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**MINUTES
CITY OF FORT COLLINS
FUTURES COMMITTEE MEETING**

Date: June 8, 2015
Location: CIC Room, City Hall, 300 Laporte Ave
Time: 4:00–6:00pm

Committee Members Present:

Wade Troxell, Chair
Kristin Stephens
Gino Campana
Darin Atteberry

Committee Members Absent:

City Staff:

Jeff Mihelich, Deputy City Manager
Dianne Tjalkens, Admin/Board Support
Carol Webb, Water Resources & Treatment Operation Manager
Adam Jokerst, Water Resources Engineer
Jacqueline Kozak-Thiel, Chief Sustainability Officer
Sam Houghteling, Industry Cluster Coordinator
Jon Haukaas, Water Engineering Field Operations Manager
Lance Smith, Strategic Financial Planning Manager
Sue Beck-Ferkiss, Social Sustainability Specialist
Gillian Breuer, SSD intern

Invited Guests:

Community Members:

Kevin Jones, Fort Collins Area Chamber of Commerce
Dale Adamy, citizen

Wade Troxell called meeting to order at 4:06pm

Chairman Comments: Subcommittee of Council to think about future of city 30–50 years out. Trajectory, more than destination. Provides a forum to discuss items not caught up in current policy. Horizontal perspective that includes next steps.

Approval of Minutes:

Gino moved to approve the May minutes as presented. Kristin seconded.
Motion passed unanimously, 4-0-0.

Future Agendas Discussion: None.

Think Tank Item 5-2015: Water Supply Planning—Carol Webb and Adam Jokerst

Carol provided overview of history of three water providers: Fort Collins Water Utility, East Larimer County water district (ELCO), and Fort Collins Loveland water district (FCLWD). Does not include West Fort Collins water district (they bring own raw water) or Sunset Water District. Also showed map of areas serviced by each water district. Raw water supplies come to City utility from Poudre River and Big Thompson. City can access Poudre River through raw water pipelines and pleasant valley pipeline; Halligan project in progress, can divert into Rigden Reservoir. Also have Michigan Ditch for trans-mountain supply. All raw water supplies include Poudre River. Variety of storage projects are underway. C-BT offers percentage quota. Designed to be supplemental for native supplies. Senior water rights purchased in 1880s, Fort Collins Utility formed in 1940s and began acquiring additional water rights in the 1950s. 1988 adopted first water supply policy. Has been updated twice. More sophistication in acquisition, tiered rate structures, evolved modelling, etc. Districts were formed as developers requested service to new areas. Areas were either annexed or included in GMA. These new water districts began acquiring C-BT supplies and Poudre rights almost immediately. Had been involved in Halligan at beginning but withdrew during permitting process. PVP offers redundancy and flexibility. Utility joined NISP, and is participant in Overland gravel pit project. History of collaboration with districts: interconnections to leverage infrastructure, entered into agreements for providing raw water. Josh Ames was a ditch company that took over as part of Michigan ditch project. Issued certificates to shareholders that guaranteed supply to meet demand for 1/18 acre of land. Not based on acre-foot, but area of land. Code language changed since then. Want to get certificates back. Allowing developers to turn over certificates with agreement to deliver water. Getting closer to firm yield, so cannot continue to make agreements like this. In 2001 had sale/delivery agreement to FCLWD that expired in 2011 for specific subdivisions. Recently studied regionalized treatment with Tri-Districts. Have excess capacity at treatment plant so have capacity agreement with FCLWD, resulting in not having to expand their plant. Have had a few significant lawsuits in the past which resulted in collaborations. Development fees make sure adequate water is available for new developments. All three providers require raw water dedication or cash-in-lieu. FCLWD does not consider size of lot, City does; City also considers plant capacity, and allows single tap for domestic and irrigation. Showed cost comparison: other districts have significantly higher water development fees. 55K acre-feet average annual yield. Firm yield is 31,000. Annual water demand is 25,000. ELCO and FCLWD have average yield and demand that are closer together as they have storage. Showed graph of percentage served by each district within city limits and in GMA. Showed graph of demand planning levels. In 2025 begin to butt against firm yield. Planning for enlargement of Halligan. Graph of percentage for 2040, districts increase percentage growth in GMA. Diverse portfolio available the majority of the year. Planning is based on reliability, storage reserve factor, and planning demand level. Historically have acquired supplies before we need them and have sophisticated planning process. Cash in lieu rate has not been changed since 2001. Not based on today's market. Limited options to provide firm supply: need storage. Are we concerned that raw water is prohibiting development, or just affordable housing development? Can we have more input/control over water supply planning in areas of city/GMA?

Comments/Q & A:

- Eastside-Westside tour is valuable in understanding infrastructure.
 - Will be available this summer.
- City's internal expertise has grown.
 - Water Board has changed: includes people from many sectors.
 - Relied on Water Board for expertise in previous years, has changed significantly.
- Would be informative to look at formation of water districts: economics, etc. Have been conversations about annexations down to Hwy 34 and east of I-25. There are big decisions on our history that would be valuable to understand.

