



**Building Momentum
for Change.**



2009 Sustainability Report



Current City Council Members and City Leadership

Doug Hutchinson, Mayor

*Kelly Ohlson, Mayor Pro Tem,
District 5*

Ben Manvel, District 1

Lisa Poppaw, District 2

Aislinn Kottwitz, District 3

Wade Troxell, District 4

David Roy, District 6

Darin Atteberry, City Manager

Sustainability Purpose.

*Inspiring community leadership
by reducing environmental impact
while benefiting customers, the
economy and society.*



Letter from the Executive Director.

Dear Fort Collins Utilities Stakeholders,

I am pleased to report the Fort Collins Utilities organization continues to make progress in achieving measurable results toward our transformation into an organization that values sustainability as a key operating principle. This shift is not occurring without challenges. In 2009, our management team supported a decision to elevate our Global Reporting Initiative (GRI) reporting status from a “C” level to a “B” level, renewing our commitment to internal and external stakeholders and reminding ourselves of the critical community role of our four utility services. Guidelines for B-level applications include more extensive disclosure of information related to how our organization’s approach to sustainability management connects with overall business strategy. We believe this information provides additional transparency into our organization’s planning and operations as well as valuable insight into challenges and potential solutions.

“Building Momentum,” the theme of our 2009 Sustainability Report, reflects the overall focus and importance of our internal 21st Century Utilities Sustainability Initiative in assisting with this transformation. Broader trends in the utility industries, the global industries of our largest customers, our local and regional economies and shifting political priorities influence how we chart the course over time-- from the next budget cycle to the next decade and beyond. At the same time, our workforce is challenged to increase productivity and efficiency with fewer resources. These factors and others contribute to and support the need for us to move forward.

In the short term, our workforce continues to be an area of significant focus. From supporting innovative thinking this year and next to planning for our replacements in future years, the quality and sustainability of our services require engaged employees. Business needs drive how we structure our departments, services, projects and programs. Employees at all levels are impacted by sometimes uncomfortable shifts, restructuring and resizing to reduce cost and gain efficiency. In 2010, we will begin the process of succession planning and knowledge transfer.



New projects, such as our asset management, environmental management system and modernization of our facilities are taking shape and becoming real world solutions to problems identified just a few years ago. The pace of change is increasing and challenging the historically stable environment of our organization.

Medium- and long-term priorities include maintaining financial stability amid growing expenses and revenue needs. Understanding the condition of our infrastructure, responding to a changing regulatory environment and the evolving needs of our customers will occupy our strategy discussions in the foreseeable future. To create a sustainable future for our organization, we acknowledge the need to involve our stakeholders to a greater degree. We have renewed our commitment to the important work of stakeholder engagement. During the next two years, we will

be working to refine the current strategies that focus on engaging the stakeholders that represent the diversity of our community.

You will find additional information in this, our third report. Four case studies highlight current projects underway and demonstrate small and large changes in the way we are doing business. Reporting indicators have been expanded. Two new tables provide links between strategy and implementation, and between stakeholder concerns and priorities and our organization’s response.

As you read this report, I hope you will gain a better understanding of the impact of what we view as our sustainability imperative. Our stated purpose requires that we reduce our environmental impacts while continuing to benefit our customers, the economy and society. Our intention is to lead by example through our own actions, and we take our purpose seriously. Although the challenges are impressive, I believe that the outcome of our work will be positive, and we will continue to improve our performance as a result of dedication and well-reasoned strategy.

Sincerely,

A handwritten signature in black ink that reads "Brian Janonis".

Brian Janonis
Executive Director
Fort Collins Utilities



“We are a progressive utility, working to transform community sustainability into a mainstream consideration. Our work on behalf of our customers, employees and community helps all of us better face critical issues now and in the future.”

Brian Janonis, Executive Director

Stating Our Reporting Focus.

Our 2006/2007 Sustainability Report.

The report, released in March 2009, was based on performance data from 2006-07. It introduced our intention to benchmark our performance to create sustainable practices. The Global Reporting Initiative (GRI) accepted our report, making Fort Collins (Utilities) the first municipal utility in the United States registered as a GRI member.

Feedback about our 2008 report. The primary comments we received about our 2008 report, published in December 2009, were requests that we produce our reports in a more timely manner. Our internal Sustainability Implementation Plan continues to garner interest from other municipal utilities, and we provided reports to those entities that requested them as reference.

Our 2009 Sustainability Report.

This report lays out the well-reasoned and considered process we developed to build momentum for change. We outline our progress toward introducing and integrating our 21st Century Utilities Initiative within our workforce and its daily business practices. The report notes some of the challenges we encountered, among them:

- identifying the existing culture as it relates to sustainability
- expanding and unifying internal communication strategies
- creating an internal sustainability forum for all employees with focus on education
- developing a working knowledge of Triple Bottom Line concepts
- simplifying external messages to more clearly distinguish Utilities’ challenges and aspirations and customer-facing programs

2009 milestones. Once Utilities’ Core Sustainability Team crafted a purpose statement and identified key issues and indicators for measuring progress, milestones were identified to gauge progress.

These provided a means to acknowledge completion of significant steps in the planning process itself:

- implemented regular staff meetings and small-group meetings with our Executive Director and Issues teams to discuss our 21st Century Utilities Initiative with employees
- began building understanding of Triple Bottom Line and ‘making it real’ for employees
- held workshops and training with Utilities’ middle managers to better understand results of cultural values assessment, focusing on key themes: accountability, open and effective communication, and sustainability
- increased our profile in the community through sustainability reporting, unified external communication and expanded trusted relationships with stakeholders

Sphere of direct control. This Sustainability Report focuses on our sphere of direct control, which includes processes related to providing electricity, water, wastewater and stormwater services and our administrative and general services. Utilities is committed to the GRI’s G3 reporting guidelines, which are the reporting principles of quality, comparability, timeliness, accuracy, clarity, reliability and transparency.

Additionally, we use GRI’s Electric Utility Sector Supplement. We use Water Utility Indicators developed by our staff with additions contributed by R.W. Beck, Inc. We have made a concerted effort to increase the report’s context to enhance the level of understanding for readers outside our Service Area.

B-level application. As part of our effort to improve our reporting, we increased our application level to B, including additional data about our operational performance and content about our management approach to our social, economic and environmental performance and impacts. We focused our resources on increasing our application level and did not seek external assurance or audit

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for the report at this time. We continue to seek process improvements for our reporting, including producing the reports in a more timely manner and increasing the amount, accuracy and completeness of the data collected, related to GRI indicators.

Reporting boundaries. For reporting purposes, our boundaries are limited to the following operations for each utility and the accompanying support services:

- **Light and Power.** Includes Utilities' electric operations related to delivering energy to customers and certain environmental metrics regarding Utilities' portion of Platte River Power Authority's (Platte River) generation of power and consumption of materials (fuel). Platte River is our wholesale energy provider, which is owned by four municipalities, including Fort Collins.
- **Water Resources and Treatment.** Includes the diversion of raw water, treatment and distribution of water to customers and related administrative and support activities. The boundaries also include wastewater treatment, collection of wastewater from customers, discharge of treated wastewater and related administrative and support activities.
- **Water Engineering and Field Services.** Includes all operations and maintenance of the water distribution and wastewater collection systems as well as stormwater collection and facilities in the 12 stormwater basins in and around the Fort Collins community.
- **Customer and Employee Relations.** Supports marketing and outreach for all operations, which include our customer-focused services and internal support of Utilities' Service Units.
- **Finance and Budget.** Includes all the financial services and budgetary oversight for the four Utilities funds.

Reporting data collection, methodology and changes. Utilities collects data, using a variety of methods, to comply with GRI reporting standards. These methods include: customer surveys, annual external audits of financial data, metering, telemetry, operational controls, quality assurance metrics, comparison to benchmarks drawn from best-in-class industry standards, peer-to-peer reviews,

comparison to industry best-management practices and assessing full compliance with state and federal regulations.

For the 2009 reporting year, we did not make any changes in the scope or boundary methods. We did switch to measuring greenhouse gas emissions (GHG) in metric tons to maintain consistency with international reporting methods, although we use short tons (U.S.) with our other operational reporting. In 2009, the operational-allocation calculation for GHG emissions changed to one based on the amount of electricity delivered to Fort Collins from each resource type (i.e., renewables, thermal) and its associated emissions rates. Because our generators emit mostly carbon dioxide (CO₂) and very little other GHGs, the CO₂ figure is 99.3 percent of the carbon dioxide equivalent emissions (based on 2008 data).

We also adjusted how we calculate the number of individual employees funded and managed by Utilities. Positions funded by Utilities but managed by other city departments are not part of the calculation. We now include a full account of hourly, temporary and seasonal employees.

Annual financial reporting and independent audit. Utilities' four enterprise funds and its internal service fund are included in the City of Fort Collins' annual financial reporting and independent audit. The charter of the City of Fort Collins and state law require the City to publish the results of its annual audit and a comprehensive report of financial statements. The City's Finance Department completes this report following generally accepted accounting principles (GAAP). The independent external auditor assesses the financial records in accordance with GAAP. The auditor's goal is to provide reasonable assurance that the financial statements are free of material misstatement. Final results of the audit are reported in June of the following year.





Priority and Status of Material Issues.

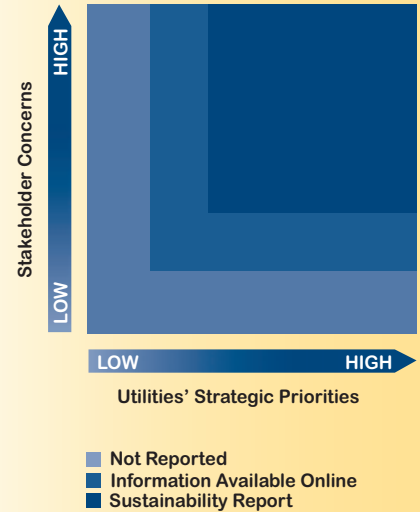
Fort Collins Utilities' approach to sustainability focuses on areas of interest that are most material to our stakeholders and to our strategic priorities. The table below represents our views and their status in the development cycle.

	2009 Areas of Interest	Metric	
Economic & Financial			
TBL	Affordable and reliable utility services	Electric reliability Water service interruption	
	Cyber security and privacy	Conceptualized	
	Infrastructure security	Compliance with Homeland Security guidelines & other standards	
	Alternative funding mechanisms	Successful federal and state grant awards	
TBL	Asset management	Conceptualized	
	Economic development	Partnership in local development initiatives	
TBL	Smart Grid	Conceptualized	
Social			
TBL	Safety	OSHA Incidence Rate	
	Customer service	Biennial customer satisfaction ratings	
TBL	Drinking water quality (DWQ)	Regulatory compliance/DWQ policy	
	Employee engagement and development	Internal communications plan Cultural Values Assessment TBL analysis	
	Ethics	Development of policy/purpose	
TBL	Community partnerships	Expanded scope	
TBL	Knowledge transfer and succession planning	Conceptualized	
Environmental			
TBL	Stormwater planning and practices	Community Rating System	
	Stormwater quality	Stormwater permit compliance/ Urban Creek Water Quality Report	
	Wastewater quality	Wastewater compliance rate	
TBL	Water supply planning	Drought protection	
	Water conservation	Water demand reduction	
	Protecting natural resources	Reduction of environmental footprint	
TBL	Energy efficiency	Demand usage	
TBL	Climate change mitigation and adaptation	Carbon reduction Adaptation planning	
TBL	Renewable energy	Meet Colorado Renewable Energy Standard	
	Reduce, recycle, reuse	Rate of waste diversion	

TBL indicates overlap between economic/financial, environmental and social considerations.

Materiality Matrix.

We seek to balance our stakeholder concerns and Fort Collins Utilities' strategic priorities to address the most pertinent material issues in our Sustainability Report.



		Stages of Development		
	Priority	Emerging ¹	Developing ²	Ongoing ³
	Critical			x
	Critical	x		
	Critical		x	x
	High	x	x	
	High	x	x	
	Medium		x	x
	Medium	x		
	Critical			x
	Critical			x
	Critical			x
	High		x	x
	High	x		x
	Medium	x		
	Medium	x		
	Critical			x
	Critical		x	x
	Critical			x
	Critical			x
	High			x
	High			x
	High			x
	High		x	
	Medium			x
	Medium		x	

¹ Emerging stage indicates Utilities currently is in the process of considering how to best address the issue.
² Developing stage indicates Utilities is in the process of developing effective and efficient systems to best address the issue.
³ Ongoing stage indicates Utilities continuously is improving the robust systems designed to address the issue.

Materiality.

Many internal and external forces impact how we conduct our business, operate as an organization and interface with our diverse range of stakeholders. Our stakeholders include our customers, city leaders, advisory groups, key educational institutions, industry leaders, non-governmental organizations and the community as a whole. We have chosen to focus our immediate efforts and this dialogue on areas we have identified as most relevant or material to this report: our operations and services, our community and those within our direct sphere of influence. The issues identified include: our economic, environmental and social performance as well as our organizational culture, external stakeholder engagement, Triple Bottom Line practices and workforce engagement. See Appendix A, page 40, for table of Stakeholder Expectations.



Jim Schwartz.

“Everyone is important in making things work safely, efficiently and cost effectively. Crew members’ input is important, and if their idea makes more sense than mine, we’ll go with it. It’s important to provide them with the training and resources they need to get the job done—and stay out of their way.”

Jim Schwartz, Crew Chief, Light and Power

Telling Our Story.

Utilities is an integral part of the Fort Collins community. As a municipally owned, multi-service utility employing about 400 individuals, we provide electric, water, wastewater and stormwater services to Fort Collins and surrounding areas. We acknowledge our operational impacts are broader than our city alone.

In-house utility staff performs operations; however, we rely on contractors and consultants for such specific projects as capital infrastructure and professional services. As a municipal utility and a City Service Area, we exist to serve the utility needs of the community and do not operate for a profit. We are able to issue tax-free debt.

In 2009, Utilities generated \$165,333,072 in total revenue with \$151,471,532 in expenses. We made a \$6,877,203 payment in-lieu of tax (PILOT) contribution to the City’s General Fund to replace revenue the City would receive in taxes and franchise fees, if the utility were privately owned. We completed \$40,237,607 of capital projects within the Fort Collins community. In 2009, our water utilities collectively serviced \$15,998,044 in debt. Our electric utility recently acquired debt totaling \$16,085,000 to assist in the funding of the implementation of our Automated Metering Infrastructure project in 2010. Per City charter, the City cannot make donations; therefore, no appropriation can be made for charitable, industrial, educational or benevolent purposes to any person, corporation or organization.

In 2009, we received several grants from the State of Colorado to assist with programs, including ENERGY STAR® for New Homes, Home Performance with ENERGY STAR, New Home Performance and incentives to promote solar energy installations. We also received

funding from the state and the Bohemian Foundation, a local, private organization, for the New Energy Communities grant and initiative. We received funding through the federal government and the American Recovery and Reinvestment Act (ARRA) for our Renewable and Distributed Systems Integration grant and the Smart Grid Investment Grant. In addition to funding basic maintenance or enhancements to our operations, opportunities to support City Council policies and community priorities also are a consideration. For example, Utilities’ funds and external grant dollars are applied to energy-efficiency and renewable-energy programs. This results in lower emissions from generation and reduced greenhouse gas emissions. Policies related to reduction of carbon emissions include the 2009 Energy Policy and the City’s Climate Action Plan. In total, our grant funding in 2009 was \$18,976,764.

