

AGENDA ITEM SUMMARY

City Council



STAFF

Darren Parkin, Halligan Water Supply Project Manager
Jason Graham, Director of Water Utilities

SUBJECT

Resolution 2024-011 Authorizing the City Manager to Execute an Agreement Between the City of Fort Collins and the City of Greeley Regarding Certain Aspects of the Halligan Water Supply Project, Including Water Quality Analysis, Mitigation Measures, and Milton Seaman Reservoir Release Gate Design.

EXECUTIVE SUMMARY

The purpose of this item is to authorize a proposed agreement (“Proposed Agreement”) between the City of Fort Collins (“Fort Collins”) and the City of Greeley (“Greeley”) (together, “Cities”) regarding certain aspects of the Halligan Water Supply Project (“Halligan Project”). Greeley owns Milton Seaman Reservoir on the North Fork of the Poudre River (“North Fork”), downstream of the Halligan Project. Greeley is undergoing a time sensitive capital infrastructure replacement project for the release gate on their reservoir. Fort Collins desires that the new release gate also be able to bypass and account for Halligan Project releases. In addition, Greeley anticipates that there may be water quality impacts caused by certain operational changes due to the Halligan Project. The Cities are working collaboratively on these issues.

Under the Proposed Agreement, the Cities would collaboratively study and do design work. The Cities would:

- retain AECOM as a consultant for Phase 1 (Analysis and Preliminary Design) to perform a jointly agreed upon scope of work (release gate design and water quality identification and mitigation);
- agree to use the results of Phase 1 to develop a plan for Phase 2 (Implementation); and
- agree to a 50/50 cost share for Phase 1, \$553,490 (Fort Collins’ obligation \$276,745).

Fort Collins staff’s analyses indicate that the Proposed Agreement is beneficial to the City and the Halligan Project. An anticipated subsequent agreement on Phase 2 would be brought to Council.

STAFF RECOMMENDATION

Staff recommends approval of the Resolution.

BACKGROUND / DISCUSSION

Halligan Water Supply Project

Fort Collins, through Fort Collins Utilities, is pursuing the Halligan Project. The Halligan Project will provide 7,900 AF of additional firm yield for Fort Collins Utilities water demands through 2065 with water of a quality comparable to the water now delivered to its customers. It will also provide a storage reserve for emergency water supply, increase drought security; improve water system reliability and flexibility; and meet future water demands of the Fort Collins Utilities water service area.

The Halligan Project includes: the enlargement of Halligan Reservoir, which primarily entails replacing Halligan Dam; and the replacement of the diversion structure for the North Poudre Canal and related infrastructure on the North Fork.

The City is seeking a Clean Water Act Section 404 Permit from the United States Army Corps of Engineers, with the Final Environmental Impact Statement (FEIS) being released in October 2023 and a final Record of Decision (ROD) expected in 2025. The Halligan Fish and Wildlife Mitigation and Enhancement Plan (FWMEP) was also approved in 2023 by Colorado Parks and Wildlife and the Colorado Water Conservation Board. Various other permits are also being obtained such as a Clean Water Act Section 401 Water Quality Certification from the Water Quality Control Division of the Colorado Department of Public Health and Environment; and a 1041 permit from Larimer County.

The Halligan Project includes numerous environmental mitigation and enhancement actions that will avoid impacts, minimize impacts, compensate for unavoidable impacts, and enhance the environment, including providing minimum flows in the North Fork and eliminating existing and historical dry-up reaches of the river.

Information on the Halligan Project can be found here: <https://www.fcgov.com/halligan/>

Proposed Agreement with Greeley

Greeley owns Milton Seaman Reservoir on the North Fork, downstream of the Halligan Project. Greeley previously planned to enlarge Milton Seaman Reservoir and was coordinating with Fort Collins on the federal permitting process. However, in April 2021, Greeley withdrew its proposal to the U.S. Army Corps of Engineers to enlarge Milton Seaman Reservoir and is not pursuing that project.

Greeley is currently undergoing a time sensitive capital infrastructure replacement project for the release gate on Milton Seaman Reservoir, which are located in the reservoir's dam. Milton Seaman Reservoir and its infrastructure are located upstream from the City's Gateway Natural Area and are generally not visible from the natural area. Greeley's work is needed, in part, because the release gate is old and Greeley will not be replacing the gate and the entire dam, as they no longer intend to enlarge Milton Seaman Reservoir.

Fort Collins desires that the new release gate on Milton Seaman Reservoir be designed and constructed in a certain way so that it can bypass and account for releases from the enlarged Halligan Reservoir that will need to pass through Milton Seaman Reservoir. These releases through the North Fork are fundamental to the Halligan Project and bring environmental benefits to the North Fork, including as it flows below Milton Seaman Reservoir and Through Gateway Natural Area. In addition, Greeley anticipates that there may be water quality impacts caused by certain operational changes due to the Halligan Project. Fort Collins and Greeley staff have been discussing these issues for some time.

To address both Greeley's concerns and Fort Collins' needs, Fort Collins and Greeley staff are pursuing a two-phased project: Phase 1 (Analysis and Preliminary Design) and Phase 2 (Implementation). The Proposed Agreement before Council is just for Phase 1.

Under the Proposed Agreement, the Cities would:

- Retain AECOM as a consultant for Phase 1 (Analysis and Preliminary Design) to perform a jointly agreed upon scope of work (release gate design and water quality identification and mitigation);
- Agree to use the results of Phase 1 to develop a plan for Phase 2 (Implementation); and
- Agree to a 50/50 cost share for Phase 1, \$553,490 (Fort Collins obligation \$276,745).

Fort Collins staff analyses indicate that the Proposed Agreement is beneficial to the City and the Halligan Project. The Proposed Agreement provides for collaborative work with an important regional partner, helps address Greeley's concerns (an important regional partner), and moves Fort Collins closer to having needed infrastructure in place for the Halligan Project.

The Cities anticipate a subsequent agreement on Phase 2. Such an agreement would be negotiated following the Cities' review and discussion of the results of Phase 1 and would be an opportunity to further consider potential impacts, including any potential impacts to Gateway Natural Area. A subsequent agreement for Phase 2 would be brought to Council.

CITY FINANCIAL IMPACTS

Fort Collins' contribution under the Proposed Agreement is \$276,745, which has been appropriated from the Water Fund.

BOARD / COMMISSION / COMMITTEE RECOMMENDATION

None. Greeley's capital infrastructure replacement project for the release gate on Milton Seaman Reservoir is time sensitive.

PUBLIC OUTREACH

None.

ATTACHMENTS

1. Resolution for Consideration
2. Exhibit A to Resolution