



AGENDA ITEM SUMMARY

City Council

STAFF

Aaron Ehle, Airport Planning & Development Specialist

SUBJECT

Second Reading of Ordinance No. 048, 2024, Authorizing the Conveyance of a Permanent Non-Exclusive Domestic Waterline Easement on Property Jointly Owned by the City of Fort Collins and the City of Loveland at the Northern Colorado Regional Airport for the New Airport Terminal Facility.

EXECUTIVE SUMMARY

This Ordinance, unanimously adopted on First Reading on March 19, 2024, authorizes the conveyance of an easement to the water district to allow for a water service line for the terminal. The easement is over a portion of the Northern Colorado Regional Airport property, which is owned jointly by the City of Fort Collins and the City of Loveland.

STAFF RECOMMENDATION

Staff recommends adoption of the Ordinance on Second Reading.

BACKGROUND / DISCUSSION

Northern Colorado Regional Airport is a public facility jointly owned and operated by the Cities of Fort Collins and Loveland. In 2015, the Cities entered into an intergovernmental agreement that formed the Northern Colorado Regional Airport Commission, which delegated certain powers and authority to operate and maintain the Airport. However, only the Cities Councils have the authority to grant easements as permanent property rights at the Airport.

In connection with the construction of the new terminal, Fort Collins-Loveland Water District (“Water District”) requires the City of Fort Collins, the City of Loveland, and the Water District execute a Memorandum of Agreement for Purchase of Water Tap (“MOA”). Because the MOA is an agreement between the Cities and the Water District, it is an intergovernmental agreement. The price for the water tap is \$586,088, which is based on the Water District allowing the Cities to take advantage of 2023 rates. The dollar amount exceeds the threshold set by City Code Section 1-22 that would allow the City Manager to sign the MOA, therefore, City Council approval is required. Section 1-22 allows that intergovernmental agreements may be approved by Council by either ordinance or resolution. A resolution is presented here to expedite execution of the MOA because the Water District is offering 2023 rates. The MOA presented with the Resolution is the Water District’s form MOA as revised by the Cities’ attorneys. The parties continue to work on mutually agreeable language.

Along with the MOA, the Water District requires that the Cities grant a permanent, non-exclusive easement across Airport property to allow for the installation and maintenance of a water line to the terminal. The total

area of the associated water easement is 18,673 square feet. The Easement Agreement included with the Ordinance is the Water District's form easement as revised by the Cities' attorneys. The parties continue to work on mutually agreeable language.

Under City Code Section 23-111, the Council may sell, convey, exchange, or otherwise dispose of any and all interests in City-owned real property if the Council finds, by ordinance, that such sale or disposition is in the best interests of the City. City Code Section 23-114 requires that any sale, lease or other conveyance of property must be for an amount equal to or greater than the fair market value of such interest unless the Council or City Manager, as applicable, determines that such sale or lease serves a bona fide public purpose because:

- (1) *The use to which the property will be put promotes health, safety or general welfare and benefits a significant segment of the citizens of Fort Collins;*

The Airport is a public use facility jointly owned by Fort Collins and Loveland. The easement will allow for public investment and development that will bring improvements to the Airport and the users it serves.

- (2) *The use to which the property will be put supports one (1) or more of the City Council's goals, adopted policies, projects or plans;*

The easement will allow for public development of the site in alignment with the Airport Master Plan, which was approved by City Council.

- (3) *The financial support provided by the City through the below-market disposition of the property will be leveraged with other funding or assistance;*

The City would benefit from granting the easement because doing so will allow the Water District to install and maintain utility infrastructure necessary for the terminal project. In addition to federal grant funding and Airport revenue being used for the terminal, both Cities individually contributed \$1,000,000 towards the project.

- (4) *The sale or lease will not result in any direct financial benefit to any private person or entity, except to the extent such benefit is only an incidental consequence and is not substantial relative to the public purpose being served; and*

The easement will simply allow the Water District to provide service to the new public terminal. The Airport and two Cities benefit from utilities running to the public terminal, which add value to the Airport.

- (5) *Selling or leasing the property for less than fair market rent will not interfere with current City projects or work programs, hinder workload schedules or divert resources needed for primary City functions or responsibilities.*

Authorizing the conveyance of the easement will not interfere with City projects or work programs, workload schedules, or resources needed for primary City functions or responsibilities.

As the conveyance of the easement meets the above criteria, Airport staff and the Airport Commission recommend approval because the easement allow for the Water Districts to install and maintain the water infrastructure required to serve the new public facility. The new terminal is in alignment with the Airport Master Plan, which has been approved by Council.

CITY FINANCIAL IMPACTS

The MOA authorizes the Cities to purchase a water tap from the Water District for \$586,088. This cost has been budgeted for as part of the terminal project. There are no material financial impacts to the City.

The cost of the legal description and exhibit for the easement is \$500, to be paid from the terminal project budget. There are no material financial impacts to the City.

BOARD / COMMISSION / COMMITTEE RECOMMENDATION

The Northern Colorado Regional Airport Commission and the City Councils of Fort Collins and Loveland have approved the 2020 Airport Master Plan, which prominently features plans for the new terminal facility.

The Fort Collins and Loveland City Councils have each appropriated \$1.0 million in support of the new terminal.

The Airport Commission unanimously voted at its January 18, 2024, meeting to recommend the City Council approve the MOA and easements.

PUBLIC OUTREACH

The development of the 2020 Airport Master Plan, which took more than two years to complete, included numerous public meetings and significant outreach by the Airport, far exceeding what is recommended by the Federal Aviation Administration (FAA).

ATTACHMENTS

First Reading attachments not included.

1. Ordinance for Consideration
2. Exhibit A to Ordinance (Water Easement Agreement)