Utilities operates integrated services for efficiency, while maintaining the functions of the four utilities. The following sections provide an overview of our utility services and the two support departments.

Light and Power.

In 1935, Fort Collins Light and Power was created by a public vote. Since then, we have provided safe, reliable and affordable electric service and currently serve approximately 57,148 residents and 7,602 businesses and commercial customers within our city’s boundaries. We operate and maintain the electric distribution system, including 1,721 miles of distribution lines, six distribution substations and the City’s streetlight system.

Currently, management of the electric utility is focused on six areas, including: safety, system planning, reliability, development, cost and the promotion of energy efficiency and use reduction.

Fort Collins Utilities’ Timeline.

Fort Collins founded as military fort.

1864

Residents vote to build a waterworks system for domestic and fire protection purposes.

1882

Drake Water Reclamation Facility opens.

1968

1873

City incorporated.

1935

Fort Collins Light and Power created by public vote.

1948

Mulberry Water Reclamation Facility, first City wastewater treatment facility opened.

1973

Fort Collins joined with others to form Platte River Power Authority.

“Employees of the Locate Section take real pride in their work. They consider their locate marks to be their signature.”

Roger Fain, Manager, Locate Section



Roger Fain.

- Safety is the ultimate consideration in every operational task and system design. Considerations include the physical environment and potential hazards.
- Reliability serves as a direct indicator on the performance of the organization, including outage response, work crew efficiency and effective working relationships within the team.
- Significant concern about the potential retirement of about 40 percent of the utility’s workforce in the next five to 10 years heightens the need for workforce development to assure that competent, well-trained staff are available to maintain the utility’s systems and infrastructure.
- System planning and the need for more clear, succinct planning documents in anticipation of future infrastructure maintenance and replacement needs will be guided by asset management planning currently underway.
- Management of operational costs reflects the efficiency of the utility’s operations.

Primary operations. Our primary operations consist of the following activities:

- operating and maintaining the electric system facilities, which are all underground, except 12 miles of above-ground distribution lines
 - constructing major and minor electric system additions and modifications
 - extending temporary and permanent services
 - installing and maintaining the streetlight system
 - providing after-hours troubleshooting customer service and duty response
- offering customer education programs on electric safety
 - promoting conservation to help customers save energy, money and help protect the environment

Underground electrical lines. Beginning in the 1960s, Fort Collins Light and Power was one of the first electric utilities in the nation to begin placing its electrical lines underground. We began converting our existing overhead lines to underground as a pilot program in 1986, adopted the formal undergrounding program in 1989 and completed this ambitious undertaking 17 years later at a cost of \$25 million. This progressive program directly supports our reliability goals, contributes to our lower-than-average number of interruptions and shortens interruption duration.

Electric Reliability. In 2009, we delivered 1,404,529 Megawatt hours (MWh) to our Fort Collins customers. Our system had:

- 99.9979 percent reliability rate (ASAI), with 10.99 total minutes of interruption per customer (SAIDI) and 28.00 minutes of outage interruption for affected customers (CAIDI)
- total of 59 occurrences that led to power interruptions, for a total of 11,855 hours of customer time
- Fort Collins Utilities distribution losses of 2.65 percent

Stormwater Utility created.

1980

Local LEAP program established to assist low-income families.

1988

Voluntary renewable wind energy purchase option started.

1998

Fort Collins Utilities received federal \$15.7 M Smart Grid Investment Grant.

2009

1987

Drake Water Reclamation Facility receives the EPA Operations and Maintenance Excellence Award.

1990s

Energy/Water Efficiency and Public Outreach programs established.

2007

Shared Vision Planning during Halligan-Seaman Project permitting commenced. Began Sustainability Program development.



Dennis Bode.

“Our job is to provide an adequate and reliable supply of water to our customers to meet their beneficial needs at an affordable price; to manage this scarce and valuable resource efficiently and responsibly; and to protect it now and in the future.”

Dennis Bode, Manager , Water Resources

Generation and transmission services.

Utilities receives generation and transmission services from Platte River. In 1973, the cities of Fort Collins, Estes Park, Loveland and Longmont established Platte River as a wholesale electric utility. Platte River’s responsibility is to acquire, construct and operate generation capacity and supply electric energy to the partner cities on an all-requirements basis. Platte River’s Board of Directors, comprised of the mayor and the utilities director from each city, provides governance and oversight for the entity.

Water Resources and Treatment.

Utilities serves the water supply, treatment and distribution needs of customers by managing water supply and storage resources, processing at treatment facilities, distributing treated water and assuring water quality at each step. We provide water services to approximately 30,752 residential households and 2,158 commercial and industrial accounts in the local area. We provide wastewater services to 31,248 residential households and approximately 1,886 commercial accounts.

The Water Resources and Treatment Unit is composed of five operating divisions responsible for water resource management, drinking water production, water reclamation, environmental services and regulatory and government affairs. The Unit is supported by a process and systems group and a capital-improvement staff. Department management promotes dynamic planning, engineering, operation and maintenance and permitting within the Unit and with other departments and regional water providers. We focus on:

- watershed protection
- drinking water quality and reliability
- drought protection
- infrastructure security
- compliance with environmental and public health regulation and guidelines
- efficiency and management of operational costs

Platte River Operational Efficiency

- *Platte River transmission losses 1.80 percent*
- *Generation efficiency of plants: Coal, 33.1 percent; Natural Gas, 28.1 percent*

PLATTE RIVER POWER GENERATION CAPACITY (MW)

FACILITY	UNITS	CAPACITY (MW)
Rawhide Energy Station	Coal Fired	280
	5 Natural Gas	388 (summer)
		466 (winter)
Yampa Project	2 Coal Fired	154
WAPA	Hydropower	90 (summer)
		117 (winter)
Medicine Bow Wind Project	9 Turbines	8
Silver Sage Wind Project (purchased power)		12
TOTAL CAPACITY (MW)		932 (summer) 1,037 (winter)

PLATTE RIVER NET ENERGY OUTPUT (MWh)

FACILITY	NET ENERGY OUTPUT (MWh)
Rawhide Energy Station	2,382,191
Yampa Project	1,232,716
WAPA	614,729
Medicine Bow Wind Project	23,512
Silver Sage Wind Project	10,822
WECC/RMPA Power Purchased	17,741
TOTAL NET OUTPUT (MWh)	4,248,711

Main water sources. The City receives its water supplies from the Poudre, Michigan and Colorado River basins. The Cache la Poudre (Poudre) River basin sources include very senior direct-flow water rights, shares in several local irrigation companies and storage capacity in Joe Wright Reservoir, located high in the basin. Water from the Michigan River basin is conveyed into the Poudre basin where it can be stored in Joe Wright Reservoir then released for delivery to the City’s water treatment plant, along with other Poudre sources.

The City also owns units of the Colorado-Big Thompson (CBT) Project, which was developed by the Northern Colorado Water Conservancy District. Water from the CBT Project is diverted from the upper Colorado River basin and stored in Lake Granby, Horsetooth Reservoir and Carter Lake. This project provides supplemental water supplies to communities and farmers along Colorado's northern Front Range. The City takes delivery of its CBT water out of Horsetooth Reservoir. Including all sources, the City currently owns water rights that have an average annual yield of approximately 74,000 acre-feet (AF) per year.

Per City Council policy, Utilities maintains sufficient water supply to meet an average annual treated water demand of approximately 32,000 AF during a 1-in-50 year-type drought event in the Poudre River basin. During more severe droughts, conservation or restrictions reduce demand to match available supplies.

Water delivery. Utilities owns and operates one 87-million-gallons-per-day water treatment facility to ensure a sufficient supply of safe, good-tasting drinking water is delivered to our customers. Each year, Utilities typically delivers:

- an average of 28,000 AF of treated water to customers through 528 miles of water mains
- about 3,000 to 4,000 AF of raw water to irrigate the City's parks, golf courses, cemetery, green belt areas and school grounds
- about 4,000 AF of other raw water obligations



2009 Environmental Awards.

Since 1999, our Water Treatment Facility has been ranked as one of only six treatment plants in Colorado and approximately 200 nationwide to receive the prestigious EPA Director's Award from the Partnership for Safe Water. The Water Treatment Facility and the Drake Water Reclamation Facility each received its first Silver Environmental Leadership Award from the Colorado Department of Public Health and Environment, which operates the Colorado Environmental Leadership Program. The voluntary program is designed to recognize and reward organizations and businesses that demonstrate superior environmental performance and, as a result, consistently operate at a level that goes beyond mere compliance with environmental regulations.





Research and development. Since 1981, we have conducted water treatment pilot studies for research and development (R&D) related to water treatment. In 1990, we constructed a permanent Pilot Plant Facility for R&D and testing of leading-edge water-treatment processes prior to placing them in full commercial operation at the plant. The Pilot Plant Facility was designed to be flexible for a wide range of R&D and testing objectives, including providing data to:

- optimize plant operations
- pre-design new plant processes
- upgrade existing plant processes

Over the years, our Pilot Plant Facility has addressed many issues, resulting in significant economic and water treatment process benefits. These benefits have served as the basis for more than 20 water treatment-related articles and presentations.

In addition, Utilities participates in the Upper Cache la Poudre Water Quality Monitoring Program, a collaborative effort with the Tri-Districts (North Weld Water District, Fort Collins-Loveland Water District and East Larimer County Water District) and the city of Greeley. Routine water-quality monitoring of sections of the CBT Project upstream of Horsetooth Reservoir is conducted by the U.S. Geological Survey for the Big Thompson Watershed Forum (BTWF). The city of Fort Collins is a major financial contributor to the BTWF, and a Utilities representative serves on the BTWF's Board of Directors. Collaborative monitoring and assessment efforts reduce sampling costs and bring together a significant depth of knowledge.

Utilities' source watersheds are under various human and environmental pressures, such as, pine beetle deforestation, wildfires, climate change and invasive mussels (zebra and quagga). In addition, CBT Project operational changes, including proposed water-supply transfers to Horsetooth Reservoir and the construction of a second Horsetooth Reservoir outlet structure, may potentially impact future water quality. Ongoing routine monitoring of the source watersheds helps Utilities deal with future challenges and is a proactive approach to maintaining the City's high drinking water quality standards. Special studies are designed to address specific long-term

issues or new concerns that are outside the scope of the routine monitoring program.

Utilities currently is involved in several special studies related to its source watersheds. These include:

- characterization of dissolved organic matter in both watersheds and its relation to the formation of disinfection byproducts at the treatment plant
- determination of geosmin (a taste and odor compound difficult to remove during treatment) occurrence, sources and transport in both watersheds
- assessment of the wildfire vulnerability of the upper Poudre watershed
- collaboration with Northern Colorado Water Conservancy District (Northern Water) and others on an emerging contaminant monitoring program that includes the upper Poudre, Horsetooth Reservoir and components of the CBT Project upstream of Horsetooth Reservoir
- collaboration with Northern Water and others on the development of a hydrodynamic water-quality model of Horsetooth Reservoir

Safeguards for water supply. Public concern about possible contamination of water sources and supply increased following the terrorist attacks of September 11, 2001. Even before 2001, Utilities staff identified the need for surveillance and other security measures at our Water Treatment Facility. Additional applicable security measures have been adopted. These include:

- strict control and monitoring of vendor shipments
- conducting additional water quality testing
- reassessing procedures to detect incursions
- providing additional employee training

The Poudre River and Horsetooth Reservoir are the focus of protective measures, with surveillance provided by the U.S. Bureau of Reclamation and Utilities staff. Utilities continually alters security measures as recommended by the Environmental Protection Agency (EPA) and law enforcement agencies.

Wastewater.

Utilities' wastewater operations ensure water returned to the Poudre watershed is cleaned and treated to remove contaminants. Before water is released to waterways, our Pollution Control Laboratory ensures it meets or surpasses state and federal standards.

The wastewater utility:

- treats the water at two wastewater facilities, which provide a total of 29 million-gallons-per-day of treatment capacity
- in 2009, the Drake Water Reclamation Facility treated 5,588.71 million gallons of water.

Water Engineering and Field Services.

Water Engineering and Field Services was formed in 1997. The Unit's primary responsibilities are to operate and maintain the City's water, wastewater and stormwater collection system for 40,911 residential and commercial customers. Management of the water delivery and collection systems and the stormwater drainage system promotes:

- delivery of clean drinking water to the residents and businesses of Fort Collins to ensure a high-quality of life and economic stability
- achievement of the City's water conservation goals by reducing unnecessary waste of a valuable asset through community education and system efficiency improvements
- development of long term plans and funding for asset management and replacement to ensure sustainability of the system
- protection of the community, people and property from destructive flooding

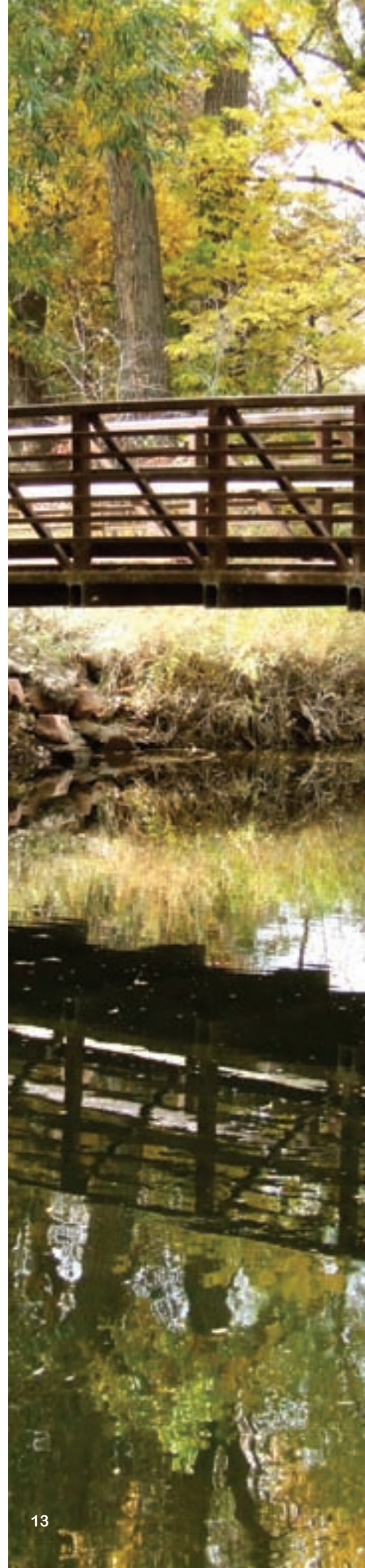
Field Services maintains:

- 437 miles of sanitary sewer mains
- 528 miles of water distribution mains

The stormwater utility was founded in 1980. Staff administers floodplain regulations, provides review of development and permit applications and designs and manages utility and water-quality facility construction projects. Staff also provides oversight of storm drainage master planning. Additionally, our stormwater systems area includes:

- 220 miles of underground pipelines
- 69 City-owned regional drainage channels
- 6,823 drainage inlets
- 90 City-owned detention ponds covering 320 acres

All underground pipelines, open channels and drainage inlets are inspected at least once a year. Debris is removed on a regular basis, especially after storm events.





Susan Hayes.

“Stormwater management has a very obvious connection to sustainability. Our job is to determine where stormwater runoff wants to go and help escort it on its way through the city with minimal adverse impacts to people, property and the environment.”

Susan Hayes, Civil Engineer, Water Engineering and Field Operations

Progressive and integrated flood

management. Our management program addresses Fort Collins' approximately 4,800 total acres of floodplain, which contain approximately 3,400 structures at risk of flooding. We have more than 20 cooperative agreements to carry out our stormwater management projects, which allow us to collaboratively explore regional solutions to flood problems throughout our watersheds.

