Office Of The City Auditor
Colorado Springs, Colorado

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18-27 City of Colorado Springs and Colorado Springs Utilities Qualifying Stormwater Expenses Verification

November 2018

Purpose

The purpose of this audit was to monitor and verify the level of stormwater spending by City of Colorado Springs (City) and Colorado Springs Utilities (Utilities) as specified in the Intergovernmental Agreement (IGA) between the City, Utilities, and Pueblo County. This audit reviewed calendar year 2017 spending.

Highlights

We conclude the identified activities, timing, and $23.6 million of expenditures and encumbrances claimed in the *Stormwater Control Program Inter-Governmental Agreement (IGA) Annual Report of Final Expenditures Calendar Year 2017* (IGA Report) met the criteria for the Intergovernmental Agreement (IGA) between the City, Utilities, and Pueblo County. Reported expenditures exceeded the minimum annual and average annual commitment.

The City and Utilities are required collectively to invest $20.0 million annually on average during the first five years on the Stormwater Control Program per the IGA. The program includes a Capital Improvements Program, provisions for operation and maintenance of the City's stormwater facilities, compliance with the City's MS4 Permit, and protection of Utilities infrastructure from stormwater. For the 2017 calendar year reporting period, the City and Utilities have invested a total of $23.6 million with Utilities reporting $3.34 million spent on the Sanitary Sewer Creek Crossing Program (SSCC). To evaluate the City's and Utilities' spending, we reviewed 100% of the expenditures for the 13 IGA required capital projects, seven other Stormwater Capital Projects (see page 2), operations and maintenance of the stormwater facilities, compliance with the MS4 Permit and all Utilities SSCC activities for the following criteria:

- Expenditures were made between 1/1/2017 and 12/31/2017.
- Infrastructure expenditures were undertaken primarily to provide stormwater control.
- Activities not required by other regulatory permits, consent agreements, or governmental regulations.

	Minimum Annual Commitment (2016-2020)	Average Annual Commitment (2016-2020)	2017 Expenditures*
City SW Program	$ 13,500,000	$ 17,000,000	$ 20,260,556
Utilities SSCC	$ 3,000,000	$ 3,000,000	$ 3,340,083
Total	$ 16,500,000	$ 20,000,000	$ 23,600,639

*The IGA defines expenditures as both actual expenditures and encumbered funds. Encumbered funds must be appropriated and placed into a restricted fund or account.

(Continued on page 2)

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In addition, we inquired if outside technical engineering experts hired by Pueblo County had any concerns or comments on the final 2017 IGA report. As of the end of our review, none had been expressed.

Expenditures were verified in the City of Colorado Springs financial accounting system. All expenses claimed on the 2017 IGA report for Drainage O&M, MS4 Program, and Capital Projects were validated as paid from the General Fund. A correction was made to the 2017 IGA Report to accurately reflect the 2016 O&M expenses misclassified as noted in our review of 2016 reported expenditures. Encumbrances were reviewed and validated as restricted or reserved in the amount of $5.2 million.

2017 Stormwater Spending	
Drainage O&M/MS 4 Program	$ 7,160,556
Capital Projects	$ 7,878,724
Utilities SSCC Program	$ 3,340,083
Encumbered	$ 5,221,276
Total	**$ 23,600,639**

Colorado Springs 2017 IGA Capital Projects Detail

IGA Project No.	Project name	Actual Spend ($)
1	Emergency Stormwater Projects	$1,561,558
2	Sand Creek Detention Pond #3	$6,185
5	Downtown Drainage Improvements (Pikes Peak Avenue)	$798,659
6	USAFA Drainages (Monument Branch)	$100,840
7	Fairfax Tributary Detention Pond	$3,817
8	King Street Detention Pond	$413,798
13	Water Quality Project (America the Beautiful Park)	$87,111
13	Water Quality Project (Sierra Madre Pond)	$17,663
26	Platte Stabilization Grant Match	$3,191
31	Rangewood Tributary Detention Pond	$14,010
52	Scarborough Drive Sub-Regional Detention Facility	$69,306
65	Cottonwood Creek Detention Basins	$640,144
0	FEMA Grant Projects (City Funds)	$1,794,836
Various	Project Scoping and Definition (IGA Projects)	$132,781
	Total 2017 Stormwater Capital Project Expenditures	**$5,643,899**
Other	Non-IGA Stormwater Capital Projects Expenditures	$2,234,825
	TOTAL Stormwater Capital Projects Expenditures	**$7,878,724**

Colorado Springs Utilities SSCC Program Activities

Project name	Actual Spend ($)
Monument Branch Channel Restoration Phase-II	$500,000
Sand Creek Stabilization at West Fork Confluence-Karr Phase II	$457,871
Sand Creek Stabilization between Hancock & Academy	$624,565
Fountain Creek at Tejon & Nevada Stream Stabilization	$25,744
Monument Creek Stream Stabilization Upstream of Pikeview Intake	$1,208,998
Monument Branch Stream Stabilization at Middle Monument Force Main	$52,883
CRS Bank Stabilization, Design, Easement Acquisition	$106,482
Dry Creek Downstream of Dawson Drive, Design	$172,124
West Fork Sand Creek Stream Stabilization, Design	$68,634
Cottonwood Creek Upstream of Academy Blvd Stream Stabilization, Design	$94,923
Little Fountain Creek Project (Multi Service Capital)	$27,859
Total Utilities SSCC Program 2017 Project Costs to Date	**$3,340,083**

This audit was conducted in conformance with the International Standards for the Professional Practice of Internal Auditing, a part of the Professional Practices Framework promulgated by the Institute of Internal Auditors.