

AGENDA ITEM SUMMARY

City Council



STAFF

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SUBJECT

Second Reading of Ordinance No. 121, 2024, Making Supplemental Appropriations of Unanticipated Grant Revenue, Prior Year Reserves, and Authorizing Transfers for the Poudre Water Supply Infrastructure Wildfire Ready Action Plan.

EXECUTIVE SUMMARY

This Ordinance, unanimously adopted on First Reading on August 20, 2024, supports Fort Collins Utilities (Utilities) in developing a Wildfire Ready Action Plan (WRAP) in collaboration with the City of Greeley (Greeley) and the Water Supply and Storage Company (WSSC). The WRAP will help Utilities and its partners mitigate the vulnerability of water supplies and water supply infrastructure in the upper Poudre and Michigan River watersheds to the threat of wildfire. Accordingly, pursuant to Resolution No. 2024-066, the City, Greeley, and WSSC entered into an agreement, dated May 21, 2024, to coordinate their joint efforts related to funding and developing the WRAP. In addition, the City has recently been awarded grant funding from the Colorado Water Conservation Board (CWCB) through the Wildfire Ready Watershed Grant Program to assist in the development of a WRAP. Once adopted, this resolution will authorize Utilities to enter into the Intergovernmental Grant Agreement (IGGA) with the State of Colorado to receive funding to support the development of the WRAP. The Ordinance will: 1) appropriate the grant revenue from the State of Colorado; 2) appropriate monetary contributions from Greeley and WSSC; and 3) appropriate and authorize transfers of Utilities grant match commitments.

STAFF RECOMMENDATION

Staff recommends adoption of the Ordinance on Second Reading.

BACKGROUND / DISCUSSION

Bottom Line

Utilities' source water supplies provide high quality raw water for drinking water treatment and include the Poudre River and Horsetooth Reservoir. The upper Poudre River watershed also provides raw water supplies to Greeley and WSSC. Utilities, Greeley, and WSSC separately own elements of a network of interconnected water supply infrastructure in the upper Poudre and upper Michigan River watersheds near Cameron Pass. The WRAP will assist these water providers in collectively protecting their water supplies and water supply infrastructure from the threat of wildfire. The City, Greeley, and WSSC entered into an agreement on May 21, 2024, pursuant to Resolution No. 2024-066 (Attachment 2), to jointly develop and

share in the cost of the WRAP. Furthermore, Utilities was recently awarded grant funding from CWCB's Wildfire Ready Watershed Grant Program to assist in the development of the WRAP.

City staff are proposing two actions by City Council: 1) Adoption of a Resolution to authorize the City to enter into an agreement with the State of Colorado (Attachment 1), and 2) Adoption of an Ordinance to authorize the City to appropriate new grant revenue and other monetary contributions and authorize the transfer of Utilities funds (Attachment 3). Adopting the items will secure grant funding from the CWCB and grant match contributions from Utilities, Greeley, and WSSC to be used to support the development of the WRAP.

Overview of CWCB's Wildfire Ready Watershed Grant Program

The objective of CWCB's Wildfire Ready Watershed Grant Program is to enhance watershed resilience in Colorado to protect water resources, infrastructure, and communities from the threat of wildfire. The primary goal of the grant program is to facilitate the development and implementation of Wildfire Ready Action Plans (WRAPs) and projects that address wildfire risk at the local level. WRAPs involve a thorough assessment of wildfire hazards and vulnerabilities within a watershed, followed by the identification of actions and strategies to reduce risk and enhance resilience both before and after a wildfire occurs. Utilities applied for and was awarded \$209,688 of grant funding through CWCB's Wildfire Ready Watershed Grant Program to support the development of a collaborative WRAP in partnership with Greeley and WSSC.

Resolution for Grant Agreement with the State of Colorado

The proposed Resolution authorizes the City Manager to execute an IGGA with the State of Colorado to secure grant funding from the CWCB to develop the WRAP. The City is required to contribute \$68,625 in matching funds to accept the grant, as presented in the Budget in Exhibit C to the IGGA. Matching funds include monetary contributions from the City, Greeley and WSSC, and in-kind contributions from the City in the form of staff time to manage the project and administer the grant.