The floodplain management plan is based on policies and practices intended to:

- provide future generations with infrastructure that reduces threats to life safety and property damage
- promote sustainable construction that keeps structures out of harm's way
- reduce communitywide disruptions to commerce, livelihood and services
- initiate capital projects to create and/or restore streams, wetlands and riparian habitat to accommodate natural flood processes
- reduce the potential volume of landfill wastes created by flood-damaged structures and property
- remove homes and businesses from the floodplain through capital improvements

The City of Fort Collins participates in the Community Rating System (CRS), a voluntary incentive program that recognizes communities with progressive floodplain management programs exceeding federal minimum requirements. Each community is rated on a scale from 1 to 10, with 1 being the highest rating. All ratings are scored on a point system that analyzes the depth and breadth of a community's public safety improvements, education and outreach efforts, information sharing, open space preservation and other factors impacting public safety during flood events.

Fort Collins currently has a Class 4 rating, under CRS guidelines, which places Fort Collins in the top 1 percent of communities with stormwater programs. The rating provides a 30 percent discount to the 377 Fort Collins residents and businesses carrying flood insurance in high-risk flood zones. In 2009, the total savings in flood premiums was \$58,388.

In 2009, we mailed approximately 7,500 flood-awareness brochures to home and business owners and occupants in floodplain properties. We also mailed more than 1,000 brochures that describe our free floodplain management services to insurance agents, mortgage lenders and real estate professionals.

Stormwater master plan. Using the stormwater master plan, Water Engineering and Field Services actively manages 12 drainage basins throughout the city. The master plan analyzes the risks and potential for flooding, based on a rainfall standard and a desired level of protection. Levels of protection are assessed through analysis of runoff from a 100-year rainfall described as heavy rainfall with a 1-percent chance of occurring in any given year. The master plan provides a guide for new development; prevents existing problems from getting worse; presents a conceptual vision for cost-effective projects that mitigate drainage and erosion problems; and assesses and makes recommendations about stream habitat improvements. The master plan reflects our philosophies and goals, including:

- channel storm runoff through the city with minimal impacts to people, property and the environment
- provide drainage facilities and solutions that are sustainable over time
- create facilities to minimize damage and resist disasters
- restore and preserve riparian habitat and corridors for riparian movement
- establish facilities that provide public safety with reasonable maintenance
- consider aesthetics and the concept of multiple uses in non-flood times (parks, ball fields, bike trails)

The plan also acts as a guide for regulatory management and compliance with Federal Emergency Management Agency (FEMA) floodplain regulations.

Customer & Employee Relations.

The Customer and Employee Relations Department supports the four utilities by providing customer service, marketing, education, industrial hygiene and safety coordination, training, account management, and energy and water efficiency services. Management of these functions assists the organization with the critical customer interface and long-term management of customer relationships. Functions include:

- design, implement and manage water and electric demand-side management programs
- coordinate public outreach to support capital projects, development of master plans and significant policies
- assist with management and analysis of public input, including periodic market research
- develop stakeholder engagement, including targeted outreach to customer segments such as residential, small commercial, as well as large commercial and industrial customers
- manage media and public information functions, including assistance with emergency outreach functions
- oversee public communications to ensure clear, appropriate levels of information, frequency and thoroughness of communications
- incorporate industry best practices in marketing and education related to utility services

We conduct customer outreach and manage customer satisfaction by providing educational programs such as the Business and Residential Environmental Program Series, WaterSHED water quality outreach and the Annual Children's Water Festival.

Finance and Budget.

The Utilities Finance and Budget Department helps create and monitor short-term budgets and long-term financial forecasts for programs and projects that serve Utilities' mission. Responsibilities include financial and fiscal oversight, budget preparation and monitoring, debt management, financial planning, accounts payable and receivable and purchasing. We are solely responsible for cost-of-service studies; rate development; and administration and collection of plant investment fees, raw water rights and electric development fees.

In addition to typical utility billing and collection activities, staff utilizes software tools to create specialized reports for project managers. All authorized Utilities expenditures are available online for any citizen to monitor via an "open-book" concept that enhances the transparency of government. Most of the Utilities' fees and rates are produced internally and approved annually by the City Council based on updated cost-of-service studies. Management of these functions focuses on:

- development of financial policies, practices and accounting activities that reflect best practices in the relevant utility industries
- accurate, timely and usable data and information
- error-free billing with clear, helpful and understandable billing statements
- responsible management of grants and government assistance related to utility projects
- progressive approaches for long-term financial stability of the organization



Unloading electric cable.

Asset Management Program

A major undertaking in 2009 was the first phase of an asset management program. The program will set service levels for all utilities to assess the condition of current facilities and determine the required continuous reinvestment in facilities to sustain the level of services in the long term. The additional analytical tools developed as part of the program will be embedded in the planning, operation and maintenance activities of each of the four major utility services.

The asset management program is just one of many such systems that are on the Management Information System strategic plan developed during 2009. This rolling, 10-year plan provides a roadmap for major system development and enhancement.

Another plan component is a database map that encapsulates the information currently captured by all the Utilities' computer systems. The map helps eliminate duplication of activities and data, which helps reduce the amount of resources required to process and store operational information.



Historic Old Town.

City Direction

MISSION

Exceptional service for an exceptional community

VISION

We are passionate about creating a vibrant, world-class community.

VALUES

- Outstanding Service*
- Innovation and Creativity*
- Respect*
- Integrity*
- Initiative*
- Collaboration and Teamwork*
- Stewardship*

Three organizational priorities (innovation, customer service and sustainability) were a part of every City employee performance evaluation in 2009. At the highest level of our governance structure, the City's vision, mission and values include principles relevant to economic, environmental and social performance and also are included as part of employee performance evaluation at all levels.

For additional information regarding the City's codes of conduct, policies or practices, please visit fcgov.com/cityclerk/pdf/bcmanual.pdf.

Governing Our City Operations.

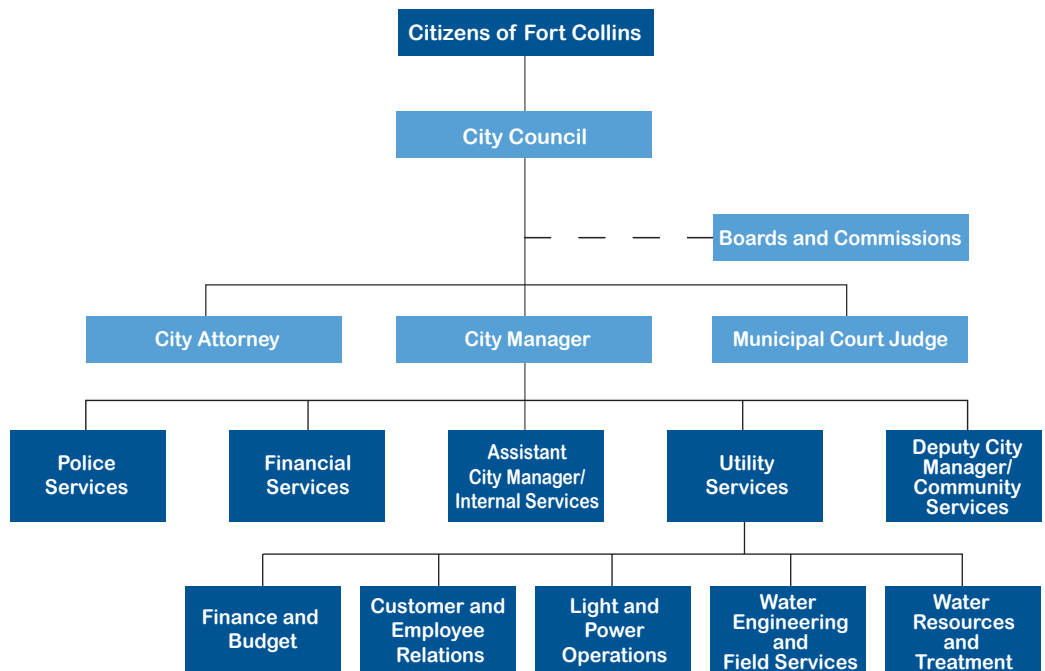
The governance structure of the City of Fort Collins and Utilities is fairly typical of municipal organizations across the United States. The City has a Council-Manager form of government. In the case of Fort Collins, the City owns and operates a Service Area, multi-utility system that provides electric, water, wastewater and stormwater services. Similar to some but not all other municipalities' utility systems, Fort Collins Utilities and its activities are governed by the City Council and has two advisory boards—one for water, wastewater and stormwater and another for electric services. City policy states Service Area Directors (Utilities Executive Director) and department heads (Utility Service Unit Managers and Department Managers) must live in the Fort Collins Urban Growth Area or within five miles of city limits.

City Council seeks input from Utilities' staff for policy setting directly related to Utilities' area of responsibility. Such policy matters include

energy and water policy direction (conservation goals), greenhouse gas reduction and renewable portfolio standard goals. Similarly, input from Utilities and final review/ratification by Council establishes Utilities' budgets. Revenues generated by the individual utilities are restricted by City Charter for utility purposes beneficial to the customers of that utility. City Council, acting as the Utilities' enterprise board, is empowered to issue debt.

The City uses the Budgeting for Outcomes (BFO) process to develop its two-year budget for City operations. BFO is based on the premise that the percentage of personal income taxpayers are willing to pay for their government through taxes, fees and charges is fixed. BFO focuses on results and priorities, not on cost. The budget process shifts from paying for costs to buying results. It emphasizes accountability, innovation and partnerships. The final output is a budget that reflects citizen priorities and delivers services efficiently.

The following diagram shows the basic organizational structure and relationships:





Fort Collins City Council. The Council is comprised of six district council members who are elected on a non-partisan basis for a term of four years, and a mayor who is elected at-large for a two-year term. The mayor pro tem is chosen from among the entire council and serves a term of two years. By provision of the City Charter, Council has the power of appointment over the City Manager, City Attorney and Municipal Court Judge.

As the community's legislative body, City Council is responsible for enacting City ordinances, appropriating funds to conduct City business and providing policy direction to City staff. The Clerk's office keeps a running list of City policies and plans: when they were created, when they were updated and when they are on the agenda to be discussed. Many of these plans, if not all of them, include a call for sustainable practices. Some plans are designed specifically to address environmental issues.

City Code makes each individual board or Council member responsible for his or her own determination of what is conflict of interest. City Council Resolution 2008-023 and 2008-042 established a training requirement related to conflict of interest for all new board members (and was required for existing board members at the time the training was established). The Resolution allows new members six months from the date of appointment to complete the training. A training video and related materials are accessible and available to board members at any time. A Council Ethics Review Board also will provide advisory opinions regarding potential conflicts upon request.

Fort Collins City Manager. The City Manager is responsible for daily operations and organizational oversight of all City departments, including Utilities, providing direction and budgetary oversight. The City Manager's performance review is based on the organization's performance in accomplishing the seven key community goals as identified by BFO. The Utilities Executive Director reports directly to the City Manager.

Fort Collins Utilities Executive Director. The Executive Director directs and manages the activities of the Utilities Service Area. The Executive Director and the senior management team provide Utilities' business and operational leadership and are responsible for setting utility strategy in alignment with policy and direction from the City. The Executive Director is the principle lead in guiding Utilities' sustainability efforts.

Our Leaders.

Fort Collins City Council members (listed from left to right):

Wade Troxell, District 4

Aislinn Kottwitz, District 3

Kelly Ohlson, Mayor Pro Tem, District 5

Doug Hutchinson, Mayor

Lisa Poppaw, District 2

David Roy, District 6

Ben Manvel, District 1



City of Fort Collins Electric Board. The Electric Board advises the City Council on policy matters pertaining to the municipal electric system. The Board acts as the final appeal and hearing body for customer complaints, except as is otherwise provided in Chapter 26, Article XII of the City Code, regarding termination of utility service.

City of Fort Collins Water Board. The Water Board advises City Council on water, wastewater and stormwater policy issues such as water rights, planning, acquisition and management, conservation, public education, floodplain regulations, storm drainage and development design criteria. The Board acts as the hearing body for floodplain and stormwater design criteria variances and hears appeals of decisions of the Executive Director under Chapter 10, Article II of the City Code regarding Flood Prevention and Protection, and Chapter 26, Article VII of the City Code regarding stormwater, including stormwater fee decisions.

Fort Collins community. Citizens have direct access to City officials at virtually any time. All Council meetings are open to the public with clear procedures for public comment outlined and followed. Council meetings are taped and broadcast via a local cable channel, streamed live and made available for later viewing on fcgov.com/cable14. In addition, the City and Utilities conduct regular citizen/customer surveys and Council is briefed on those findings.

Our community includes an active and involved citizenry, and Utilities receives broad and varied citizen input. For example, Electric and Water Board meetings are open to the public, and public comment time is allotted at each meeting. Input received over the past year has included issues related to renewable energy credits, greenhouse gas emission reductions, stormwater management and system plans, water resource planning and water diversion, Energy Policy, water conservation plan and utility rates, among many others.

The City of Fort Collins uses a centralized approach to responding to citizen questions and concerns. Our staff responds to inquiries that relate to Utilities policies and operations and provides briefings, updates and scheduled reports to City Council, City management and the public. Throughout 2009, many of these inquiries reflected economic conditions, including concerns about specific expenditures and rate increases. Utilities business items requiring Council action frequently require significant preparation to address citizen concerns and questions.

Our organization values informed and engaged stakeholders. We provide formal and informal mechanisms for educating individuals, groups and businesses on current topics, as well as compiling and reporting on public comment. These mechanisms include:

- Utilities' e-mail and website—all outreach materials include contact information.
- Project specific communications—capital projects such as the Canal Importation Ponds and Outfall (CIPO) stormwater drainage project—have targeted, project communications and systematic tracking of customer contacts and inquiries.
- Outreach to residential and commercial customers—customers receive updates and communication about programs, rate changes and projects with direct impact on their homes, property, neighborhoods or operations. Commercial account representatives routinely respond to inquiries and requests.
- Annual communication regarding rates, progress on major projects and programs and general information about current policy topics.

“Triple Bottom Line analysis offers the background and tools to explain how we arrive at our decisions.”

Errin Henggeler, Specialist, Environmental and Regulatory Services

Managing Our Sustainability Performance.

In 2008, we created a team and developed an internal Implementation Plan that would assist our organization in making the transition to becoming a sustainable utility. The new sustainability platform was coined, “A Utility for the 21st Century.”

Project leadership. We determined it was critical to identify clear project leadership—those Utilities staff who will be the key decisionmakers on project matters, as well as the change agents providing internal and external leadership. These roles have been designated as follows:

- Organizational Sponsor: City Manager.
- Executive Sponsor: Utilities Executive Director has overall responsibility for leadership functions, including visibility and communication.
- Initiative Champion: Customer and Employee Relations Manager has lead project management responsibilities.
- Issue Team Leaders: Staff leaders responsible for ensuring team members are working to complete identified goals, strategies and tactics set forth in the Implementation Plan.
- Environmental Project Coordinator: Production manager for sustainability report, liason and coordinator for Issue Leaders, team members and other City Departments.

Accountabilities are embedded throughout the organization and are supported strongly by our executive management, all of which are representatives on our teams.

Cross section of employees. Our Core Sustainability Team (CST) was formed from a cross section of Utilities employees, including management and staff. We believed including all departments in the team was important to create a grassroots, rather than a top-down, management approach and effort.

