AGENDA ITEM SUMMARY
City Council

STAFF

Trevor Nash, Senior Accounting Manager

SUBJECT

First Reading of Ordinance No. 196, 2025, Making a Supplemental Appropriation of Unanticipated Revenue for Payment of Contingency Fees.

EXECUTIVE SUMMARY

The purpose of this item is to appropriate funding authority in the General Fund to make the required fee payment for the recovery of an insurance settlement benefitting the City.

STAFF RECOMMENDATION

Staff recommends adoption of this Ordinance on First Reading.

BACKGROUND / DISCUSSION

The Larimer County Solid Waste Facility at 5887 S. Taft Hill Road ("Landfill") is a regional solid waste processing and disposal site operated and maintained by the Larimer County ("County"). Since 1967, the Landfill site has been and is currently owned in the following undivided interests: 50% Fort Collins, 25% Larimer County and 25% City of Loveland. Fort Collins operated the Landfill from 1963 until January 1, 1975, after which the County operated the Landfill pursuant to an agreement among the City, the City of Loveland and the County (collectively the "Parties") dated November 21, 1974. The County remains the current operator.

The Parties have collaborated since 2018 to assess and propose corrective measures for environmental contamination of groundwater detected at the Landfill, in cooperation with the Colorado Department of Public Health and Environment ("CDPHE") and entered into an intergovernmental agreement ("IGA") to take remediation measures and to allocate costs therefor.

In 2021, the City retained outside legal counsel on a contingency fee basis to research and determine if the City had any insurance policy or coverage that would respond to a claim for groundwater contamination at the Landfill, given that pollution exclusions became standard provisions in commercial or general liability policies in the 1980s. In its research, outside counsel located a policy in place with coverage at the Landfill prior to the pollution exclusion, made a claim on behalf of the City, and facilitated a settlement agreement in 2025 between the insurer and the City. These efforts resulted in a $550,000 recovery by the City under the insurance policy.

CITY FINANCIAL IMPACTS

This Ordinance will appropriate $192,500 of unanticipated settlement revenue received in 2025 in the General Fund to be expended for the required contingency fee payment. Any amount appropriated above the actual expenditure will revert to the General Fund reserves balance at the end of the 2025 fiscal year.

The City Manager has determined that these appropriations are available and previously unappropriated from their designated City Fund and will not cause the total amount appropriated in those Funds to exceed the current estimate of actual and anticipated revenues.

BOARD / COMMISSION / COMMITTEE RECOMMENDATION

None.

PUBLIC OUTREACH

None.

ATTACHMENTS

1. Ordinance No. 196, 2025