

AGENDA ITEM SUMMARY

City Council



STAFF

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

SUBJECT

Resolution 2024-031 Authorizing the City Manager to Execute an Agreement Between the City of Fort Collins and the State of Colorado Regarding Implementation of Portions of the Fish and Wildlife Mitigation and Enhancement Plan for the Halligan Water Supply Project (Cheat Grass and Big Horn Sheep Collaring).

EXECUTIVE SUMMARY

The purpose of this item is to seek Council approval of a proposed agreement (“Agreement”) between the City and the State of Colorado acting through Colorado Parks and Wildlife (“CPW”) regarding certain aspects of the Halligan Water Supply Project (“Halligan Project”). The purpose of this Agreement is to implement Section 4.2.3.18 (Bighorn Sheep Habitat Improvements) and Section 4.2.3.19 (Bighorn Sheep Collaring Study) of the Halligan Project’s Fish and Wildlife Mitigation and Enhancement Plan (“Mitigation Plan”), under which 1) the City intends to transfer funds to CPW; and 2) habitat treatments and bighorn sheep monitoring are to be started at least two years in advance of construction. Based on the City’s expected construction schedule, the Parties desire to begin implementing those Mitigation Plan sections early in 2024 before a full agreement related to the Mitigation Plan is expected to be completed.

CPW will use the funds for chemical treatment to abate invasive cheat grass. CPW will use its best efforts to treat a minimum of at least 500 acres with a focus on the Lower Unit of the State Wildlife Area. CPW may additionally use the funds for the installation of up to two remote passive water sources on the State Wildlife Area. Any funds not needed for the cheat grass treatment or the water sources installation may be used by CPW for habitat treatment on additional acreages within the State Wildlife Area.

CPW will also use the funds for the purpose of supporting a GPS (global positioning system) collaring and monitoring study of bighorn sheep from the Lone Pine herd that will include tracking their movements and habitat use, and conducting disease testing, before, during, and immediately after Halligan Project construction.

STAFF RECOMMENDATION

Staff recommends adoption of the Resolution.

BACKGROUND / DISCUSSION

Halligan Water Supply Project

The City, 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 approved in October 2023 and a final Record of Decision (ROD) expected in 2025. The Halligan Fish and Wildlife Mitigation and Enhancement Plan was also approved in 2023 by Colorado Parks and Wildlife and the Colorado Water Conservation Board (“CWCB”), as discussed further below. 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/>

Implementation of the Mitigation Plan

Pursuant to Section 37-60-122.2 of the Colorado Revised Statutes (“Statute”), the City began working with staff from the CWCB and CPW in early 2020 on a mitigation proposal for the Halligan Project. The extensive discussions culminated in the City’s *Halligan Water Supply Project: Fish and Wildlife Mitigation and Enhancement Plan*, dated June 7, 2023 (“Mitigation Plan”).

Pursuant to the Statute and applicable rules and regulations, the Parks and Wildlife Commission approved the Mitigation Plan on June 23, 2023, and the CWCB approved the Mitigation Plan on July 19, 2023. The Mitigation Plan is thus the official state position with respect to mitigation for the Halligan Project.

City staff and CPW staff have been in discussions regarding an agreement to implement various aspects of the Mitigation Plan. It was originally contemplated to have one such agreement. However, an agreement on the entire Mitigation Plan is expected to take several months and it is desired to begin mitigation measures regarding cheat grass and big horn sheep collaring in the spring of 2024.

It is therefore currently contemplated that there will be two agreements: (1) an initial agreement concerning mitigation measures regarding cheat grass and big horn sheep collaring (“Initial Agreement”); and (2) a subsequent agreement concerning the remaining aspects of the Mitigation Plan (“Subsequent Agreement”). The Subsequent Agreement will be brought to Council at a later date. The Initial Agreement is before Council in this item.

CITY FINANCIAL IMPACTS

The City's contributions under the Agreement are \$263,037.74 for cheat grass treatments and \$126,258.11 for Big Horn Sheep collaring for a combined total of \$389,295.85, which has been appropriated from the Water Fund.

BOARD / COMMISSION / COMMITTEE RECOMMENDATION

None.

PUBLIC OUTREACH

Extensive public outreach has occurred, and continues to occur, focused on the Mitigation Plan and the many environmental mitigation and enhancement benefits associated with the Halligan Project.

ATTACHMENTS

1. Resolution for Consideration
2. Exhibit A to Resolution
3. Halligan Water Supply Project Fish and Wildlife Mitigation and Enhancement Plan, dated June 7, 2023