Advisory Panel. Additionally, we asked community members who represent our key stakeholders and community leaders to participate in an advisory capacity. The Panel assisted us in striking an overall balance between economic, social and environmental interests.

Project boundaries. Utilities defined project boundaries as related to its current functions and responsibilities. Our goal was to define clearly the project scope and schedule while integrating and outlining possible future considerations, as appropriate.

Comprehensive plan. Utilities designed a comprehensive internal Implementation Plan that includes details and accountabilities for implementation. The Plan complements Utilities’ existing management structure by building upon already established roles and responsibilities and further expands reporting to include GRI metrics and the key performance indicators identified in the Plan. The Plan designates roles and responsibilities, identifies priorities, allocates budgets, specifies schedules and details tactical action plans. Individual Sponsors and Champions have been assigned to each of the identified Issues/Strategy sets to ensure accountability and build success. At the completion of the Plan, we determined annual review and monitoring our progress would be critical to maintain relevant focus and transparency and ensure accountability.

Three-pronged approach. Our team identified four key issues we believe are integral components for the success of our plan. A three-pronged approach drives our overarching strategy and initial plan for the coming years:

- transforming our organizational culture and aligning our workforce to drive sustainability initiatives
- educating and partnering with our stakeholders
- embedding economic, social and environmental principles of Triple Bottom Line into our management processes and daily operations



Errin Henggeler.

Transformational Change.

As Utilities continues to build its momentum toward sustainability, the following projects underscore the decisionmaking that leads to actions and ultimately projects, which advance our commitment to become a 21st Century Utility. Each illustrates the three legs—economic, social and environment—that balance a sustainable organization.



Environmental Management System Aligns with 21st Century Purpose.

Protecting our environment. As part of the City's sustainability leadership, Utilities has a long-standing environmental stewardship mission. In the mid-1990s, the City conducted a self-audit of its impacts on the environment. Recommendations from the audit included implementation of an Environmental Management System (EMS). An EMS is an internationally recognized system for achieving environmental objectives and targets. Initially, we viewed EMS as a primary tool to manage regulatory requirements. Our organizational perspective regarding EMS has evolved. Utilities leadership views EMS as an organizational sustainability tool to help us manage impacts of diminishing resources, stiffer environmental regulations, aging infrastructure and control costs.

Developing the EMS Plan. Prior to 2004, attempts by City departments to formulate an EMS plan resulted in little progress. To gain traction, Utilities researched the most successful EMS development and implementation processes across the nation. In 2008, Utilities recommended the City base its EMS development on a program designed by the former city manager of Roanoke, Va., and offered through the Virginia Tech Center for Organizational and Technological Advancement. Over one year, personnel from the Utilities Water Reclamation Facilities attended four one week-long workshops at Virginia Tech-COTA that form the basis of a training program in EMS best practices. The workshop series provides attendees with the tools to implement an EMS in compliance with International Organization of Standards (ISO) 14001 practices.

ISO 14001 Standards. The Standards, supported by the Environmental Protection Agency (EPA), help an organization achieve environmental obligations, broaden environmental performance goals and increase business competitiveness. The Water Reclamation Division has a goal of achieving ISO 14001 third-party certification. The training

employees acquired qualifies them to serve as internal consultants to other city departments interested in implementing EMS practices.

In 2009, the Drake Water Reclamation Facility (DWRF) began implementing the pilot EMS in compliance with EPA regulations and ISO 14001 Standards. The intent of the pilot was to teach the facility's employees about EMS and how to implement this system.

Continual improvement. The pilot provided several valuable insights and benefits about how to improve our Utilities operations through EMS. More than half of DWRF employees self-selected and were encouraged by their managers to participate in EMS training, planning, development and implementation of an EMS process. The EMS team spent more than 1,000 staff hours and 18 months from 2009-2010 to draft and implement. Over the course of the pilot, DWRF employees began to:

- think beyond the limits of regulatory compliance and value and adopt EMS as a tool to promote more sustainable processes and procedures
- become personally accountable for the outcomes of EMS implementation
- take responsibility for meeting EMS criteria through a process of built-in reviews based on the formal ISO 14001 check list. These include inventory of all EMS requirements, documentation of all operations and evaluation of compliance based on a legal audit
- develop a sense of ownership of their role in improving the sustainability of Utilities procedures and achieving environmental objectives and targets

Lessons learned. The DWRF pilot will help Utilities fully incorporate EMS procedures to:

- improve environmental performance
- enhance compliance
- prevent pollution and conserve resources
- reduce/mitigate risks
- increase efficiency
- reduce costs
- achieve/improve employee awareness of environmental issues and responsibilities





Stormwater Management Responds to Stakeholder Input.

Response to community needs. Because of its geographic location, the Fort Collins community is vulnerable to sudden, severe rainstorms that exceed the capacity of the City's stormwater system. This creates localized drainage problems throughout the community. In response, the City of Fort Collins and Utilities are keenly focused on their mutual responsibility to ensure the City employs best practices in stormwater management. To that end, in 1980, the Stormwater Unit was formed to provide a structured, master plan-driven approach to flood and water-quality management. The ongoing challenge is to manage storm drainage criteria and construction standards while balancing citizen input, expectations and controlling costs.

In 2008, Fort Collins City Council directed Utilities to review its stormwater management program. Council indicated the program's purpose statement needed to be updated to support an expanded environmental emphasis. In December 2009, Utilities presented a proposed revision to the purpose statement. Council adopted the revised statement in March 2010. This direction from Council will guide the 2010 update to the stormwater master plan.

Community engagement and expectation. Since the 1980s, Utilities' stormwater management has focused on several interdependent goals. These include:

- enhance citizen safety
- protect and restore our watersheds and natural waterways
- reduce flood damage
- improve water quality

In partnership with the community's school district and the City's Parks and Recreation Department, Utilities built multi-use drainage facilities that feature trails and parks for outdoor enjoyment.

A devastating 1997 flood pushed beyond the limits of the City's drainage system capabilities. The flooding swelled tiny Spring Creek into a raging torrent, which derailed a freight train, destroyed two fully occupied residential mobile home parks and, tragically, killed five residents. Extensive flooding occurred citywide. The flood brought stormwater management into sharper focus for Fort Collins residents and City leaders.

Response to communitywide expectations for maximum flood protection. Utilities' focus shifted to large-scale stormwater capital projects to reduce flood damage to structures. One such project, the Canal Importation Ponds and Outfall (CIPO) Project, began in 2008, following City Council's 2001 adoption of the project's master plan. The project encompasses a network of detention ponds and storm sewers to address flooding and water-quality problems in west-central Fort Collins. An extensive, large-diameter stormwater pipe and inlet system is being built to move stormwater into the detention basins.

The project faced resistance and criticism in the early stages of design over concerns for the wildlife in the natural area and construction disturbances to the neighborhood. To address and mitigate public concerns and build consent for the project, Utilities created a public-involvement plan. A mitigation plan was developed to ensure trees, wetlands and natural habitats will be restored to equal or greater quality than before construction.

Revised stormwater master plan.

The master plan will respond to community expectations and environmental considerations. Elements of the 2010 stormwater masterplan will include:

- reduce volume of landfill wastes created by flood-damaged structures and property
- reduce communitywide disruptions of commerce, livelihood and services
- remove homes from the floodplain by building drainage infrastructure that reduces the floodplain
- initiate capital projects to create and/or restore streams, wetlands and riparian habitat to accommodate natural flood processes and protect water quality

Grant Brings Benefits of Advanced Metering Infrastructure.

First step in progress toward Smart Grid. In 2009, Utilities received a five-year \$15.7 million matching-funds grant from the Department of Energy as part of the American Recovery and Reinvestment Act. In particular, the grant will accelerate our plans to implement Smart Grid technologies throughout the community's electric distribution system. Smart Grid is an automated distribution network to measure, collect and analyze energy usage on the electric network.

Over the last several years, Utilities has spent a significant amount of time designing the foundation for an effective local Smart Grid network. Advanced Metering Infrastructure (AMI) is a critical building block in the Smart Grid design.

Though AMI is a major component of the grant, the funding has an expansive reach and includes many long-range community projects, such as a meter data management system; grid automation; Customer Information System upgrades; automated switching; electric fault reporting; customer load management and control equipment.

Transformation in response to crisis. The Smart Grid project is in direct response to the U.S. energy crisis, which, in turn, is driving a major transformation in how the utility industry operates. Currently, many utilities in the U.S. are hampered by an overstressed and outdated electric grid, which impedes the development of alternative energy sources and energy independence. The Smart Grid is the answer.

Grant award based on innovation. Utilities received the grant award due to its cross-cutting efforts to manage electric rates and coordinate with the Front Range cities of Loveland, Longmont and Fountain. Through an intergovernmental agreement, Utilities will serve as the grant administrator for the other communities. In May 2010, City Council approved bonds to underwrite the electric utility as the funding source for the grant's required matching funds.

AMI brings Triple Bottom Line benefits. By providing electric-use information to customers, AMI is a tool to improve customer service and control meter reading costs. This is of particular concern, especially in residential areas with fenced yards, dogs, landscaping and other issues that make accessing traditional meters difficult or unsafe. Using wireless radio transmitters, AMI remotely reads customer meters and transfers the data directly into the billing system, eliminating the need to manually gather readings each month. As meter reader positions are phased out, AMI project funds will help reduce workforce impacts by underwriting educational opportunities, funding other positions within Utilities and supporting appropriate succession planning activities.

With regard to the environment, AMI is one tool to cut greenhouse gas emissions by reducing vehicle trips to read meters or initiate electric service. As well, AMI will strengthen Utilities' ability to provide expanded solutions to manage customers' electricity consumption, and it will support renewable energy production.

From a financial perspective, AMI makes a positive business case for the costs and benefits related to expanded and more rapid demand response; introduction of higher security and intelligence into the Utilities' distribution system and enhanced outage response and management.





Cultural Transformation Takes All of Us.

Gaining momentum for change. In designing our approach to become a sustainable organization, Utilities' Core Sustainability Team (CST) was charged with creating an internal Implementation Plan to direct our efforts. From the outset, the team understood a major cultural transformation of the organization had to take place alongside structural and procedural changes to deliver desired improvements in quality and performance. The power and complexity of transforming Utilities' culture—our organizational and personal attitudes, values, goals and practices—require Utilities to build a skill set to lead organizational transformation. That particular skill set requires Utilities to delve deeper.

As a starting point, CST created four Issue Teams to help with transformation inside our organization and in our external engagement with stakeholders. Utilities defined the issues as workforce, culture, stakeholders and Triple Bottom Line. Throughout 2009, each team made progress in completing tactics to bring better balance of the environmental, social and economic aspects of Utilities as a whole. CST asked the teams to track their progress, identifying short-term 'wins' in building momentum for sustainability.

Moving toward a sustainable culture.

Anchored by the Utilities Executive Director's firm commitment to sustainability, a year-long series of employee meetings was designed to underscore the central place employees hold in Utilities and in the process to transform it. In discussing Utilities' business operations, the Executive Director communicated a clear sense of urgency related to the impact on Utilities' business operations of climate change, aging infrastructure, workforce transition, dwindling resources and enhanced performance expectations. The meetings, convened by the Workforce Team, also covered the value of using a sustainability framework to help Utilities and employees adapt to these challenges.

The Culture Team recognized an assessment of the work climate would be a critical step in

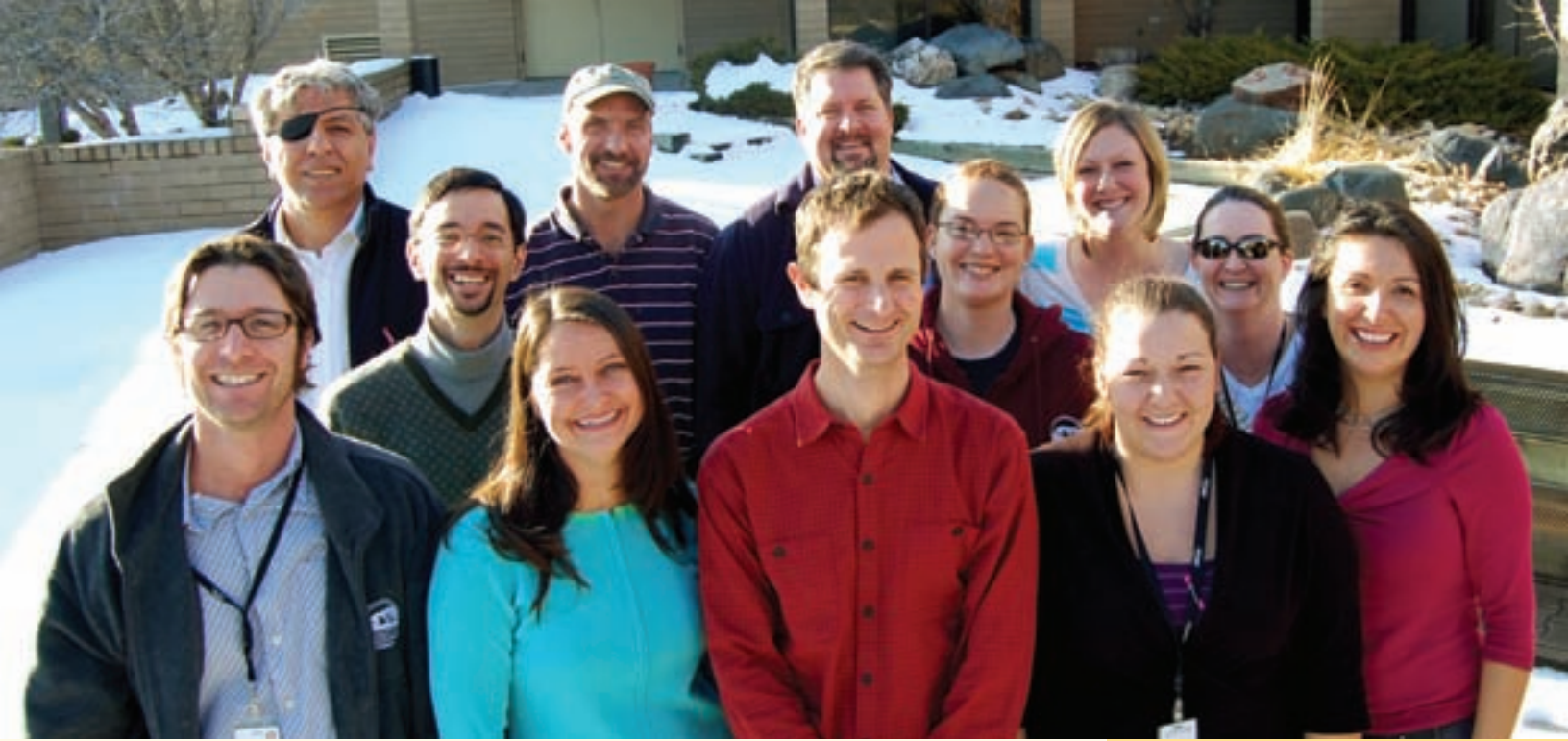
initiating a comprehensive workforce cultural transformation. The team administered an employee survey based on Cultural Values Assessment (CVA), a trademarked Cultural Transformation Tool® (CTT) of the Barrett Values Centre. The survey process was designed to document the perceptions of employees at all levels. The objective was to identify recurring comments and contradictory perceptions between current work culture and desired culture and their impact on optimal team effectiveness, employee morale and high performance. Results indicated "accountability," "open and effective communication" and "sustainability" are common areas for attention and improvement.

