

# AGENDA ITEM SUMMARY

City Council



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## STAFF

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## SUBJECT

**Items Relating to Phase 2 of the Michigan Ditch Pre-Fire Mitigation Project (Grant Award and Services Agreement).**

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## EXECUTIVE SUMMARY

A. Resolution 2025-053 Authorizing the City Manager to Accept Grant Funds for Phase 2 of the Michigan Ditch Pre-Fire Mitigation Project.

B. Resolution 2025-054 Authorizing the City Manager to Enter into an Agreement with the Colorado State Forest Service for Phase 2 of the Michigan Ditch Pre-Fire Mitigation Project.

The purpose of these items is for Council to authorize the City Manager to: 1) accept grant funds awarded in a grant award letter from the State of Colorado, Department of Natural Resources, through Colorado Department of Natural Resource's Colorado Strategic Wildfire Action Program ("COSWAP") ("Grant Award Letter") and; 2) enter into an agreement with the Colorado State Forest Service ("CSFS") to perform certain forest health and pre-fire mitigation work ("Services Agreement").

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## STAFF RECOMMENDATION

Staff recommends adoption of the Resolutions.

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## BACKGROUND / DISCUSSION

The Michigan Ditch is a trans-basin diversion located primarily within the Colorado State Forest State Park near Cameron Pass. The ditch conveys water from the upper Michigan River Watershed to the upper Poudre River Watershed, where it is stored in Joe Wright Reservoir. Releases from Joe Wright Reservoir are used to increase the City's Poudre River Watershed source water supply. The Michigan Ditch and Joe Wright Reservoir are considered critical water supply infrastructure, accounting for approximately 11% of the City's water supply and are valued at approximately \$428 million. The Michigan Ditch narrowly escaped damage during the 2020 Cameron Peak Wildfire. Although it was spared, future large-scale wildfires continue to threaten this infrastructure and water supply. To address this threat, Utilities and several regional partners completed a regional collaborative forest fuels mitigation plan that identifies priority forest fuels treatments to reduce the risk of future wildfires to these important assets.

The Michigan Ditch Forest Health and Pre-Fire Mitigation Project serves to implement identified forest fuels treatments. Based on the large number of acres to be treated and the high costs of treatment measures via tethered and helicopter logging, the project needs to be implemented in phases to meet funding needs and capacity of Colorado State Forest Service in managing all aspects of implementation measures.

Planning for Phase 1 of the Project has been completed, including a forest inventory; scouting and data collection; identification of forest treatment priorities; data analyses and mapping; and forest treatment layouts. Phase 1 of the Project, which is scheduled to kick off in 2025, will include ~150 acres of forest treatments using tethered and helicopter logging. See Resolution 2024-113.

For Phase 2 of the Project, in late 2024 the City applied to the COSWAP Grant Program for funding to support the Michigan Ditch Forest Health and Pre-Fire Mitigation Project. The City was awarded a \$1,000,000 grant through COSWAP to support Phase 2 of the Project. As demonstrated by the Grant Award Letter from the State of Colorado (Exhibit A to Resolution 2025-053), the City will provide \$316,682 in cash match in support of Phase 2 work. Phase 2 is projected to cost \$1,316,682, which includes costs for forest treatments and administrative costs of CSFS in managing all aspects of project implementation, will commence in late spring/early summer of 2026.

The City and CSFS entered into a previous services agreement in 2024 for Phase 1 work, which will commence in July 2025. See Resolution 2024-113. Similar to the 2024 services agreement, Phase 2 work will occur on State lands managed by CSFS. Phase 2 work will also be managed by CSFS based on their experience and expertise in completing forest fuels reduction work.

To establish CSFS's role and responsibility over Phase 2 work that is being funded by \$1,000,000 through COSWAP and \$316,682 from the City, the City and CSFS have negotiated a draft Services Agreement (Exhibit A to the Resolution 2025-054). The services to be performed by CSFS mirror those presented in the Statement of Work of the Grant Award Letter, which proposes completing upwards of 180 acres of fuel reduction work in support of protecting the City's Michigan Ditch water supply and infrastructure. Pursuant to the \$1,000,000 in COSWAP funds being passed through to CSFS in support of Phase 2 work, CSFS is deemed a subrecipient of these state funds, and thereby, as presented in the Services Agreement, obligated to abide by certain terms and conditions of the Grant Award Letter.

Phase 2 work will follow Phase 1, with Phase 2 proposed to commence late spring/early summer 2026. There is no requirement that the City sign the Grant Award Letter. Rather, upon the City submitting the first request for reimbursement for costs associated with Phase 2 work, the City agrees to all terms and conditions of the Grant Award Letter. Terms and conditions include the City's obligation to reimburse CSFS in upwards of \$316,682 for allowable Phase 2 costs. The City will request that Council appropriate the \$1,000,000 in COSWAP funds and allocate City funds accordingly to meet the City's cost share obligation. This request of Council will be made in 2026, to align with the timing of Phase 2 work.

In support of the Michigan Ditch Pre-Fire Mitigation Project, the City recommends that Council authorize the City Manager to enter into the Services Agreement with CSFS for Phase 2. In addition, the City recommends Council authorize the City Manager to accept the grant funds and comply with the terms and conditions of the Grant Award Letter.

## **CITY FINANCIAL IMPACTS**

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Execution of the Services Agreement with CSFS and acceptance of the COSWAP award provides no financial impact.

In 2026 when Phase 2 is proposed to commence, based on terms and conditions of the Grant Award Letter, the City will request that Council appropriate the \$1,000,000 in grant funds and allocate appropriately the City's \$316,682 required cost share.

## **BOARD / COMMISSION / COMMITTEE RECOMMENDATION**

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Utilities staff presented the Utilities' Watershed Program to the Water Commission at its April 17, 2025, regular meeting. The Water Commission recommended Council formally approve of Utilities' Watershed Program to enter into the Intergovernmental Agreement Regarding Michigan Ditch Forest Health and Pre-Fire Mitigation Project Phase-2 Services through the Colorado State Forest Service and accepting the Colorado Department of Natural Resources' Colorado Strategic Wildfire Program Grant.

## **PUBLIC OUTREACH**

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None.

## **ATTACHMENTS**

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1. Resolution 2025-053
2. Exhibit A to Resolution 2025-053 (Grant Award Letter)
3. Resolution 2025-054
4. Exhibit A for Resolution 2025-054 (Services Agreement)
5. Water Commission Minutes, April 17, 2025 (excerpt)
6. Copy of Resolution 2024-113