- How do you subsidize the gap for affordable housing water tap fees? Costs charged by other entity, prohibiting building of affordable housing. General fund? Rate payers?
 - How do we collaborate to help with our objectives?
 - Meet with other districts every other month. They are willing to collaborate and have conversation about it.
 - Trust, partnerships, outreach, play into current state.
 - If district fees reflect their actual costs, and decide to fill the gap, artificially affect the market? They don't have a lot of profit in their numbers.
 - Economics are clear. Districts have own challenges and decisions. Where are their pain points? How do we serve entire city and responsibly work together?
- In 2001 agreement, was Fort Collins installing infrastructure?
 - No.
 - Only variable left is raw water.
- Water rights that don't come with storage increase risk.
 - Stopped banking rights; only taking ones associated with projects. If actively acquiring rights, firm yield would increase?
 - Right now investing in developing supplies.
 - Were bundling rights to take to water court, which benefitted the utility. Don't anticipate being able to do this again, so if take water rights today pay the fees and unable to use.
 - Large gap, may want to help serve other areas. Need raw water. Short sighted to not take raw water? Is cost of maintaining water more than risk of not having it?
- Working with Build Out plan with Cameron?
 - Yes.
- Why haven't looked at cash in lieu rates?
 - Were market rate until about a year ago.
 - Need to review numbers. Outdated.
 - Reevaluate, but then prices will go up to be just below cash in lieu.
 - Not advocating raising rates, just to make sure relevant.
- City should be mindful of GMA. Make sure that when community is at full build out that have adequate infrastructure: water, police, parks, etc. Concern about methodology and sophistication: if we are stewards of boundary, need to be certain that infrastructure is reliable through build out.
 - C-BT is allocated out. In other places options are limited. Concerns: cost prohibitive and will water be available?
- Who serves Timnath?
 - FCLWD and ELCO.
 - Timnath's GMA goes beyond Douglas Road. Diversity of income levels in Fort Collins. Don't want to become an elite community; want to maintain diversity. If not intentional in approach, Timnath will become our affordable housing.
 - Or Wellington, or Severance.
 - Data shows it is happening now.
 - Land cost used to be main variable. Ex: Habitat found lots last year for \$80K, but add water tap fees and goes up \$25K. No longer affordable land cost.
- Technology patented that takes fracking water (no water rights), and utilizes for other purposes? Should we be looking at this?
 - Would be recharge.

- Need to look at volume first.
- Stewart Environmental developed a process. Seaworth has been talking about produced water from Wellington. That is a source that is not in our planning yet.
- Average yield is enough to cover districts. Not having firm yield is the issue.
- Economics from evaporation of surface water storage makes underground water storage more feasible. Environmental pushback might be lessened as well.
 - Don't have technology to reuse water now.
 - Have always dealt with pristine water. In Singapore 30% of water is processed reuse. Need to consider.
 - Hawaii was looking at options for decentralized storage.
 - Water innovation will be as important as energy innovation. If solving problems that have worldwide market. Need water at right place, right time, and right cost. Store-level water treatment of effluence is being investigated now. Distributed system/solution.
- Where does conservation come into play with future needs?
 - Planning demand level takes into account climate change, and GPCDs.
 - Need for Halligan is driven by safety reserve. If planned for lower demand level it would reduce Halligan by a few thousand acre feet, but would not eliminate need.
 - Have you done modelling for conservation for full build out?
 - Need safety storage. It is limited now.
- What ideas do water experts think of when looking for solutions? What is the answer?
 - Regional problem requires regional solution. Collaboration. Integrated supply projects.
 - What about GMA, looking out for own interests?
 - Have been discussing with districts, what is their future build out? What does it look like compared to ours? What does that look like with combined supply? If could firm up existing water rights, what does that mean for GMA? If other districts could provide storage to firm up, we could supply more population.
- How much additional would we need if completely firmed?
 - Could capture more that comes from average years in storage. Districts missed Halligan opportunity. Storage requires permitting process; Halligan is taking a decade. Smaller projects with fewer permitting requirements could help.
 - Reservoirs, ponds? Existing opportunity?
 - There are ditch systems with existing reservoir structures.
 - Looking at storage on plains, but requires infrastructure to pump back.
 - Physical infrastructure to provide storage. Innovation. What are policy and other things that could make change? Water Cluster tried agriculture to urban, build efficiencies into system. Monetize existing irrigation water. Water crops more efficiently and sell excess without decreasing yield. Innovation will inform policy. Ex: Grey water. Conservation strategy is better utilizing resource in the first place. Using reused water is conservation effort. Build that into strategies.
 - Ex: Project by Chatfield Reservoir, new build of 13,000 homes. Could you research some?
- If looking at GMA as boundary of interest, do we have enough average yield to cover GMA or just district, at build out? If our constituents are the GMA we should want enough average yield to cover GMA, then work on storage to firm.
 - Would be helpful on slide of average/annual/firm to show build out numbers.
 - July 14 Work Session will give update to that information.

- Resources conversation about GMA as well. If can't meet demands then have new issue. Affordability is also a big issue.
- July will discuss current demands, future information, and direction for policy alternatives.
- Multifamily does not have irrigation demands of single family homes. Per unit cost is less.
 - As talk about density and water conservation, think about variety of uses in build out. Won't all be single family homes. GMA will have mixed use.
 - Market is being set by land in other water districts.
- Smaller taps? Smaller homes, smaller lots, less usage.
 - Take that into consideration here. FCLWD does not adjust raw water requirement based on lot size.
 - Meter size won't make a big difference, but could put lower thresholds and add surcharges for going over thresholds, similar to tiered rates. Smaller units on smaller lots would have to investigate fee structure to assess true cost. Could create smaller segment. Smaller anticipated volume of use.
- Permit, policy, service area?
 - Can only firm for our supply area. If districts had storage could take advantage of wet years. FCLWD is in NISP.
 - Want to collaborate with all partners to achieve best outcomes. Don't arbitrarily self-limit.
 - Districts want to have this conversation.
 - Utility has credibility and respect. Great work.
- What water district are Land Bank properties in?
 - FCLWD and ELCO.
 - Study due June 20.
 - Affects desirability of building.

DO: Next Steps

- Update slides for work session.
- Take ideas and put into policy questions for work session.

Future Agenda Items

December: Culture, Arts, and Innovation

June 23: Innovation Campus

Idea: start showing size/scope of project with signage at location.

Meeting adjourned at 5:41pm.