Through a series of employee meetings and workshops throughout the fall, survey results were presented and discussed, providing an opportunity for two-way feedback among employees and senior leadership. As Utilities strives for more transparency within its endeavors, the values assessment created a significant benchmark for tracking our internal transformation. A second assessment is planned for early 2011.

Creating a tool for sustainable decisions.

Another important tactic in our move toward sustainability, innovation and greater internal coherence was the development and introduction of TBLAM – Triple Bottom Line Analysis Map. This is a tool to help an individual or group think through an issue and formulate a more sustainable outcome. The TBL Issue Team initiated TBLAM, with assistance from the City of Olympia, Wash., which developed a similar analysis map with Evergreen State College. TBLAM creates a system for identifying issues that are potential obstacles or enhancements to project success.

Internal training workshops emphasized TBL analysis does not give one right answer. It fosters a more balanced approach to decisionmaking and establishes a platform that encourages dialogue among decisionmakers at all levels, leading to trusting relationships and commitments to decisions.



Increasing our sustainable network.

Employees were invited to attend a series of four learning opportunities throughout the fall, featuring programs related to community sustainability. Sponsored by the Workforce Team, the series drew an average of 30 employees to each workshop and has continued into 2010.

Extending our sustainability connections into the community, our Stakeholders Team worked on several outreach tactics. Among them, the team expanded Utilities' carbon footprint tracking with local businesses and City buildings and completed the planning phase for an efficiency incentives program for commercial customers. To bring employee subject matter experts and community groups together, the team developed a platform for a speakers' bureau and arranged public speaking classes for employees.

Celebrating our Utilities community. To

acknowledge employees' contributions to their workplace and community, Utilities held its first 21st Century Utilities Celebration. A featured speaker, Kim Jordan, the local founder of an internationally recognized microbrewery, discussed how her employees helped shape the brewery's vision, commitment and culture as a leading sustainable organization. In addition, the Fort Collins City Manager thanked employees for their efforts in working to create a more sustainable community. Exhibits, activities and donated giveaways related to personal and organizational sustainability were organized to further underscore employees' work in 2009. Employees also were recognized for their initiative over past years to reduce impacts on the environment and operational costs.

ONE Planet Team.

The ONE Planet program was developed by a team of employees to provide real-world examples of sustainability. This incentive program inspires employees to apply sustainability in practical ways to their work and personal lives.

*Front row (left to right)
Matt Zoccali, Michelle Finchum,
Matt Fater, Hannah Ahrendt,
Victoria D'Ippolito*

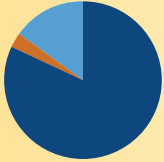
*Middle row (left to right)
Pablo Bauleo, Jolee Parmenter,
Errin Henggeler*

*Back row (left to right)
Basil Hamdan, Chris Lochra,
Phil Ladd, Tiana Jennings Smith*

“My job is to empower employees. I want them to feel part of the plant culture and take pride in our stewardship.”

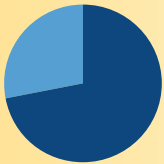
Chuck Gross, Superintendent, Water Treatment Facility

2009 WORKFORCE BY EMPLOYMENT TYPE



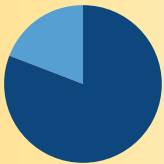
- 15% Hourly/Seasonal/Temporary
- 3% Contractual
- 82% Classified/Unclassified

GENDER DISTRIBUTION



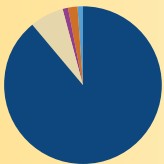
- 28% Female
- 72% Male

MANAGEMENT DISTRIBUTION BY GENDER



- 19% Female
- 81% Male

WORKFORCE COMPOSITION: ETHNICITY



- 1% American Indian/Alaskan Native
- 2% Asian or Pacific Islander
- 1% Black
- 7% Hispanic
- 89% White (not of Hispanic Origin)

In 2009, the City provided more than 320 hours of training to 76 of our managers on a variety of topics related to diversity and equality in the workplace.

Engaging Our Employees.

Culture. As a major employer in the community, we strive to offer a work environment that encourages teamwork, values the individual and is passionate about providing world-class service. For Utilities, this means improving employee morale and increasing awareness and education about the issues our Utilities and industry face now and in the future. Also, it means improving communication and accountability.

Gathering feedback. The City conducts regular employee surveys. For example, the City administers an employee-engagement survey twice each year to track trends and take action on identified issues. The survey questions focus on key expectations that, when satisfied, form the foundation for employees feeling engaged in their work. This leads to higher job satisfaction and performance levels. Typically, about 34 percent of our employees participate in this survey. Survey results are distributed and posted on the City’s intranet site. Managers use this information in working with their teams to create the best possible working environment.

In addition, three or four Utilities employees participate on an employee committee with other City staff. The committee seeks to improve employee trust, communication and morale and provides recommendations to the City Manager’s office based on employee input.

Ensuring a positive work environment.

Fort Collins Utilities is an Equal Opportunity Employer. All new employees are required to complete a training session that reviews zero-tolerance policies for discrimination and harassment. Supervisors are required to complete ongoing training programs to identify and eliminate all forms of harassment and discrimination in the workplace.

Employees who believe they are subject to harassment or discrimination, or have observed such actions, are encouraged to promptly report incidents to a department supervisor or the City’s Director of Human Resources (HR). HR Supervisors must immediately report to the HR Director all complaints, observed incidents or suspected incidents. HR staff investigates all complaints and recommends appropriate action. We are proud to report, within Utilities, no incidents of harassment or discrimination occurred in 2009.

Per the City of Fort Collins Charter, without voter approval, City employees are not allowed to organize. Currently, no collective bargaining agreements or unions exist within Utilities. As a result, no labor-related work disruptions have occurred. Utilities and City employees also are prohibited from participating in political activities, except voting, while on duty. Additionally, employees may not engage in certain activities and practices while representing Utilities. Such activities include involvement in public policy lobbying and using their positions to influence or support elections or candidates.

“I’m really lucky to have employees with the same sense of pride and values in getting the job done. It’s what you do everyday to keep things running smoothly and accurately. That’s been my goal all these years.”

Joanne Agens, Coordinator, Utilities Services

Talent and performance management.

All full-time City employees must participate in an annual performance evaluation in which performance outcomes are discussed and goals for the following year are formulated to guide performance. The Performance Management System is used to establish employee work goals. Employees create individual goals that link to departmental, Service Area, organizational and community goals. In 2009, 100 percent of Utilities full-time employees received performance reviews. Annual reviews are optional for hourly and contractual employees.

Innovation, customer service and sustainability were the three organizational standards included in employee performance evaluations in 2009. The City’s vision, mission and values, which include principles relevant to economic, environmental and social performance, also were part of employee performance evaluations.

Employees also linked annual work goals and performance to the following community goals: economic health, environmental health, neighborhood livability, safe community, cultural and recreational opportunities, transportation and high-performing government. The goals are identified through the City’s budgeting for outcomes process.

Per City policy, employees are required to accurately report their time at work. Work hours exceeding 40 hours and performed by non-exempt employees must be pre-approved by supervisors. Employees are compensated accordingly (one-and-a-half times the number of hours recorded).

The City is committed to providing ongoing learning and development opportunities to executives and employees, such as tuition reimbursement and classes on transitioning to retirement.

Maintaining operational consistency.

In 2009, 15 percent of our Utilities’ workforce was age 60 or older, and we anticipate nearly 40 percent of our workforce may retire in the next five to 10 years. This presents a significant challenge to Utilities’ operational consistency, and we consider succession planning a crucial part of our sustainability efforts. To ensure we maintain our level of excellence and skilled workforce, we are committed to attracting new workers and retaining current employees.

Managing Employee Health, Safety and Well-Being.

Health and safety. The health and safety of our employees is critical to our mission and guided by our ethic to protect employee well-being. The City’s Risk Management Division is responsible for establishing a safe work and service environment for City employees and their activities within the public environment. Risk Management’s Occupational Health and Safety program serves as an umbrella, providing the basic safety requirements.

These requirements serve as a basis for other departments to build safe, consistent work practices. Health and safety data is prepared, reviewed and analyzed on a quarterly basis while incident investigations are conducted periodically by workgroups. Utilities has a fulltime Industrial Hygienist who works closely with the Risk Management Division to ensure the safety and health of our employees and customers. In 2010, we hired a fulltime Health, Safety and Security Supervisor who reports directly to our Executive Director.

City Safety and Wellness Team. The Risk Management Division oversees the City Safety and Wellness Team, which serves as an employee-driven resource to increase information and feedback between managers and employees within all City departments. The team’s objective is to promote a strong safety culture among employees and the varying departments. The team consists of representatives from several departments and meets on a monthly basis. Our representatives include employees from all four utilities.

In 2009, seven Utilities employees participated on the Safety and Wellness team. All team members are encouraged to take a skills-building course offered through the Risk Management Division and to let their colleagues know about City-offered training opportunities. A goal for 2010 is increased employee participation on the wellness team, representing all departments.



Joanne Agens.

Utilities Employee Benefits.

- *Medical Insurance*
- *Dental Insurance*
- *Life Insurance*
- *Long-Term Disability*
- *Vision Insurance*
- *Flexible Spending Accounts*
- *Retirement*
- *Paid Vacation*
- *Paid Sick Leave*
- *Short-Term Disability*
- *Paid Holidays*
- *Employee Assistance Program*
- *Award-winning Wellness Program*

*2009 Total Benefits Obligation:
\$7,548,915*



Safety drills.

We also require specific safety classes as a pertinent aspect of our workplace culture. Annual and monthly meeting and training topics:

- CPR, first aid and automated external defibrillators
- fall arrest
- vault entry
- bucket truck rescue
- confined space entry
- hazardous material identification, handling and response
- back health
- Self Contained Breathing Apparatus usage and maintenance
- West Nile Virus awareness
- asbestos awareness
- departmental emergency response
- electrical safety

Specific safety policies protect employees from unique hazards. We seek to ensure our work crews are prepared and aware of any hazards they may encounter during their work. Regular monthly meetings with our crews focus on different safety topics. Utilities department managers are responsible for establishing department-specific goals, guidance and safety policies and procedures for unique hazards found in their respective departments. Utilities also relies on external consultants to periodically perform Risk Management Audits to identify and address gaps.

Light and Power developed a Safety Manual, in conjunction with the American Public Power Association Safety Manual (APPA), to clarify expected levels of safety practices and applicable regulations. In 2009, the Safety Manual was updated to incorporate the most recent best-management practices for safety in the electrical industry.

Water and wastewater facilities have chemical, chlorine safety and evacuation plans. The Water Field crews have FEMA's National Incident Management System (NIMS) ICS 100 and IS 700 certificates, valid for five years. Additionally, the Drainage and Detention crew participates in flood emergency table-top exercises nearly every year.

Utilities has an Emergency Preparedness Committee that met 11 times in 2009. Topics covered included: potential H1N1 influenza outbreak and precautions the Utilities should take to help prevent the spread of the flu; NIMS training, pandemic planning; and how to set up the Utilities Emergency Operations Center. The committee also participated in a tabletop exercise about pandemic flu and worked with HR to develop policies for pandemic flu situations. The committee consists of representatives from all Utilities departments.

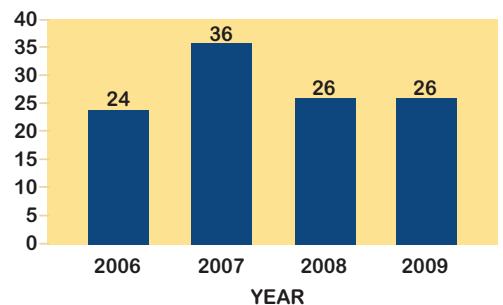
Benefits. Full-time classified employees have access to complete benefits, while benefits are pro-rated for part-time employees. Contract employees are eligible for most of the fulltime benefits, and hourly employees with benefits may purchase medical benefits at full premium price. In 2008, the City's Employee Committee proposed to the HR Department that insurance benefits be extended to domestic partnerships. After investigating this option, the insurance benefit has been approved for the 2010 budget.

Employee Well-Being. The City's Wellness Program goal is to provide all City employees and their families with exceptional services to motivate them toward healthy lifestyle choices and, ultimately, healthier and more productive lives. We consistently look for ways to improve our operations and minimize the risks our employees and citizens are exposed to in their daily activities.

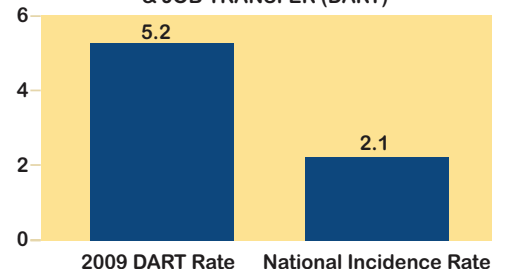
Wellness benefits include:

- access to three fitness centers for employee use, one of which is located at the Utilities Service Center
- participation in a variety of classes on topics related to nutrition, stress reduction and management, tobacco cessation and exercise classes such as aerobics and yoga
- the possibility of earning up to three vacation days annually for qualified employees who complete, within a trimester, a wellness plan with multiple components related to physical activity, learning, behavior change and awareness

NUMBER OF RECORDABLE INJURIES



DAYS AWAY FROM WORK, RESTRICTED DUTY, & JOB TRANSFER (DART)



“Our Key Accounts program originally started in the mid- to late-’80s to respond to a potential risk of competition in the electric utility industry. Today, Key Accounts is a proactive program, offering personalized, customized solutions for our customers.”

Sharon Held, Representative, Key Accounts

Engaging Our Customers and Community.

Key Accounts. The Key Accounts Program is designed to maintain and enhance mutually beneficial business relationships between Utilities and those customers who, on an individual basis, have a critical economic or strategic impact on the City’s four utility services. On the electric side, Key Accounts staff works collaboratively with our wholesale provider, Platte River, to bring added value and stability to the power-supply relationship that exists among our Key Accounts customers, Platte River and Utilities. Services include educational workshops, energy-efficiency incentives, liaison and other individually designed customer support.

In 2009, we held a Key Accounts luncheon to update businesses on new and available programs, rate adjustments and opportunities for efficiency gains that may affect their business operations.

Customer Satisfaction and Attitude Survey. Utilities’ Customer Satisfaction and Attitude Survey is conducted every two years to determine customer satisfaction among residential and commercial customers. The questionnaires for each group are similar. A survey was conducted in 2007 and will be conducted again in 2010.

During 2009, Utilities continued to follow recommendations from the 2007 survey to work toward closing a ‘green gap.’ Specifically, customers did not think Utilities was as environmentally focused as customers would prefer. Throughout 2009, we developed and implemented two major outreach campaigns to sharpen communications about Utilities’ conservation and sustainability practices and outreach programs. In turn, the campaigns encouraged customers to make efficient choices when purchasing new appliances or water-efficient products, selecting or changing residential and business lighting.

Protecting Customer Privacy and Information.

Protecting the privacy, identity and information of our customers is crucial to maintaining trust, and we are committed to this effort. In 2007, the Federal Trade Commission (FTC) issued new rules on identity theft, known as “Red Flags Rules.” The rules require financial institutions, utilities and other creditors to develop individual plans to prevent customer identity theft. While the deadline to develop and implement a plan will not go into effect until 2010, Utilities decided in 2008 to act as if we were in compliance with the upcoming FTC regulation. Staff formed a privacy committee to develop an identity protection plan for our customer accounts. The plan’s purpose is to detect, prevent and mitigate incidents of identify theft. We did not receive any substantiated complaints regarding breaches of customer privacy or data in 2009.

