

AGENDA ITEM SUMMARY

City Council



STAFF

Mandy Rasmussen, Plant Engineer, Utilities
Kerri Ishmael, Manager, Utilities Finance

SUBJECT

Resolution 2026-022 Approving a Grant Application to the Colorado Department of Local Affairs for Funding in Support of the Septage Receiving Construction Project at the Drake Water Reclamation Facility.

EXECUTIVE SUMMARY

The purpose of this item is to obtain support for the City to apply for funding in support of the Septage Receiving Construction Project at the City's Drake Water Reclamation Facility under Colorado's Department of Local Affairs (DOLA) Energy and Mineral Impact Assistance (EIAF) program.

STAFF RECOMMENDATION

Staff recommends adoption of the Resolution.

BACKGROUND / DISCUSSION

Fort Collins Utilities is pursuing funds under DOLA's EIAF Tier II program in support of constructing a new septage receiving station located at the Drake Water Reclamation Facility (Drake Facility). The existing septage receiving station needs upgrades due to permit compliance, safety challenges, and increased usage.

The septage receiving station at the Drake Facility provides a critical waste disposal service for the State of Colorado. The station has historically received septage, portable toilet, and pit toilet waste from waste haulers serving Weld and Larimer Counties including Fort Collins residents. The closure of stations by other jurisdictions has increased the volume of septage received at the Drake Facility.

Fort Collins Utilities has completed design for the new septage receiving station, which will be upgraded and relocated on the Drake Facility, to address two compliance issues identified through a 2024 audit by the Colorado Department of Public Health and Environment and hazardous conditions for City staff and waste haulers from excessive hydrogen sulfide accumulation.

Due to the pandemic and lack of widespread market to compare, the City has not raised fees for waste haulers for several years. Current fees do not cover costs of operating the station. Fort Collins Utilities is looking to increase the fee to cover both construction costs for the new station and ongoing operations. Additional information on septage receiving fees is planned for discussion at the March 5th Council Finance Committee meeting.

Fort Collins Utilities is cognizant of the fee increase for waste haulers being passed to septic customers, majority being residents of rural communities within Weld and Larimer Counties. Additionally, a fee increase has the potential to promote illegal dumping, increasing environmental and health impacts.

While the septic service at the Drake Facility supports some City services, the majority of those benefiting from this service are outside City limits. Considering Fort Collins Utilities serving as a regional septic service provider and the immediate need to relocate and upgrade the septic station at Drake Facility, Fort Collins Utilities is seeking funding under DOLA's EIAF Tier II program to cover a portion of construction costs.

As part of the grant application process, DOLA requires that the governing body of any entity applying for grant funds support the application. Based on the short one-month application cycle, with the application due February 13th, this Resolution is needed prior to the proposed March 5th discussion over septic receiving fees with Council Finance Committee. Fort Collins Utilities discussed the septic receiving station project and February 17th being the earliest to receive this Resolution with the regional DOLA representative, receiving approval to put forth a request for funds by February 13th.

CITY FINANCIAL IMPACTS

An award of the DOLA grant will contribute to the capital project costs, reducing the funding needed from the City's Wastewater Fund. If the grant is awarded, the City will seek to appropriate such grant funds from Council.

BOARD / COMMISSION / COMMITTEE RECOMMENDATION

Septic Receiving Fees is scheduled for the March 5, 2026 Council Finance Committee.

PUBLIC OUTREACH

None.

ATTACHMENTS / LINKS

1. Resolution 2026-022