



OFFICE OF THE CITY AUDITOR COLORADO SPRINGS, COLORADO

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20-23 Colorado Springs Utilities Reliability Program

September 2020

Purpose

The purpose of this audit will be to evaluate the Utilities Reliability Program (URP) focusing upon qualifying project participation criteria. URP projects in progress will be reviewed to ensure they meet program criteria.

Recommendation

1. We recommend establishing a standardized reporting format for URP project justifications which would include linking project specifics to the corresponding URP criteria.

Highlights

We conclude the preliminary qualifying project participation criteria aligns with the stated goals of the Utilities Reliability Program. We also determined the three identified 2020 projects met the preliminary criteria for the URP program. Based on our review, we determined the report structure for the project justifications could benefit from use of a standardized format. One observation has been identified. Please see page two of this report for details.

URP is a program under development by Colorado Springs Utilities (Utilities) that evaluates projects based on a holistic assessment of infrastructure across all services. The goals include identification of projects for funding that maximize economies of scale while benefitting Utilities' infrastructure system and customers. Evaluation criteria includes environmental/safety/health, operational, economic, and social factors. Projects that meet the criteria would be eligible for special funding and priority scheduling.

For 2020, the URP identified three initial projects that qualified for special designation. These projects were:

- 100-200 N. Tejon Street
- Sahwatch Undergrounding
- Sierra Madre Undergrounding

During the audit period, Utilities had approved a draft framework and process to identify projects, determine eligibility, and calculate priority scoring based on the criteria listed above. As part two of this audit, auditors will review the finalized URP criteria to determine if it was used to rank and select projects for URP funding in 2021. We would like to thank Utilities staff for their assistance with this audit.

Management Response

Colorado Springs Utilities Management is in agreement with the Office of the City Auditor's recommendation.

20-23 COLORADO SPRINGS UTILITIES RELIABILITY PROGRAM

Observation 1

The Utilities Reliability Program (URP) is new and currently being defined. Project descriptions/justifications for the three preliminary URP projects identified for 2020 contained specific technical information on what was going to be replaced or moved, but did not document specifically how the projects met or qualified with the proposed URP designation criteria. Also, no standardized documentation existed for analyzing potential projects, quantifying the project comparison and prioritization, or tying the costs/benefits of each project to the selection criteria for the URP.

A standardized format would enable easier comparison of multiple projects and provide detail on how each project adds to the improvement of the Utilities system holistically.

Management Response

Colorado Springs Utilities Management agrees with the Office of the City Auditor's observation and recommendation. We are currently in the process of establishing standardized documentation for URP project descriptions/justifications to include linking the project specifics to the URP criteria, per the recommendation. We are working to finalize the standardized documentation during the fourth quarter of 2020, with a projected full implementation date of 01/01/2021.

Recommendation

Establish standardized documentation for URP project descriptions/justifications which would include linking project specifics to the corresponding URP criteria.