.
- Steve – The language in #2 appears to say that there would then be no requirement that someone on the board be a city-resident.
- Karl – All would have the same opportunity though.
- Steve – It’s a Boulder utility, so a majority should be city residents. Easier to address the business/non-resident issue.
- Carl – Proposed charter change is to ensure that board members either be utility customers and/or a business/government owners or employees, but the provision that at least a majority be city residents would remain.
- Manohar – Line 25. This goal could be reached in two steps.
- Heather – Charter to be general and ordinance to be specific
- Angeliuque – What if utility becomes successful and other county residents want to opt in?
 - Heather – Can’t be done under current Colorado law without annexation
- Steve – Language in preface is key.
- Customer Classification section
 - Concerns?
 - Manohar – How do you define size based on percentage? Don’t understand.
 - Angelique – Don’t see having institutional (big guy) as separate?
 - Bob – Line 28 – parenthetical include residential, commercial, large industrial
 - Karl – Differences between commercial and large industrial or small and large industrial.
 - Angelique – Large industrial for-profit and large-industrial governmental entity

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- Heather – Have three seats for business community. That community can shift over time. You don't want to limit what business community could evolve into and limit their representation.
- Angelique – Thought we talked about not assigning low income, but we wanted minimally, large industrial, large institutional, small industrial
- Karl – Energy is a huge expense for large industrial. Commercial sector doesn't do the same things to reduce use and conserve as a large industrial. Utility will approach those customers differently.
- Carl – Doesn't matter where you fall, if you use large amounts of energy, you'll have similar interests.
- Nolan – Difference between owning your building and leasing too. You may be a large user in a complex with other energy users.
- Steve – different types of customer classes have different interests. There may be two smalls that think about energy differently. We want these skills and represent a range of interests.
- Heather – 3 seats dedicated to business, council should consider these things...
- Angelique – Concerns – Council's guidelines, the way it's written, we can advise, but they could make their own decision on who should be appointed. Could all be clean-tech industry people. How to build in insurance that large users will have guaranteed representation. Large commercial/industrial and large institutional have different interests. There needs to be more than a strong suggestion that those two need to be represented.
- Carl – Should have a big and small that should sunset at some point, is what I heard. Other issue is whether we should separate commercial-private and commercial-government/institution.
- Virginia – I think we've agreed to have big and small businesses on the list. They may have different interests.
- Carl – Angelique's comments will be carried forward as a minority opinion.
- Angelique – I've been talking to this sector and I think my/our concerns are significant.
- Carl – We will highlight the importance of the differences, at a minimum
- Heather – From an energy perspective, I don't see that as being a big difference. Large users have same concerns in both industrial-private and industrial-institutional.
- Angelique – from a rates perspective it's different. Commercial users are representing their company and their company values. Costs affect industrial-profit differently. Institutions are here and aren't leaving due to costs. They have a certain amount of sovereignty and relationship with government is different.
- Heather – The utility should be designing programs for different groups, so it's on them to do the research. Reality is rate setting – board will be advisory in

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nature and there will be many other voices who come to talk. Staff will have to know all sides.

- Nolan – Concerned that an employee or owner doesn't fulfill what we need. Employee may be an IBM employee but they aren't representing the company.
- Carl – Lines 26 – 29 on page three – not a token representative
- Virginia – Add institutional on line 28
- Steve – This isn't written in stone forever. I think having those three classes is valuable. Do you pick experts or interests. No one has figured this out. At this point it's interests, so we start that way. It can evolve.
- Angelique – It's about establishing and setting a sunset or at least reassessing later. Get it off the ground. It's uphill for those who aren't on board.

- Skills

- Added skills- communication, renewable energy, utilities management
- Carl – What is communication?
- Virginia – It came from a conversation about having a liaison for other community groups in lieu of representation on the board of their interest. The example was low-income housing.
- Carl - We don't want to restrict the board by having to wait for someone to talk to all the groups that have an interest.
- Carl – Is it public policy? It's vague.
- David – I don't think this is needed. Staff is always asked if they talked to potentially affected parties. It just happens. Staff is pushed into the community to make sure all have been heard.
- Carl – The suggestion was to ensure that just that happens.
- Angelique – Not sure if it makes the list. It did, but now it doesn't make sense.
- Virginia – It's like when hiring someone, you don't just hire them for one thing. You want a cross section of many skills.
- Carl – Ok, let's drop communications then.
- Virginia – Is it law/public policy? What exactly does Law mean?
- Heather – there's all types of law out there. Want a legal background because they'll know what will need to be further addressed by utilities lawyers and other counsel.
- Heather – Staff is responsible for technical and supporting info that allows the board to make a decision. May have a board member with specific interest, but that can be managed within the board. If utility is formed, the board is formed, you want to put together guiding procedures on staff interaction and what staff should present to the board.
- Nolan- Do we want to mention that in the document or let it evolve into that?
- Steve –Nothing in the charter about what staff's role will be.
- David – Board is an advisor and staff supports that. Nothing too specific, even with other existing boards.
- Steve – It more or less works without massive procedural direction.