Community education. Over the years, Utilities actively has engaged community members from school-age children to adults in programs that underscore the importance of conserving natural resources. We provide a wide variety of education programs, seminars and public outreach to local schools, community organizations, businesses and residents. Our programs range from safety to energy efficiency and water conservation.

Youth Education. As citizens of the future, our youth have a key role in understanding the value of our natural resources and how conservation of these resources promotes and protects a sustainable world today and for future generations. Our educators focus on watershed protection, water and energy conservation, specifically matching their programs to school district curriculum.

- **WaterSHED program.** The program’s main purpose is to support Water Engineering and Field Services’ goal to educate citizens about the importance of maintaining clean land and water in our community. The student-focused portion of the Utilities WaterSHED program includes standards-based science and math activities designed to give students real world, scientific experiences in local streams and rivers.



Sharon Held.



Bob Smith.

“Working with neighborhoods to resolve the impacts of the Canal Importation Basin Project taught us the need to create small, localized stormwater projects that will solve stormwater management requirements and be responsive to neighborhoods and community needs.”

Bob Smith, Interim Engineering Manager, Water Engineering and Field Services

- **Dr. WaterWISE.** The program supports Utilities' conservation goals to educate customers and youth regarding using water efficiently indoors and out. Dr. WaterWISE provides scientific, hands-on, water conservation activities that help third, fourth and fifth graders be water wise.
- **Energy Education.** Energy education focuses on energy conservation and current and future energy sources in our community. Our youth education program consists of three 16 station hands-on labs customized for grades six, eight and high school. Students explore coal, wind, solar and hydro power sources as well as practical applications of insulation, lighting and energy peak demand.
- **Outdoor Classrooms.** Currently, we have eight outdoor classrooms located within walking distance of nearby schools. Outdoor classrooms showcase wetlands, providing space for short- and long-term scientific studies.

Residential and Business Environmental Program Series. For more than 20 years, Utilities has collaborated with other City departments to offer educational workshops and lectures to the public on topics related to the environment. Two series are offered throughout the year, geared separately for businesses and residents. In 2009, the City offered 15 programs for residents and seven for businesses.

Energy Efficiency Programs.

We help preserve our environment and save our customers money through water and energy efficiency programs and community leadership.

- *Green energy program*
- *New and existing home-energy improvements*
- *Water-wise lawn care and Xeriscape*
- *Appliance recycling and rebates*
- *Zero-interest loans energy improvements*
- *Load-management*
- *Conservation education*
- *Net metering*
- *Youth Education*
- *And more...*



Public outreach. Utilities connects with customers and the broader community through public outreach that builds awareness and engagement. We use a variety of educational approaches: media campaigns, annual regulatory reports, brochures, open houses, public meetings, website links, etc.

- **Water Engineering and Field Services.** In July 2009, Water Engineering and Field Services sponsored its annual Flood Awareness Week to promote public safety.
- **Water Resources and Treatment.** Water Resources and Treatment staff celebrate in the annual Drinking Water Week with the American Water Works Association. In May 2009, Utilities focused on how water professionals and their communities recognize the vital role water plays in our daily lives.
- **Light and Power.** Annually, Light and Power participates in national Public Power Week with the American Public Power Association. In 2009, Utilities celebrated the importance of public power to communities.

Life support notification. Utilities encourages customers with life-support systems to make arrangements to accommodate power outages. Although not guaranteed, and offered on limited occasions, we will notify customers of planned power interruptions.

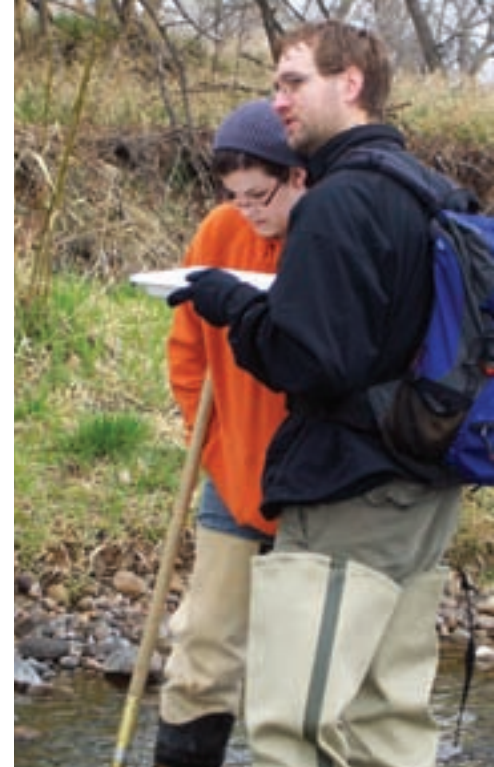
Payment assistance. Utilities has offered payment assistance to our customers for many years, primarily through our Payment Assistance Fund. The fund helps keep heat, electricity and water services connected for local families and senior citizens who struggle to pay their bills. The program assisted 427 customers in 2009 and offered \$41,289 in funding. This was an increase of 23 percent compared to 2008. The program is funded entirely by customer and City employee donations.

While we strive to help customers avoid disconnections, in 2009 we disconnected the services of 9,422 accounts due to non-payment.

Partnerships.

- **The City of Fort Collins Electric Board.** This is an advisory board to staff to help identify rate payers' service delivery expectations and other duties provided by City Council ordinance. Members are Fort Collins citizens and technical expertise is not required. However, one or more of the following is preferred: electric utility background, understanding regulatory issues, finance, marketing, business administration or consumer advocacy. The Electric Board holds monthly meetings.
- **The City of Fort Collins Water Board.** The Water Board is somewhat different than typical utility water boards due to the broad issues and topics related to our Water, Wastewater and Water Engineering and Field Services operations. Water Board members are Fort Collins citizens, broadly concerned with policy issues. Diversity of backgrounds and interests characterize the Board's current membership. The Water Board meets on a monthly basis.
- **Adult training programs.** Adult training allows volunteers and teachers to learn about our conservation programs in depth. Each year adult Master Naturalist volunteers participate in WaterSHED activities, and teacher training is offered in water conservation and stream ecology.
- **PREP (Poudre River Ecology Partnership).** In partnership with The Nature Conservancy and landowners adjacent to Halligan Reservoir, we provide support for the ongoing studies of the Poudre River Watershed with three Poudre School District mountain schools.

Active role. Our Utilities takes an active role in Colorado Association of Municipal Utilities and the Colorado Legislative Action Committee. We participate to help establish and monitor the State of Colorado legislative agenda on issues that may affect the state utility industry and our Utilities' services.



WaterSHED Training.

RESIDENTIAL ENVIRONMENTAL PROGRAM SERIES.

Topics presented by Utilities in 2009:

- Net-Zero Homes
- Your Electric Bill: Take Control
- Xeriscape Basics: Gardening with Nature
- Xeriscape by Design

BUSINESS ENVIRONMENTAL PROGRAM SERIES.

Topics presented by Utilities in 2009:

- Fiddling with your Roof/PV Systems
- Watering with Conservation in Mind
- Transit and the Triple Bottom Line
- Illuminating Lighting Technologies



Managing Our Impacts on the Environment.

At Fort Collins Utilities, we directly or indirectly use natural resources, water, coal, natural gas and vehicle fuels to deliver and support our services. We also utilize chemicals, wood, steel, copper and aluminum in providing water, wastewater, stormwater and electric services. Our proactive energy and water policies define short- and long-term goals and strategies to sustainably offer these services and meet or exceed regulatory requirements.

Our environmental footprint. Utilities impacts the environment by emitting greenhouse gases (GHG); consuming fossil fuels, energy and materials; diverting fresh water; discharging treated wastewater; producing waste materials and impacting biodiversity.

Energy and GHG Emissions.

Energy and water savings programs. As part of our sustainability efforts and Energy Policy-related goals, we offer a variety of programs and incentives to assist customers in reducing their energy and water use. These programs are expanding in scope to improve our outreach effectiveness to increase customer participation. We continue to research and plan new programs to help customers conserve energy and water and to manage our electric demand.

Utilities committed to reducing GHG.

Our significant reliance on coal for power generation presents a major risk and an opportunity, which strengthens our commitment to assist the City and community in reaching the City's ambitious GHG reduction goals. With 73 percent of our power coming from coal, we have an opportunity to significantly reduce our GHG emissions through efficiency and conservation efforts. Shifting to lower-emission resources will likely mean higher costs because coal, from a purely economic standpoint, currently is one of the most inexpensive fuel sources. However, the costs of coal-fired generation must take into account the environmental and social costs associated with mining, transportation and climate change. Significant risks exist if no action is taken to reduce GHG emissions. In addition, pending federal

legislation could significantly increase the cost of coal-fired electric generation by explicitly including a cost for carbon.

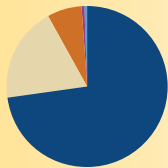
In the Fort Collins community and at Utilities, we are committed to defining a path to reduce our carbon emissions while maintaining high reliability and a focus on affordable bills, particularly for our low-income customers.

Platte River Power Authority. Our membership in Platte River accounts for a substantial portion of our environmental impacts. Platte River owns and operates power generation resources, which provide energy for our local needs. These resources result in significant environmental impacts. While Utilities does not directly own and operate the power generation facilities, as a member of Platte River, we are responsible and account for our portion of Platte River's emissions, coal consumption and other environmental impacts.

Platte River has been measuring and reporting greenhouse emissions since 2006. Platte River began reporting to the California Climate Action Registry in 2006, switching to the Climate Action Registry in 2008. Participation in these GHG registries is part of Platte River's efforts to prepare for potential GHG regulation. It also reflects the value Platte River places on being a good steward of the environment.

Rawhide Energy Station.

FORT COLLINS UTILITIES' 2009 POWER GENERATION MIX



- 73% Coal
- 19% Hydroelectric Conventional
- 7% Renewable
- 0.5% Natural Gas
- 0.5% Other

“Sustainability is important to me. I grew up in a family where we always recycled, I do it now, and my friends do, too. We talk all the time about how we can do more to create a more sustainable world.”

Hannah Ahrendt, Cashier, Customer Services

Resolution 2008-051. Adopted by City Council in May 2008, Resolution 2008-051 establishes two GHG goals for the Fort Collins community and one near-term “intent” to reduce emissions. The two goals are aligned with statewide goals set by the State of Colorado.

Goal:

- reduce communitywide greenhouse gas emission 20 percent below 2005 levels by 2020
- reduce communitywide greenhouse gas emissions 80 percent below 2005 levels by 2050

2012 Intent:

- reduce communitywide greenhouse gas emission by the end of 2012 to a level not to exceed 2,466,000 tons of CO₂e, which is comparable to 3 percent below 2005 levels

Climate Action Plan. City Council adopted by resolution, the Climate Action Plan, December 2, 2008. The plan's recommended actions require Council approval for funding through the City's normal budget process. The Climate Action Plan provides an important unifying framework for Fort Collins to take a lead in the Colorado's new energy economy and to advance the economic and environmental sustainability of our community.

Utilities has a significant and influential role in assisting the community to achieve the GHG reduction goals set forth by the Climate Action Plan. We carefully consider the development and adoption of programs, technology and the evolving regulatory landscape for the optimal solutions to support the Climate Action Plan. Ongoing and new programs related to operational and building energy efficiencies, energy and water conservation, Advanced Metering Infrastructure (AMI) and Smart Grid technology, renewable energy generation and others offer effective ways for Utilities and customers to reduce their GHG emissions.

A strategy to measure GHG emissions in our operations. As part of the reconstruction of the Mulberry Water Reclamation Facility (MWRf), Utilities developed a carbon footprint for the facility in conjunction with our construction design consultant, MWH. A carbon footprint is a measure of the impact on the environment in terms of climate change. To expand the accounting metrics for GHG emissions, the footprint measures or calculates the emissions created through this facility's operations. Our wastewater facilities are not required to report emissions to the Environmental Protection Agency (EPA) as they do not exceed the agency's specified emissions quantity thresholds. However, staff considers developing a carbon footprint for MWRf to be a key strategy in identifying process improvements and strategies that could result in energy-efficiency gains in the future, while focusing subsequent reduction on areas with an opportunity for improvement. The ultimate goal is to determine the magnitude of MWRf's operational GHG emissions and compare them to an 'industry standard' Water Reclamation Facility.

The Mulberry Facility already has process and infrastructure improvements that focus heavily on key components of sustainable design. These include such aspects as: reuse and recycling of original construction material, geothermal heating and cooling systems, premium and energy efficient motors and variable frequency drives. Managing and reducing electric use at our water reclamation facilities will continue to be a challenge as environmental regulations become more strict and require more intensive processes to treat wastewater for nutrient removal.



Hannah Ahrendt.

First Municipal Sustainability Report.

In 2009, the City produced its first municipal report on sustainability. The report sets forth 10 goals for internal city operations. These goals include:

- *targets for reductions in greenhouse gas emissions (GHG), electricity and natural gas fuel use, solid waste and water use*
- *tracking efficiency and cost savings*
- *implementing environmentally preferable purchasing practices*
- *increasing the City's forest canopy*
- *increasing employee participation in the Wellness Program*
- *ensuring the public has access to this information*

Utilities is committed to doing our part to meet the City's sustainability goals and offers our teams' resources and assistance whenever possible.



“We are the financial pillar to support management decisions pertaining to the financial, environmental and social impacts of Utilities’ business. Our job is to analyze costs and provide financial data to inform management decisions.”

Phil Ladd, Financial Analyst, Finance and Budget

Phil Ladd.

Front Range Climate Change Vulnerability Study.

Utilities currently is involved in a Water Research Foundation (WRF) sponsored research project that is expected to provide critically important information related to the City’s water supplies. With the increasing recognition of global and regional climate changes, several Colorado Front Range water providers have collaborated with the WRF on a research project to study the possible impacts these changes may have on their future available water supplies. This is of particular concern given that recent studies indicate global warming may lead to unprecedented drought conditions in parts of the western United States. The research project is providing education, tools and methodology to help examine the potential long-term effects of climate change on several common watersheds. The final report for this Front Range Climate Change Vulnerability Study is expected to be available sometime in 2010.

Full accounting. To fully account for our GHG-related emissions, our total emissions are reported in two ways:

- the Platte River ownership-allocation method
- the Utilities’ operational load method

The GHG inventory reporting methodology reflects an ownership and operational control boundary for reporting as defined by the Climate Registry’s Electric Power Sector Protocol. Utilizing both boundary conditions results in the most transparent representation of Utilities’ GHG emissions. Ownership-boundary results report an ownership allocation of all of Platte River’s direct generation emissions, including off-system electric sales. Operational-boundary reporting results in the emissions directly related to Utilities’ purchased energy on behalf of all electric customers. Our ownership of Platte River was calculated in 2009 at 48 percent.

Showing both levels of emissions allows us to fully report our total allocation of Platte River emissions, which also allows us to document the effects of increased renewable energy purchases by customers and Utilities, in addition to our energy-efficiency efforts.

The Utilities’ operational load:
1,134,862 CO₂ metric tons

The Utilities’ Platte River ownership:
1,734,489 CO₂ metric tons

Due to the economic conditions in 2009, less energy was produced and consumed by Platte River. This temporarily reduced our overall consumption of resources to produce electricity and resulted in a reduction in GHG from 2008 levels.

Additional regulated air emissions from Platte River include:

- NO_x: 1,854 short tons
- SO₂: 710 short tons

(Data relates to Utilities’ Operational Load.)

