

WORK SESSION AGENDA

ITEM SUMMARY

City Council



STAFF

Nicole Poncelet-Johnson, One Water Executive Director
Joe Wimmer, Deputy Director of Utility Finance

SUBJECT FOR DISCUSSION

Proposed Wholesale Water Agreement with ELCO to Serve Montava

EXECUTIVE SUMMARY

The purpose of this item is to explain at a high-level the proposed arrangements (legal, financial, administrative, water resources and infrastructure) between East Larimer Water District (ELCO), the City water utility (the City), and Montava, to provide affordable and sustainable in-door water supply to Montava, a 4000+ unit mixed use development in northeast Fort Collins. It will also address contractual arrangements for the out-door, non-potable supply.

GENERAL DIRECTION SOUGHT AND SPECIFIC QUESTIONS TO BE ANSWERED

1. Does Council support the wholesale water arrangement and associated contracts?
2. Does Council have any questions or concerns regarding the arrangement or contracts?

BACKGROUND / DISCUSSION

Montava is an approved 4,000+ unit mixed-use development in northeast Fort Collins that aligns with several City Plan principles and City strategic goals. The up-front cost of water and surety of supply have been a challenge for the City's largest planned development due to the large amount of water needed to support a 20-year buildout while also demonstrating the adequacy of supply for the entirety of the development to investors/financiers.

Since 2017, ELCO and the City have exchanged ideas on how to best serve Montava, which is in ELCO's service area. During the last 18 months, extensive negotiations have resulted in a collaborative arrangement whereby the City provides wholesale treated Colorado-Big Thompson (C-BT) water to ELCO who then uses its infrastructure to distribute the water to Montava residents and businesses for the purposes of meeting their indoor water demands. ELCO will become a wholesale customer to the City while Montava residents and businesses will remain customers of ELCO. Rates and fees for these customers will be an appropriate mix of ELCO and Utility fees, collected by ELCO who will reimburse the City monthly for infrastructure, water supply and treatment costs.

The legal framework to support this arrangement includes two contracts; one for the Wholesale Contract between ELCO and the City, and another Non-potable Water Contract between ELCO, the City, the developer, and the Montava Metro District.

The associated benefits and risks of these arrangements include:

Benefits: (1) Removes one of the remaining hurdles for development of Montava, (2) provides surety of an affordable water supply to support the City's largest planned development, (3) uses treated water for indoor use only, (4) bases water supply requirements on the City's methodology, (5) creates revenue generation for the City and ELCO, (6) improves utilization of regional infrastructure, (7) respectful of utility service areas and capabilities, (8) reduces claims in pending water court case.

Risks: (1) increased demand for existing City water supply and slight decrease in firm yield, (2) less redundancy in City supply options due to strict use of C-BT water, (3) up-front investment in water interconnect infrastructure between City and ELCO, (4) administration and interpretation of a complex agreement.

NEXT STEPS

Within the next few months, staff and the City Attorney's Office will complete contract negotiations with ELCO and Montava. Staff will bring forward an ordinance that allows the City Manager to sign the final contracts.

ATTACHMENTS / LINKS

1. Presentation