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- Steve – In renewable energy skill you want energy efficiency too. Utilities and grid management instead of just utilities management.
 - Virginia – Line 12 is to achieve low carbon goals. Do we want to keep adding? Expertise is carbon-reduction or expert on low-carbon emissions. For the purpose of reducing GHG such as...
 - Heather – Skill set in GHG reduction technology, such as...
 - Karl – Is energy sourcing going to be an issue in 50 years? Who knows. We don't want to specify because energy sector will evolve.
 - Heather – Skill set should be in energy sourcing – DSM, energy emissions, etc. For today, can change in the future. I think it should be Knowledge of Utilities Operations not Utilities Management. It should be broad in order to include all things that it could be or is right now.
 - Angelique – I had energy industry? It's a little different. Could designate.
 - Carl – We're trying to address the environmental advocacy role.
 - Angelique – I would add strategic planning or business management. We want to pull apart the "utilities"
 - Heather – Use Energy Strategy to pick up all other things, and have finance and economics instead of just finance. That allows for flexibility. Utilities Operations and not Utilities Management.
 - Karl – Think about what will happen 50 years from now.
 - Heather – Have two categories.
 - Angelique – energy strategy is great, but they aren't strategic
 - Virginia- Change Law to Legal
- Environmental Advocate
 - It's a recommendation that didn't receive consensus.
 - Ken – Consider going back to skill set, however make it a requirement to have one person on board that has the skill set that Steve P. laid out on Basecamp. Any one of the nine members can represent the skill set.
 - Carl – So the suggestion is to drop advocacy and keep new skill of energy strategy, but to make sure it's one of the board seats – in other words, the Board "shall" have this skill?
 - Nolan – That is getting closer to something I'm comfortable with.
 - Virginia – It's essential that we have that, even though we're just starting to get this rolling.
 - Karl – I don't think this discussion should get lost. Describe both sides to council in our memo.
 - Ken – Look at Steve's last comment on Basecamp –
 - Carl – Regarding the memo to council, should we add it to skills, but reference it outside of that section? Should we have a paragraph to address this?
 - Steve – I'd leave the whole section for council to review. It could help trigger their thinking on this issue.

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- Heather – Still bring it up and bring it into the skill set.
- Steve – This hasn't been resolved. It's important to have that skill set on the board.
- Carl – Keep it as a separate section and reference it in the skills section.
- Ken – The main change is that the knowledge implies the advocacy. The underlying intent of what the person brings.
- Steve – I know people who aren't advocates but are skilled in this area.
- Virginia – Line 37 page 4 – Recommends ordinance on individual on board for environmental impact advocate. The recommendation has changed because we think skills can meet it.
- Carl – Change it to be a “MUST” requirement rather than a “CONSIDERE” guideline
- Steve – List of skills is great, but rewrite the section to say we've had this discussion .
- Carl – Skill would potentially meet that need.
- Heather – We could have more meetings if the group thinks they're important.
- Heather – Tomorrow is a presentation to other working groups on updates and qualitative analysis. All are invited.
- Heather – Steve Catanac from Ft. Collins has offered to come talk to this group about governance and Ft. Collins' experience. And a conference call with Austin Energy
- HOW TO PROCEED
 - Carl – Would you be willing to discuss these at a future date? We've addressed the critical questions that are time sensitive. Others on agenda are next steps. There are deadline issues.
 - Angelique – These are important issues and this group is uniquely positioned to work on them. Maybe after July? Two or three more meetings.
 - Karl – Delegation of power is very important to governance structure. They are related.
 - Steve – That is a big issue. Delegation of power – we haven't actually done this. We don't have this in any other board, except OSMP – (David – Parks and Planning Board too)
 - David – Issues that are “near and dear” to the hearts.
 - Steve – This discussion could go a lot further. Get some feedback from council first, before we go too far down the hole.
 - Virginia – Ask council what they want us to look at. They need to define “the box.”
 - Bob - We can ask that question at the July study session.
 - Carl – There is a timing issue.
 - Angelique – Council has discussed the issue. When chamber suggested independent board suggested by City Manager. Not completely cold. I think council is expecting a recommendation from this group.
 - Karl – Council is elected by city voters – who will delegate powers – could be an issue for county customers.
 - Carl – If working group is interested in being called back to service to continue this discussion, let me know
 - All - YES – Call us back

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- Heather – Aug. 7 you might get an email.
- Carl – Memo will be revised and sent around for review.
- David – Get something up early next week and get your review, the report could be included in study session material.
- Carl – July 23 – Study Session. Please come.