Compared to 2008 emissions, the 2009 NO_x increased by 7 percent and SO₂ by 17 percent. The 2008 emission levels were lower because Rawhide Unit 1 was off-line for several weeks, resulting in lower coal consumption, ash production and emissions.

Energy Policy. We are developing strategies to reduce GHG emissions in alignment with the City’s GHG reduction goals for 2020. We have developed an Energy Policy that guides our strategies related to reliability, GHG emissions reductions and economic health. In 2008, we spent much of the year updating our Energy Policy. Policy revisions reflect our five years of experience implementing the 2003 policy, the evolving electric utility industry and the interests of Fort Collins citizens. Our updated Policy was adopted in 2009. This revised version is different than the 2003 Policy as it now:

- integrates the City’s carbon reduction goals
- has updated metrics and calibrates goals to align with electric industry best practices
- focuses on enhancing economic vitality through affordable rates, reliable services, energy conservation and efficiency
- emphasizes the importance of maintaining a close relationship with our electric provider, Platte River, to assist in advancing our goals

Energy Efficiency. We recognize energy efficiency and conservation as the most cost-effective ways to reduce GHG emissions and save money for our customers. We continue to plan for expanding and improving our efficiency programs to produce additional savings through reduced energy use by customers. With a mix of rebates, financial incentives, education and training-related energy-efficiency programs, our target is to achieve an annual energy reduction of 1 percent of our annual total load (approximately 14,500 MWh per year) by 2009. In 2009, we achieved energy-efficiency program savings equivalent to 0.70 percent of the community’s electric use.

By participating in our numerous programs, customers saved more than 10,212 MWh. This amount is a 10 percent decrease from 2008 results, mostly due to having a number of projects still in planning phases, but not yet completed in 2009.

Voluntary renewable energy program. Fort Collins was the first electric utility in Colorado to offer our customers the option to purchase wind-powered energy.

The Green Energy Program has continued to grow in popularity with customers; in 2009, this voluntary program supported the purchase of 36,795 MWh of renewable energy. The program continues to grow and had 1,813 customers, an increase in participation of 10 percent from 2008. Participating customers paid an additional premium of 1 cent per kilowatt hour (kWh) to purchase renewable energy. The price premium was subsidized by Utilities for customers to maintain program consistency. In 2009, the actual tariff premium from Platte River was 1.2 cents per kWh. The subsidy for this program required the investment of \$73,590 from Utilities.

Rate-based renewable energy. In addition to the voluntary Green Energy Program, Utilities purchases renewable energy from Platte River on behalf of all customers. In 2009, we purchased another 58,205 MWh in renewable energy. The total rate-based renewable energy purchased was 95,000 MWh. Planned purchases of renewable energy are for 96,000 MWh in 2010.

State legislation requires large municipal utilities to provide 10 percent of generation resources from renewable energy by 2020, with an interim goal of 1 percent through 2010, 3 percent through 2015 and 6 percent through 2019. In 2009, Utilities provided 6.4 percent renewable energy towards these requirements, an increase of 2 percent from 2008.

On-site renewable energy. Support for on-site renewable energy installations expanded in 2009. The pilot net metering program initiated in 2005 formally was adopted under new City ordinances in 2009, and the incentive program for rooftop installations nearly doubled from 2008. Fort Collins' net metering offers residential and small commercial electric customers full retail buy-back provisions for electricity generated by solar photovoltaic (PV) systems connected to the electric grid.

Between late 2008 and December 2009, PV capacity additions totaled 301 kilowatts (kw), 67 kw residential and 235 kw commercial, bringing the cumulative on-site PV capacity total to 352 kw. Residential PV incentives (again partnering with the Colorado Governor's Energy Office) totaled \$82,000 in 2009.

City of Fort Collins Climate Wise program.

Utilities supports Climate Wise, a voluntary, public-private partnership between the City of Fort Collins and local businesses to reduce greenhouse gas emissions. Utilities provides the program direct funding, energy services engineering expertise, water conservation consultation and other staff assistance. The program offers technical assistance and recognition to help businesses reduce waste, save energy and water and promote alternative transportation. The program also helps businesses take advantage of energy efficiency program incentives, reducing the capital expense of project implementation. In 2009, the more than 190 Climate Wise business partners documented in excess of 116,978 tons of avoided greenhouse gas emissions, saved \$8.4 million with efficiency gains and diverted 110,200 tons of waste from the landfill.

Energy consumption. Aside from power generation, our largest sources of energy consumption are our fleet vehicles and treatment facilities. In total, Utilities facilities used 17,580 MWhs and 406,579 Therms of natural gas to provide services.

In 2009, nearly 90 percent of our electric use and 64 percent of total natural gas use were directly related to our water and wastewater treatment facilities. The remaining energy and natural gas use was related to our support facilities. The Drake Water Reclamation Facility (DWRF) has taken steps to save costs by "power shaving" during times of peak demand. Staff monitors load trends on a Platte River Web site, and powers down some of the high-energy consumption equipment for a two- to three-hour period. This can result in significant savings as peak demand prices are at a premium price. In 2009, DWRF was able to save between \$4,000-5,000 and 10 percent of the plant's energy use per month through this energy saving practice. Power shaving also assists Platte River and Utilities in their energy load management and contributes to the deferment of building additional power-generation sources and transmission capacity.

For water production and treatment, we calculated 2,792 kWh per-million-gallons of water produced are consumed from source to effluent. This electric consumption rate has remained flat compared to 2008.



Joe Wright Reservoir.

Our energy consumption is lower than many utilities, as the Fort Collins water distribution system is mostly gravity based, requiring very little pumping.



New Hybrid Bucket Truck.

Purchasing Decisions.

As part of the City's administrative policies, departments are strongly urged to consider buying vehicles rated for low emissions and high gas mileage. In 2009, the Light and Power Unit purchased a hybrid bucket truck. This new vehicle runs on electric energy when the bucket is in use, thereby reducing engine use and emissions.

Fleet vehicles. Our fleet vehicles were responsible for a total of 149,253 gallons of fuel consumption. The overall fuel use is down 1 percent from 2008, down 8 percent in gasoline use and overall reduction of 8 percent of fuel consumption the last two years. Some of the fuel savings may be attributed to our continued practice of the Light and Power crews working four 10-hour days during the work week in the summer season, and an anti-idling policy. Additionally, the City provides B20 biodiesel, propane and E-85 to increase the use of alternative fuels for our vehicles. These fuels comprised 41 percent of our fuel use in 2009, thus reducing our emissions and our dependence on gasoline.

Energy Challenge. As part of our efforts to reduce energy consumption in Utilities offices and facilities, we developed an Energy Challenge in March 2008 to encourage employees to reduce their electric consumption. This challenge developed into a healthy competition between our Utilities Executive Director and the City Manager, who sought energy savings at other City sites, including City Hall. The reductions were based on voluntary employee actions such as turning off lights, computers and other equipment. In 2009, the Energy Challenge was extended to most of Utilities facilities. Participating facilities achieved the following reductions: 1,020 MWhs; 884 tons of GHG emissions; and \$58,499 in energy costs compared to 2005 consumption.

Energy efficiency at our treatment facilities. The state of Colorado acknowledged the Water Treatment Facility for implementing energy-efficiency practices, including electric-load shedding to reduce peak charges; high-efficiency lighting, ballasts and office motion sensors; chemical containment storage areas; solar panels at remote reservoir site and extensive recycling efforts.

Drake Water Reclamation Facility (DWRF) also was recognized for reducing energy consumption during peak demand periods, which resulted in decreased costs, coal usage and power plant emissions; elimination of odor control chemicals through use of compost and wood chip biofilters; energy-efficiency and recycling practices; methane-operated equipment now heats 13 of 16 facility buildings.

Water.

Water treatment, reuse and recycling.

As a water and wastewater utility, we must divert and treat raw water for drinking supplies and collect, treat and clean wastewater for discharge and return it to the waterways. By diverting and selecting specific sources from the watershed around the Fort Collins area, we are able to provide clean, safe drinking water to our customers. Platte River also uses water to generate electricity in support of our electric utility. Our membership in Platte River results in additional water diverted from the Colorado (via the Windy Gap and CBT Projects) and Yampa rivers for power-generation needs at the Rawhide and Craig generation facilities. The total amount of water used by Platte River is approximately 6,000 AF per year.

Water reuse. In 2009, our Mulberry Water Reclamation Facility was off-line due to reconstruction, and DWRF was the primary reclamation facility, treating 5,589 million-gallons-of-water (MG). To make more efficient use of local water supplies and reduce diversions from the Poudre River, we provided 1,369 MG of wastewater effluent to Rawhide Energy Station to help meet cooling needs.

The reuse of treated wastewater by Platte River equates to approximately 25 percent of the total wastewater treated; the remaining 75 percent of wastewater effluent is discharged back to the local watershed.

Water Recycling. Due to the nature of our water rights, we are only able to truly recycle and reuse a small portion of our treated wastewater effluent, much of which is sent to the Rawhide Facility. Most of Utilities water rights are classified as single-use water rights in Colorado and cannot be reused by the City.

We recycle sidestream flows in our wastewater treatment process. Sidestream flows are solids from biological reactions that occur in the aeration basin and settle, as effluent, in sedimentation basins. This sidestream flow is returned to the beginning of the plant for treatment. The effluent then is disinfected and discharged to either the Poudre River or an irrigation ditch. Although they are recycled, sidestream flows are not reused or re-consumed. In 2009, side stream flows totaled 515 MG at DWRF.

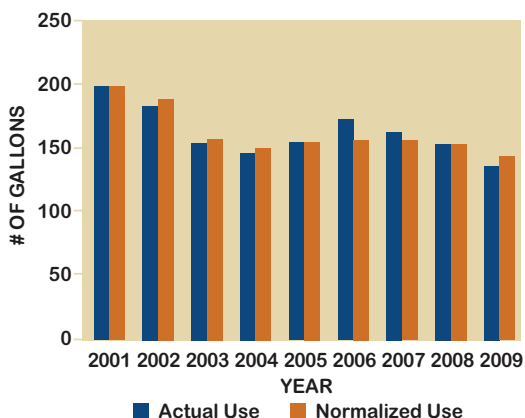
Our Water Treatment Facility also is able to recycle a limited amount of water for process efficiency, which is dependent on the amount of water production. As part of the solids removal process, excess water is recycled. The water is treated with ultraviolet disinfection prior to returning to the beginning of the plant for treatment. In 2009, the City recycled 272 million gallons of water.

Water quality and protection. Water Resources and Treatment helps manage and protect the regional water supply and watershed by improving water quality and reducing pollution entering waterways. We have been a member and major funder of the Big Thompson Watershed Forum for 12 years and partner with other organizations on regional projects to monitor and analyze water quality in the CBT watershed. With other drinking water providers that use the upper Poudre River watershed, we developed a water-quality monitoring program for the watershed and work with other entities to monitor and protect watersheds upstream of our water intakes. In accordance with federal regulations, we deliver water-quality reports to consumers each year. The reports are available at fcgov.com/water/dwqr.php.

Water supply and demand. Our Water Supply and Demand Management Policy guides Utilities in balancing our community's supply and demand, even during drought conditions.

In 2009, we diverted 23,262 AF of raw water from the Poudre River and Horsetooth Reservoir to provide treated water to Fort Collins, a decrease of 11 percent from 2008. This high percentage reduction is likely the result of increased precipitation in 2009, which decreased our customers' water demand.

GALLONS PER CAPITA PER DAY (GPCD) WATER USE



(1) GPCD values do not include large contractual water use.
 (2) Normalized values represent average expected use for 1930-1995 weather conditions.

Waste and Procurement.

Material use and waste. In 2009, Utilities ownership allocation of Platte River's power generation resulted in consumption of 640,300 short tons of coal. This is a 23 percent decrease from 2008, mostly due to reduced generation that accompanied less demand in the energy market. The consumption of coal for power generation also results in fly and bottom ash, which is our largest source of waste generation. We were responsible for generating 39,407 tons of ash, while an additional 5,869 tons (17 percent of the fly ash produced) was recycled and designated for a beneficial use in such products as cement and concrete structures. In addition to coal, Platte River facilities use natural gas, and the Utilities allocation in 2009 resulted in 344 million standard cubic foot of natural gas consumed to produce electricity.

Another major source of waste. Our wastewater utility is another source of waste generation. In 2009, we were able to remove 95 percent or 1,793 dry tons of biosolids from the wastewater effluent prior to returning the water to the watershed. Biosolids are a nutrient-rich organic material created from the biological and physical treatment of wastewater. In 1990, the wastewater utility purchased the 26,000-acre Meadow Springs ranch outside Fort Collins. The ranch is used primarily for management and deposition of biosolids produced through our wastewater treatment process. Biosolids are applied to the ranch land, providing benefits such as soil structure improvement, water retention and slow-release fertilizer. In addition to biosolids management, the site is leased to local ranchers, allowing their cattle to graze on the property.

Our office facilities produce waste through normal business operations, and in 2009 we generated more than 1,000 tons of waste that were sent to the local landfill. Our diversion rates fluctuate depending on the site and we continue to encourage our staff to recycle paper, plastic, batteries, aluminum and other materials whenever possible. We added four food digester cones to two of our facility sites that resulted in approximately 80 gallons of food waste being diverted from the landfill in 2009.



Poudre River Spills Response.

On two separate occasions, August 25, 2009, and September 3, 2009, a tanker truck overturned on Highway 14 in the Poudre Canyon, spilling more than 5,000 gallons of hot liquid asphalt and some diesel fuel into the Poudre River. The trucks were carrying liquid asphalt to a paving project and overturned in a curve. Emergency responders quickly addressed life/safety and containment in both incidents, with the EPA initiating the removal of the material from the river. The City's raw water intake is located downstream of the first asphalt spill and upstream of the second spill. Emergency dispatch contacted Fort Collins Utilities within 15 minutes of each spill. In the first incident, Utilities was able to shut down the raw water intake within 45 minutes of becoming aware of the incident. The City's intake was still shut down when the second spill occurred. City staff responded to both incidents and provided technical support and containment supplies to emergency responders. Utilities and the EPA tested the raw water for verification that no contaminants from the spill existed prior to re-opening the raw Poudre River supply.



Local Summer Market.

Local Market Presence.

No formal City policies state a preference for locally based suppliers. While most City and Utilities purchased materials and supplies are not manufactured locally, such purchases do contribute to the local economy and community by supporting local distributors and suppliers.

Sustainable procurement practices.

While the most significant use of materials and creation of waste is directly related to providing utility services, Utilities also has a substantial local environmental and economic impact related to supporting these services. Due to Utilities' and other City departments' economic impact on the community, the City has adopted environmentally preferable purchasing guidelines. The guidelines were developed to enhance the economic impact while reducing our environmental footprint. We have adopted the City's purchasing guidelines, where applicable. The guidelines include considerations for products' environmental impact and specify preference for products with recycled content. In 2009, we purchased more than \$6,000 in recycled content for office supplies.

Biodiversity.

Impacts on biodiversity. As a multi-service utility and large consumer of natural resources, we have a direct impact on and must interact with local areas of biodiversity. Many of our activities have the potential to impact wetlands, watersheds, and stream and river habitat. At this time, neither the City nor Utilities keeps an inventory of the community's specific areas of high-biodiversity value, other than the areas directly affected by such Utilities' operations as water diversion.