As approved by Resolution 2024-066, the City entered into an agreement with Greeley and WSSC on May 21, 2024, to jointly develop the WRAP. The agreement discusses the CWCB's Wildfire Ready Watershed Grant Program and the City pursuing grant funds in capacity as the lead applicant, with the parties collectively agreeing to provide monetary and in-kind contributions as required under the grant program. Pursuant to the grant award from the CWCB and the agreement between the City, Greeley and WSSC (Attachment 2), the parties will contribute the following:

- Grant funding from the CWCB: \$209,688
 - \$171,875 for direct costs
 - \$37,813 for indirect costs
- Cash match contributions from the project partners: \$28,125
 - Utilities: \$9,063 for direct costs
 - Greeley: \$9,063 for direct costs
 - WSSC: \$10,000 for direct costs
- In-kind match contributions from the City: \$40,500
 - \$28,125 for direct costs
 - \$12,375 for indirect costs

Ordinance for Making Supplemental Appropriations, Appropriating Prior Year Reserves, and Authorizing Transfers

The proposed Ordinance authorizes the City to: 1) appropriate the new grant revenue from the CWCB and monetary contributions from Greeley and WSSC; and 2) appropriate and authorize transfers of City contributions to meet the match requirements of the grant. The Ordinance includes the following actions:

- Appropriate \$209,688 of unanticipated grant revenue from the CWCB's Wildfire Ready Watershed Grant Program;
- Appropriate \$19,063 in monetary contributions from Greeley and WSSC;
- Transfer \$9,063 matching funds from existing 2024 appropriations in the Water Fund; and
- Appropriate \$28,125 from the Water Fund reserves for in-kind staff time in managing the grant.

Summary

As demonstrated in Exhibit C, Budget of the IGGA, the total cost of the project is \$278,313, with the grant providing \$209,688. Of this money, \$200,000 will be used to hire a consultant to support the development of the WRAP. This amount includes the \$28,125 in monetary contributions from Utilities, Greeley, and WSSC and \$171,875 in grant funds. The remaining \$37,813 in grant funds is for indirect costs corresponding to the City's central service departments supporting the project. The City will also support the project and meet the remaining required local match of \$40,500 through in-kind staff time and the City's share of indirect costs.

CITY FINANCIAL IMPACTS

This item appropriates \$256,875 in costs to support the joint development of the WRAP from:

- \$209,688 in unanticipated grant revenue from the State of Colorado through CWCB's Wildfire Ready Watershed Grant Program
- \$19,063 in monetary contributions from Greeley and WSSC
- \$28,125 in Water Fund reserves to be used toward required local matching funds for in-kind staff time in managing the grant

Required matching funds in the amount of \$9,063 have already been appropriated by Utilities in the 2024 Water Fund in the Watershed Protection budget. The \$9,063 will be transferred from the 2024 Watershed Protection budget to the grant project. This serves to support tracking of match requirements under the grant.

The \$12,375 in-kind match corresponds to the value of indirect costs in relation to services provided by City's central services departments (Financial Services, Human Resources, Legal, et al.). Because central service staff do not record time spent on each grant funded project, awarding agencies, including the CWCB, allow eligible organizations to calculate indirect costs using an allowable base. The allowable base for this project is total direct costs. The indirect costs are based on a calculation corresponding to overhead for central service departments time in supporting the grant project, with such time appropriated in the General Fund.

The unanticipated grant funds awarded to the City through CWCB's Wildfire Ready Watershed Grant Program are federal funds being passed through by the State of Colorado under the U.S. Department of the Treasury's Coronavirus State and Local Fiscal Recovery Funds program, Assistance Listing Number 21.027.

BOARD / COMMISSION / COMMITTEE RECOMMENDATION

Utilities staff presented the Poudre Water Supply Infrastructure WRAP project plan to Water Commission at the March 21, 2024, Regular Meeting. During this meeting, staff also sought a recommendation from Water Commission that City Council formally approve of Utilities entering into the agreement regarding the Poudre Water Supply Infrastructure WRAP with Greeley and WSSC (Attachment 2). The Water Commission was supportive of Utilities developing a WRAP and Commissioner Bruxvoort moved that the Water Commission recommend City Council formally approve of Utilities entering into the agreement and it passed unanimously.

PUBLIC OUTREACH

None.

ATTACHMENTS

First Reading attachments not included.

1. Ordinance for Consideration