July 21, 2026

AGENDA ITEM SUMMARY
City Council

STAFF

Jen Dial, Water Resources Manager

SUBJECT

First Reading of Ordinance No. 097, 2026, Authorizing the City Manager to Execute an Agreement With Cargill, Inc., Regarding Exchanging 11.5 Arthur Irrigation Company Shares for Water Supply Requirement Credit

EXECUTIVE SUMMARY

The purpose of this item is for Council to approve the Agreement Between Cargill, Inc. and the City of Fort Collins Regarding Exchanging 11.5 Arthur Irrigation Company shares for Water Supply Requirement Credit. The exchange of Arthur Irrigation Company shares for Water Supply Requirement credit proposed in the agreement will eliminate the need for expensive repair and maintenance issues on the Cargil Lateral while still providing water to meet Cargill, Inc.'s needs without injury to the City or its Water Utility rate payers.

STAFF RECOMMENDATION

Staff recommends adoption of the Ordinance on First Reading.

BACKGROUND / DISCUSSION

Cargill, Inc. ("Cargill") is a customer of the City Water Utility who owns approximately 19.92 acres of land in Fort Collins that is primarily used as a research and development center for seed and crop innovation. Cargill has several taps that serve its property as well as raw water from 11.5 shares they own in the Arthur Irrigation Company ("Arthur Share Water") which irrigates portions of the property. The Arthur Share Water is delivered to the Cargill property through the Cargill Lateral which traverses the Bucking Horse Subdivision. The Cargill Lateral has been piped through that subdivision since its development in the early 2000's and has continually caused flooding issues for residents of the subdivision due to water seepage from the lateral.

Cargill and the Sidehill Master Home Owner Association, Inc. ("HOA"), the HOA associated with the Bucking Horse Subdivision, have been exploring ways to abandon the Cargill Lateral through the Bucking Horse Subdivision to avoid expensive repair and maintenance needed to eliminate flooding issues. Any agreement between Cargill and the HOA would require that Cargill is able to receive an alternative supply of water to offset the loss of the ability to deliver Arthur Share Water through the Cargill Lateral. Cargill and the HOA approached the City to see whether the City would be willing to accept 11.5 Shares in the Arthur Ditch Company in exchange for an equivalent amount of Water Supply Requirement (WSR) credits.

The WSR represents the anticipated annual amount of water needed to serve a customer and must be met by all City Water Utility customers to receive treated water service from the City or to increase the amount of treated water the customer is entitled to at a tap. *See* City Code Sections 26-147 through 26-149. Historically, the WSR could be met by transferring ditch company shares to the City, including shares in the Arthur Irrigation Company. Currently, the WSR may only be met with a payment of cash or City-issued water certificates or credits. This shift in policy was made because the Utility wanted to prioritize cash over water rights to pay for future water storage to meet customer demands, and to give the City greater control of the additional ditch company shares it acquires.

Under the proposed agreement between Cargill and the City, Cargill would receive 7,494,583 gallons or 23 acre-feet of WSR credit that could be applied to existing taps or towards a new tap (a new tap would require payment of a Plant Investment Fee) to be used on their property. This credit is based on the volume of water the Arthur Share Water has historically yielded on an annual basis. The City Water Utility can then use the Arthur Water Shares in its water supply system to meet customer demands or for irrigation of City properties.

Thus, this agreement provides a unique, multi-benefit situation that would 1) facilitate the abandonment of the Cargill Lateral, thus eliminating expensive repair and maintenance issues for the HOA and associated Bucking Horse neighborhood, 2) provide Cargill treated water to meet their needs, and 3) the City Water Utility would benefit from Arthur Share Water that can be used to meet customer demands into the future.

CITY FINANCIAL IMPACTS

None.

BOARD / COMMISSION / COMMITTEE RECOMMENDATION

None.

PUBLIC OUTREACH

None.

ATTACHMENTS / LINKS

1. Ordinance No. 097, 2026