

AGENDA ITEM SUMMARY

City Council



STAFF

Katie Collins, Water Conservation Specialist
Kerri Ishmael, Senior Analyst, Grant Administration
Eric Potyondy, Legal

SUBJECT

First Reading of Ordinance No. 038, 2023, Authorizing the City Manager to Accept a Grant Award and Comply with the Terms of the Grant and Making Supplemental Appropriations and Authorizing Transfers for the Xeriscape Incentive Program.

EXECUTIVE SUMMARY

The purpose of this item is to support businesses, homeowner associations (“HOAs”) and other commercial properties pursuing costly landscape projects that reduce water use long-term through the Xeriscape Incentive Program by utilizing (1) \$75,000 in grant funds from the Bureau of Reclamation and (2) \$75,000 in matching funds from existing 2023 appropriations. This item would also authorize the City Manager or their designee to accept the grant award and comply with the terms of the grant application and award.

STAFF RECOMMENDATION

Staff recommends adoption of the Ordinance on First Reading.

BACKGROUND / DISCUSSION

The Xeriscape Incentive Program (XIP) supports Fort Collins Utilities (Utilities) water customers by providing funding for landscape retrofit projects that reduce outdoor water use long-term. The typical existing commercial landscape in Fort Collins is made up mostly of bluegrass, which, on average, requires 15-18 gallons of supplemental irrigation water per square foot of area, per growing season. Reducing the total amount of bluegrass on a property along with reconfiguring irrigation systems may cut a property’s landscape water requirement by 30% or more, but retrofit projects are costly. XIP is one tool to help reduce barriers to landscape conversions, providing \$1.50 per square foot of area converted from high- to low-water landscape. More information about the Xeriscape Incentive Program can be found at fcgov.com: Xeriscape Incentive Program (XIP) - City of Fort Collins

Reducing outdoor water use is one of several effective water demand management tools. Since 2020, when Utilities started offering XIP funding for commercial water customers, XIP has funded 24 projects across HOAs, businesses and county properties. In total, 18 acres of bluegrass have been replaced with low-water landscape. The water savings potential for the 24 completed projects is estimated at 10.6 million gallons per year compared to pre-project water use. Based on the data, actual water savings for all XIP projects is expected to exceed initial estimates. Funding for XIP has historically been through grant funds awarded by, among others, the Bureau of Reclamation (BOR), and City Council-approved budget offers for required matching funds. In support of the continued success of XIP, staff requested a continuing

enhancement offer pursuant to Budget Offer 1.41 (Attachment 2). Council approved this offer as part of the 2023-2024 Adopted Budget, with \$75,000 being appropriated as part of the current 2023 fiscal year budget (and \$75,000 as part of the 2024 budget). Implications to year two of Offer 1.41 will be addressed during the 2024 Budget Revision process.

In support of XIP, BOR awarded a grant of \$75,000 in 2022 for Commercial XIP projects. The award requires a 50% match by Utilities. As discussed above, the required matching funds in the amount of \$75,000 have already been appropriated in the 2023 Water Fund, as part of the operating budget for Water Conservation.

The grant award does not require execution of a post-award agreement. In this type of grant, the City would need to comply with the terms of the grant application and award upon accepting the grant and drawing the grant funds. City staff recommends that City Council authorize the City Manager or their designee to accept the grant and comply with the terms of the grant application and award.

With the grant and matching funds, BOR and Utilities will fund a total of \$150,000 in rebates issued by commercial property owners under XIP, with BOR and Fort Collins Utilities splitting rebates on a 50/50 cost share basis.

CITY FINANCIAL IMPACTS

This item approves transfer of \$75,000 in unexpended and unencumbered appropriations from the Water Conservation operating budget in the Water Fund to the XIP program.

This grant from BOR is a reimbursement type grant, meaning Water Fund expenses will be reimbursed up to \$75,000.

BOARD / COMMISSION / COMMITTEE RECOMMENDATION

N/A

PUBLIC OUTREACH

N/A

ATTACHMENTS

1. Ordinance for Consideration
2. Ordinance Exhibit A
3. Offer 1.41 – Utilities Xeriscape Program for HOAs and Commercial Properties