

AGENDA ITEM SUMMARY

City Council



STAFF

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SUBJECT

First Reading of Ordinance No. 027, 2026, Appropriating Prior Year Reserves and Making a Supplemental Appropriation in Support of the Michigan Ditch Forest Health and Pre-Fire Mitigation Project.

EXECUTIVE SUMMARY

The purpose of this item is to support Fort Collins Utilities (Utilities) in protecting the City's Michigan Ditch – a trans-basin diversion located primarily within the Colorado State Forest State (CSFS) Park near Cameron Pass that is deemed a critical water supply infrastructure. The Michigan Ditch Forest Health and Pre-Fire Mitigation Project serves to implement identified forest fuels treatment on CSFS land to protect Michigan Ditch. Based on the large number of acres to be treated and the costly treatment measures, work is being completed in phases. Phase 1 work commenced in summer 2025, with Utilities and CSFS collectively funding Phase 1 costs. Phase 2 work is proposed to commence in late spring/early summer of 2026, with a cost estimated at \$1,316,682.

Pursuant to Resolution 2025-053, the City Manager accepted \$1,000,000 in grant funds through the Colorado Department of Natural Resources' Colorado Strategic Wildfire Action Program (COSWAP) for Phase 2 of the Michigan Ditch Forest Health and Pre-Fire Mitigation Project. Utilities has a \$316,682 match obligation under the COSWAP grant. Based on timing of Phase 2 to commence late spring/early summer of 2026, and Utilities' obligation to all terms and conditions of the intergovernmental agreement (IGA) among City and the Colorado Department of Natural Resources provided in the Resolution to commence when Utilities submits the first request for reimbursement, Utilities requests Council:

- Appropriate the \$1,000,000 in revenue from the COSWAP grant; and
- Appropriate \$116,682 from the Water Fund reserves for Phase 2 of the Michigan Ditch Forest Health and Pre-Fire Mitigation Project.

The \$200,000 needed to fulfill Utilities match obligation under the COSWAP grant for Phase 2 work has already been appropriated in the Water Fund in the budget for the Michigan Ditch Forest Health and Pre-Fire Mitigation Project.

STAFF RECOMMENDATION

Staff recommends adoption of the Ordinance on First Reading.

BACKGROUND / DISCUSSION

The Michigan Ditch Forest Health and Pre-Fire Mitigation Project serves to implement identified forest fuels treatments. Based on the large number of acres to be treated and the high costs of treatment measures via tethered and helicopter logging, the project needs to be implemented in phases to meet funding needs and capacity of Colorado State Forest Service in managing all aspects of implementation measures.

Phase 1 work, with total cost estimated at \$1,507,805, commenced summer of 2025 with City and CSFS covering 100% of costs pursuant to a services agreement (2024 services agreement).

Phase 2 work will follow Phase 1, with Phase 2 proposed to commence late spring/early summer 2026. Phase 2 work will occur on State lands managed by CSFS. Phase 2 work will also be managed by CSFS based on their experience and expertise in completing forest fuels reduction work. Phase 2 is projected to cost \$1,316,682, which includes costs for forest treatments and administrative costs of CSFS in managing all aspects of project implementation. Similar to the 2024 services agreement associated with Phase 1 work, the City and CSFS entered into a Services Agreement for Phase 2 work pursuant to Resolution No. 2025-054.

Pursuant to the \$1,000,000 in COSWAP funds being passed through to CSFS in support of Phase 2 work, CSFS is deemed a subrecipient of these state funds, and thereby, as presented in the Services Agreement, obligated to abide by certain terms and conditions of the IGA.

CITY FINANCIAL IMPACTS

This item appropriates \$1,116,682 in costs to support the Michigan Ditch Forest Health and Pre-Fire Mitigation Project from:

- \$1,000,000 in unanticipated grant revenue from the Colorado Department of Natural Resources' Colorado Strategic Wildfire Action program, and
- \$116,682 in Water Fund reserves to be used toward required local matching funds for Phase 2 work.

Required matching funds in the amount of \$200,000 have already been appropriated by Utilities in the 2026 Water Fund for the Michigan Ditch Forest Health and Pre-Fire Mitigation Project, which is being completed in phases.

BOARD / COMMISSION / COMMITTEE RECOMMENDATION

Utilities staff presented the Michigan Ditch Forest Health and Pre-Fire Mitigation Project Phase-2 to the Water Commission at its April 17, 2025, regular meeting. The Water Commission recommended Council formally approve the City entering into the Intergovernmental Agreement Regarding Michigan Ditch Forest Health and Pre-Fire Mitigation Project Phase-2 Services through the Colorado State Forest Service and accepting the Colorado Department of Natural Resources' Colorado Strategic Wildfire Program Grant, which requires a \$316,682 cash match by Utilities.

PUBLIC OUTREACH

None.

ATTACHMENTS

1. Resolution 2025-053 (copy)
2. Resolution 2025-054 (copy)
3. Ordinance No. 027, 2026