Our water storage and collection activities affect local water resources and habitats; however, we are monitoring and striving to minimize these impacts. Our raw water diversion and storage systems include dams and a diversion structure on the Poudre River, which affect local river habitat. Our treated wastewater also discharges to the Poudre drainage basin, and we ensure all discharges are de-chlorinated prior to release into the river system. Additionally, power generation activities through Platte River lead to GHG and other emissions and raw water diversion from the area. We offer substantial public outreach programs to educate children and adults about the local habitat and to help minimize additional biodiversity impacts.

Unique opportunity to enhance and protect biodiversity. Our position as a municipal utility affords us a unique opportunity to enhance and protect biodiversity and habitats on a broader scale. We are able to accomplish this by working collaboratively with other City departments, community and

regional partners and other stakeholders. An example of this collaborative approach is our Water Engineering and Field Services Unit collaboration with the City's Natural Areas Department. Our joint goal is to improve, protect or enhance the local biodiversity areas and habitat while also improving community open space and natural areas.

Environmental investments and fines.

Our investments in environmental protection are embedded in Utilities' operations and delivery of electric services.

Some of our 2009 investments:

- assigned six full-time Utilities employees to support the City's regulatory and environmental management
- trained, via our Regulatory and Government Affairs division, 388 City employees from 10 different departments on stormwater pollution prevention and good housekeeping procedures
- trained 360 City employees from 10 different divisions on: Environmental Project Manager, Hazardous Materials First Responder Awareness Level, Hazard Communication Refresher training, Power washing Regulations, SPCC and Asbestos Awareness
- worked, via our Industrial Pretreatment program, with local businesses and industries to ensure waste discharges do not interfere with our water treatment processes
- sponsored the 19th Annual Children's Water Festival with 1,700 students attending
- conducted stormwater educational outreach, including 7,770 student and 708 adult contact hours
- stenciled 206 storm drains to encourage a reduction in pollution runoff
- conducted outreach to 64 carpet cleaning businesses regarding the proper disposal of water collected from their services
- offered extensive education and outreach for our water conservation and energy efficiency programs

Utilities did not report any significant spills or receive any fines for non-compliance in 2009.

“Our momentum continues to build. We encourage comments and questions from our customers and stakeholders in helping us broaden our perspective, understand community priorities and engage those interested in participating with us.”

Brian Janonis, Executive Director

Moving Forward.

Our momentum builds. The organizational platform built during 2008 set the stage for further refinement in 2009. The four teams continued outreach to coworkers to introduce ideas and concepts developed during planning, expand our reach and impact and explore new ideas contributed by the workforce. As we continued to work toward implementation of our initial plans, approaches for some strategies and tactics were easily scoped and development of tactical teams formed. Other strategies continued to be critical; however, resources and approaches were not easily and immediately developed.

With the conclusion of the active planning phase, we began the task of maintaining efforts, discussing progress with management and determining additional resources needed. An all-employee celebration during the summer offered an opportunity to talk with most of our workforce at one time, as well as helping generate enthusiasm. Kim Jordan, CEO of New Belgium Brewing and a leader in local sustainability efforts, provided inspiring words and joined with us in celebrating the journey our organizations have undertaken.

We enjoyed our early successes as we prepared to further expand in many areas:

- Global Reporting Initiative—in 2009, we added or completed 12 indicators to meet B-level requirements
- developed tactical teams—within the four issues teams, members took responsibility for specific tactics and established tactical teams to further develop specific initiatives, such as the ONE Planet incentive program and the employee education programs
- developed our 21st Century Utilities intranet site, as home for our meeting notes and resources for our staff
- developed initial tools for implementing Triple Bottom Line analysis
- documented the budget resources needed in the 2010 planning cycle

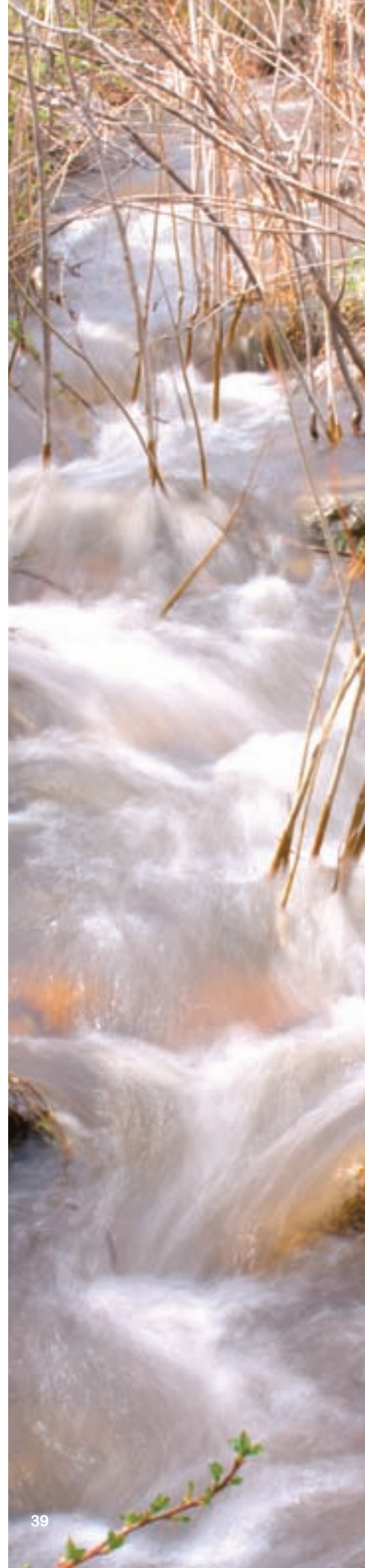
Employees. In 2009, the importance of more fully engaging our employees was seen as a critical focus. Strategies for using all-employee meetings for updates were

identified, and educational opportunities were planned to broaden the discussion of what sustainability means in various contexts. Our Executive Director and team members led staff discussions to help involve the entire community of Utilities employees in a shared understanding of the nature of sustainable actions and the shifts needed to further embed them in our organization’s culture. In addition, the Executive Director sought employee input on how Utilities can “make real” the nature of sustainable actions for individuals and the organization.

Stakeholders. Our external stakeholders—customers, policy makers, community organizations and industry colleagues—will make a difference in our future success and ultimately in the resources available to keep our momentum steady. Initial stakeholder engagement involved early stages of strategic implementation, specifically, creating the framework for an Ambassadors Program and Speakers Bureau to extend Utilities’ connection to issues we face jointly with the community. More active outreach will be planned throughout 2010, setting the stage for our sponsorship of community forums on sustainability topics and beginning the process of informing our customers about the issues confronting our organization and utility industries.

Triple Bottom Line. The team charged with helping the organization develop a TBL approach initiated TBLAM—Triple Bottom Line Analysis Map—that provides Utilities with a system for identifying issues that are potential hurdles or enhancements to project success. This approach will be refined and practiced in 2010. Early efforts clarified the importance of focus in this area. Enthusiasm for TBLAM as an easily understood tool helped renew commitment to the application of TBL thinking in as many decisions or discussions as possible. Interest from other areas within the City encouraged the “pioneers.”

Organizational culture. During 2009, our Culture Team explored an approach to understanding the current state of our culture with the development of our Cultural Values Assessment. With a successful launch of the organizational assessment completed, further work in 2010 could be focused on helping our employees understand where we are and where we believe we need to be.



Appendix: Utilities' Stakeholder Expectations Table¹

STAKEHOLDER GROUP	ENGAGEMENT TYPE
<p>CUSTOMERS</p>	<p>CUSTOMER SERVICE</p> <ul style="list-style-type: none"> - Customer Service Representatives - Customer and Employee Relations Team - Key Accounts Representatives - Business assessments <p>MARKET RESEARCH</p> <ul style="list-style-type: none"> - Customer satisfaction surveys - Interim surveys and focus groups <p>PRINT & WEB-BASED MEDIA</p> <ul style="list-style-type: none"> - Online account management - Website - Direct mail (bill inserts, post cards, Year-End Letter) - Print and broadcast advertising <p>EFFICIENCY PROGRAMS</p> <ul style="list-style-type: none"> - Efficiency Audits - Environmental Program Series - Business Environmental Program Series - In-store events focused on energy and water efficiency - Home Energy Reports - Rebates and bill credits <p>PUBLIC MEETINGS</p> <ul style="list-style-type: none"> - Electric & Water Board Meetings - Council Meetings
<p>COUNCIL & BOARDS</p>	<p>Briefings & presentations at Council meetings</p> <p>Water Board</p> <p>Electric Board</p> <p>Other City boards and commissions</p>
<p>PARTNERS</p>	<p>Joint Customer Programs</p> <p>IGAs</p> <p>Regional water planning and management</p> <p>Projects with other City departments</p> <p>GEO funding opportunities</p>
<p>REGULATORS</p>	<p>Governmental and regulatory staff</p> <p>Regulatory proceedings</p> <p>Reports, filings and informational materials</p> <p>Stakeholder forums</p> <p>Presentations and speaking engagements</p>
<p>COMMUNITY ORGANIZATIONS</p>	<p>Electric Board</p> <p>Water Board</p> <p>Council Meetings</p> <p>Advisory Panel</p> <p>Direct access to Council Members</p> <p>Mass Media</p> <p>Speakers Bureau</p>

	STAKEHOLDER INTERESTS, CONCERNS & EXPECTATIONS	UTILITIES' RESPONSE & TARGETED ACTIONS	
	<p>Service quality Service reliability Managing energy and water rates Customer service & payment options Energy, water and money saving opportunities Low-income assistance Community and environmental stewardship Privacy of customer information Flood management In stream flows for recreational use</p>	<p>Awarded \$15.4 million federal grant to advance two-way communication on the City's electric grid via AMI Focused and expanded our energy and water savings outreach programs Implemented the City's updated Energy Policy, adopted in 2009 Payment Assistance Fund Expanded Water Conservation Plan Implemented a formalized Environmental Management System at our water reclamation facility Began development of a Green Building Residential Energy Code Launched our online account management system Completed 50 percent of the construction phase of our Canal Importation Basin Project</p>	
	<p>Best practices Reliability of service High-quality drinking water Responsive to customer needs and issues Decision making and practices aligned with City policies Leadership in sustainability</p>	<p>Review of proposed council actions Staff reports/liaison Annual/periodic council reports Council action prepared</p>	
	<p>Equitable relationships Mutually beneficial outcomes Professionalism Trustworthy actions Accountability for appropriated funds</p>	<p>Supplier and construction industry seminars Utilities industry speaking opportunities</p>	
	<p>Regulatory compliance Transparent and accurate reporting Collaborative policy debates Collaborative regulation development Sound scientific basis for regulation</p>	<p>Privacy Committee Financial audit Environmental management system EMS development for other City departments Interdepartmental Environmental Management Team Transparent environmental documents Compliance assistance and education outreach for all City departments City legislative and policy committee membership</p>	
	<p>Economic Development Public Safety Project input and communication Environmental stewardship and leadership, including efficiency education Accountability Community support and involvement with local initiatives</p>	<p>PUBLIC OUTREACH - Community relations/public engagement-related to major projects - Water and energy youth and adult education programs in school and in the field - Canal Importation Basin Project public outreach - Fort Collins Conserves campaign - Flood Awareness Week - Public Power Week - Drinking Water Week - Sustainable Living Fair - Annual Children's Water Festival - Others</p>	<p>PUBLIC REPORTING - Annual Sustainability Report - Drinking water-quality report - Flood Awareness report</p> <p>COMMUNITY INVOLVEMENT - Community food drive - Blood drives - Private volunteering/boards - Adopt-A-Family - Collections of toys and toiletries</p>

¹ Representative of stakeholder engagement/expectations and Utilities' response/actions.

2009 GRI Indicator Content Index.

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2.10	Awards received during reporting period	11
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3.2	Date of most recent previous report	5
3.3	Reporting Cycle	4
3.4	Contact point for questions regarding the report or its content	44
3.5	Process for defining report content	4-5
3.6	Boundary of report	4-5
3.7	Specific limitations on the scope or boundary of the report	4-5
3.8	Reporting on other entities	NA
3.9	Data measurement techniques and the bases for calculations	5
3.10	Explanation of any restatement	NA
3.11	Significant changes from previous report	5
3.12	Table identifying the location of the Standard Disclosures in the report	4
3.13	Policy and current practice with regard to seeking external assurance for the report	4-5

GRI G3 Performance Indicators.

Blue Indicates Full Disclosure

Orange Indicates Partial Disclosure

Plum Indicates Not Applicable

Indicators noted as a "partial" disclosure have only a portion of the data available to include in to the report. This is mostly due to limited availability of data or current practices in place to track this information and data. Because Fort Collins Utilities is a municipally-owned entity, many of the governance indicators marked 'NA' do not apply to our governance structure.

GRI G3 Indicator	Content	Page Number
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Governance, Commitments and Engagement

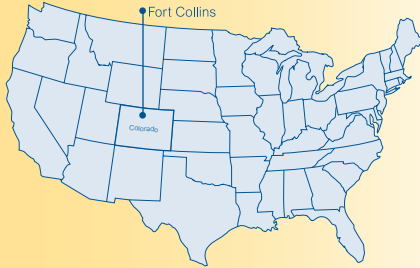
Governing Our City Operations

4.1	Governance structure of the organization	16-18
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EC 6	Policy, practices and proportion of spending on locally-based suppliers	38
EC 7	Procedures for local hiring and proportion of senior management hired from the local community	16
EC 8	Development and impact of infrastructure investments and services provided primarily for public benefit	8



**Location of
Fort Collins, Colorado**

Additional Information.

For additional information about this report, the GRI information on Fort Collins Utilities Web site, or the Utilities internal Sustainability Implementation Plan, please contact Patty Bigner at pbigner@fcgov.com. To learn more about our operations, please go to www.fcgov.com/utilities.

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2010*

GRI G3 Indicator	Content	Page Number
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Acknowledgements

We respectfully acknowledge the members of our 21st Century Utilities Advisory Panel, who guided our direction and efforts. We appreciate and thank them for the time and commitment required to assist us in this transformative process.

Advisory Panel

Darin Atteberry, Fort Collins City Manager

Patty Bigner, Fort Collins Utilities

Dan Bihn, Bihn Systems

Julie Brewen, Fort Collins Housing Authority

Mark Easter, Sierra Club

Bill Farland, Research,
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Bill Franzen, Poudre School District

Paul Fromme, Poudre School District

Brian Janonis, Fort Collins Utilities

Mark Machacek, Northern Colorado
Renewable Energy

Brian Moeck, Platte River Power Authority

Robin Pierce, Fort Collins Utilities

Tom Roiniotis, Longmont Power Utility

John Sanderson, The Nature Conservancy

John Stokes, City of Fort Collins Natural
Resources Department

Gary Wockner, Save the Poudre Coalition

Steve Wolley, Avago

2009 Core Sustainability Team

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Lori Clements-Grote, Customer Service
Manager

Carol Webb, Regulatory and Government
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Matt Fater, Special Projects Manager

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Rodney Albers, Drainage System Supervisor

Lou Cordova, Crew Chief Supervisor



Sustainability Purpose.

Inspiring community leadership by reducing environmental impact while benefiting customers, the economy and society.



Reporting organizations must self-declare a Global Reporting Initiative (GRI) Application Level. This system is not grade-based and does not represent GRI's view on the value or quality of the report and its content. It is based on the number of indicators included in the report. Fort Collins Utilities is committed to expanding the breadth of our reporting. For our 2009 report, we have advanced our application to a B-level, which includes more data and provides our readers with a better understanding of how Utilities makes management decisions related to our operations and services. "GRI Checked" indicates the GRI confirmed our report meets the established criteria. For more information on GRI Application levels or the Reporting Framework, please visit globalreporting.org.



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