

ORDINANCE NO. 148, 2026
OF THE COUNCIL OF THE CITY OF FORT COLLINS
TRANSFERRING UNEXPENDED AND UNENCUMBERED
APPROPRIATION OF THE HALLIGAN CAPITAL PROJECT TO
THE WATER FUND OPERATING (LAPSING) BUDGET FOR
PARTICIPATION IN THE NISP TWENTY-SECOND INTERIM
AGREEMENT AND PAYMENT OF ADDITIONAL PARTICIPATION
ANALYSIS EXPENSES INCURRED BY THE NORTHERN
COLORADO WATER CONSERVANCY DISTRICT

A. The City owns and operates a water utility that provides water service to customers in its service area and delivers water pursuant to various other contractual arrangements.

B. The City has determined that it needs additional water supplies and water storage for various reasons, including for drought protection, climate resilience, and to meet projected demands.

C. The City previously determined that the enlargement of Halligan Reservoir could meet the City's needs for additional water supplies and water storage. Beginning in the late 1980s, the City began to work on a project for the enlargement of the existing Halligan Reservoir ("Halligan Enlargement Project"), which includes the enlargement of the reservoir as well as related sub-projects and tasks. See, *e.g.*, City Council Resolution 87-161; Water Utility Enterprise Resolution No. 1.

D. The enlargement of Halligan Reservoir would require a permit under Section 404 of the Clean Water Act ("404 Permit") from the U.S. Army Corps of Engineers ("Corps"). The City thus filed an application to the Corps for a 404 Permit in 2006. The Corps labeled its project stemming from the application as the "Halligan Water Supply Project," which includes an evaluation of the City's purpose and need, alternatives to meet that purpose and need, and the environmental impacts of the various alternatives. The Halligan Water Supply Project remains in the federal permitting process.

E. It has become increasingly questionable whether the Corps will issue a 404 Permit for the enlargement of Halligan Reservoir as currently contemplated in the Halligan Water Supply Project permitting proceedings pending before the Corps. Moreover, rising construction and permitting costs have made the enlargement of Halligan Reservoir increasingly difficult from a financial perspective.

F. The City has thus explored alternative means to meet the City's needs for additional water supplies and water storage. This has included exploring potential participation in the project of the Northern Colorado Water Conservancy District ("Northern Water") known as the Northern Integrated Supply Project ("NISP"), which includes Glade Reservoir.

G. The City has determined that its potential participation in NISP could meet the City's needs for additional water supplies and water storage at a reasonable cost if the City is also able to store water attributable to some of the City's own water rights in Glade Reservoir. At this time, the City desires to be able to store in Glade Reservoir water attributable to the water rights represented by the City's shares in the so-called "Southside Ditches" companies (Arthur Irrigation Company, Larimer County Canal No. 2 Irrigating Company, New Mercer Ditch Company, and Warren Lake Reservoir Company), which were changed in Water Court Case No. 1992CW129 and Case No. 2005CW323, Division 1.

H. The City has worked to negotiate better outcomes for the Poudre River throughout the duration of the NISP permitting process and presently participates in the NISP adaptive management regional stakeholder committee. As a NISP participant, the City would continue to advocate for the health of the river and financially support a proportional share of the Poudre River Improvement Fund and required NISP environmental mitigation projects, many of which are located along the main stem of the Poudre River through town.

I. The City (both the City and its Water Utility Enterprise) and the Northern Integrated Supply Project Water Activity Enterprise, a government-owned business within the meaning of Article X, § 20(2)(d) of the Colorado Constitution, organized pursuant to C.R.S. §§ 37-45.1-101 et seq., owned by the Northern Colorado Water Conservancy District ("NISP Enterprise"), have thus negotiated the Twenty-Second Interim Agreement with the Northern Integrated Supply Project Water Activity Enterprise for Participation in the Northern Integrated Supply Project ("Interim Participation Agreement") and a Memorandum of Agreement ("Storage Agreement"), which are the subject of Resolution 2026-120. The City will thus become a NISP participant and seek to store water attributable to some of the City's own water rights in Glade Reservoir.

J. Under the Interim Participation Agreement, the City will incur an obligation to pay \$766,154.

K. Under the Storage Agreement, the City will incur certain obligations to reimburse the NISP Enterprise for various costs and expenses, including those related to investigations related to the storage of water attributable to some of the City's water rights in Glade Reservoir, which is currently \$115,649.

L. The City may therefore no longer need to pursue the Halligan Water Supply Project in the pending proceedings for a 404 Permit before the Corps. The City's resources would be better spent pursuing NISP to confirm its feasibility.

M. This appropriation benefits the public health, safety, and welfare of the residents of Fort Collins and serves the public purpose of furthering the City's efforts to acquire additional water supplies and water storage for drought protection, climate resilience, and to meet projected demands.

N. Article V, Section 10 of the City Charter authorizes City Council, upon recommendation by the City Manager, to transfer by ordinance any unexpended and unencumbered appropriated amount or portion thereof from one fund or capital project to another fund or capital project, provided that the purpose for which the transferred funds are to be expended remains unchanged, the purpose for which the funds were initially appropriated no longer exists, or the proposed transfer is from a fund or capital project in which the amount appropriated exceeds the amount needed to accomplish the purpose specified in the appropriation ordinance.

O. The City Manager has recommended the transfer of \$881,803 from the Water Fund Halligan Capital Project account budget to the Water Fund Operating budget and determined that the purpose for which the funds were initially appropriated no longer exists.

In light of the foregoing recitals, which the Council hereby makes and adopts as determinations and findings, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF FORT COLLINS that the unexpended and unencumbered appropriated amount of EIGHT HUNDRED EIGHTY-ONE THOUSAND EIGHT HUNDRED THREE DOLLARS (\$881,803) is authorized for transfer from the Halligan capital project account in the Water Fund to the Operating account in the Water Fund and appropriated therein to be expended for 2026 participation obligation under the Interim Participation Agreement and a one-time payment by Water Utilities for obligations under the Storage Agreement.

Introduced, considered favorably on first reading on October 20, 2026, and approved on second reading for final passage on November 3, 2026

Mayor

ATTEST:

City Clerk

Effective Date: November 13, 2026

Approving Attorney: Eric Potyondy

Exhibit: None.