



Water Storage Agreements, Appropriation of Project Funds, and Withdrawal of Permit Application



Nicole Poncelet-Johnson, One Water Executive Director

Joe Wimmer, Utilities Finance Deputy Director

Darren Parkin, Halligan Project Manager

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Summary Recommendations for Council



Staff will present a summary of the in-depth analysis and permitting challenges supporting a pivot from the Halligan Water Supply Project (Halligan) to the Northern Integrated Supply Project (NISP) to meet future water storage and supply needs within the City's water service area. Summary level resolutions and ordinance include:

- **Resolution authorizing the City to enter into interim agreements to participate in NISP with the ability to store the City's Own Water Rights in Glade Reservoir**
- **Resolution to withdraw the 404 Permit Application for the Halligan Water Supply Project**
- **Ordinance transferring unexpended appropriation from the Halligan Capital Project to the Water Fund Operating Budget to support entering into the 2026 NISP Interim Agreement and related consulting support**



Halligan Water Supply
Project

Permitting Challenges

NISP Status

Risk &
Recommendation



Halligan Water Supply Project

Background and Status

Project Overview



- 1980s: City began working on an expanded Halligan previously owned by North Poudre Irrigation Company (NPIC)
- 2006: Began federal permitting to store City water rights and increase the reliability and resiliency of the City's water supply, especially in times of prolonged drought
- Build new dam and expanded reservoir to store ~8,200 acre-feet (AF) of additional water
- Increase height of water level in reservoir by 26 feet, and expand reservoir wet area by 138 acres
- Project mitigation requirements and commitments to improve ecology along the North Fork of the Poudre River



Purpose and Need for Additional Water Storage

Purpose

- Firm yield water storage for Fort Collins Utilities' water service area

Need

- Projected municipal and industrial growth by 2065
- Resiliency and drought mitigation
- Adequate storage for full utilization of water rights



Halligan Current Status

- Halligan remains at 60% design
- Portion of environmental mitigation completed:
 - 295 acres of Preble's meadow jumping mouse habitat
 - North Fork mitigation bank including 1,220 feet of stream and over 19 acres of wetland credits
- Received approval through Larimer County's 1041 process
- Secured Colorado Water Conservation Board loan for \$151.5 million
- Received approval from the Colorado Department of Public Health and Environment (CDPHE) for the water quality certification under Section 401 of the federal Clean Water Act
- Completed all Section 404 requirements of the federal Clean Water Act

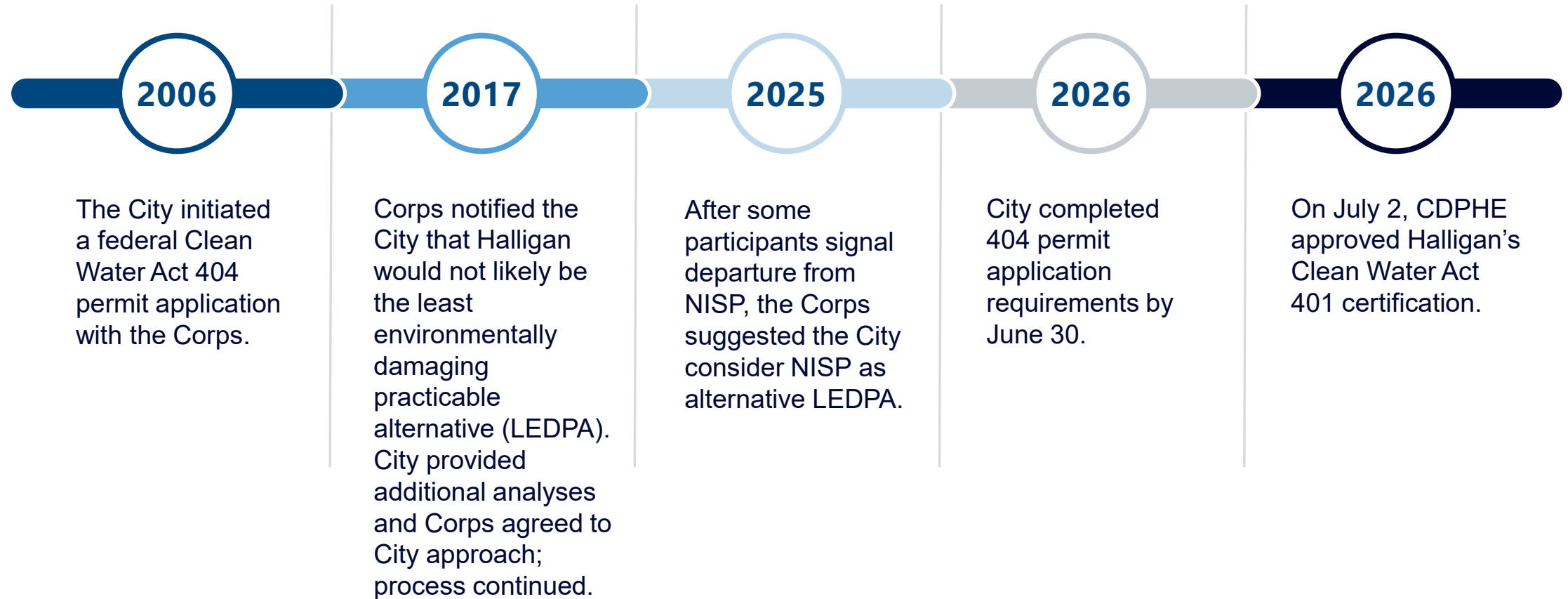




Permitting Challenges

Significant Changes Impacting Halligan's Viability

Permitting Overview



Recent Federal Permitting Challenges

JUNE 2, 2026



- › Corps asks City to justify why NISP is not the LEDPA
- › City responded

JULY 31, 2026



- › Corps officially extends its review of the permit application to Feb. 1, 2027

JULY 30, 2026



- › City of Greeley appealed the Halligan Project's 401 certification to the Water Quality Control Commission

AUG. 11, 2026



- › Meeting with Corps; Corps notified staff that a 404 permit for the enlargement of Halligan Reservoir is "not legally defensible"
- › Corps also raised permitting process concerns stemming from Greeley's appeal of the 401

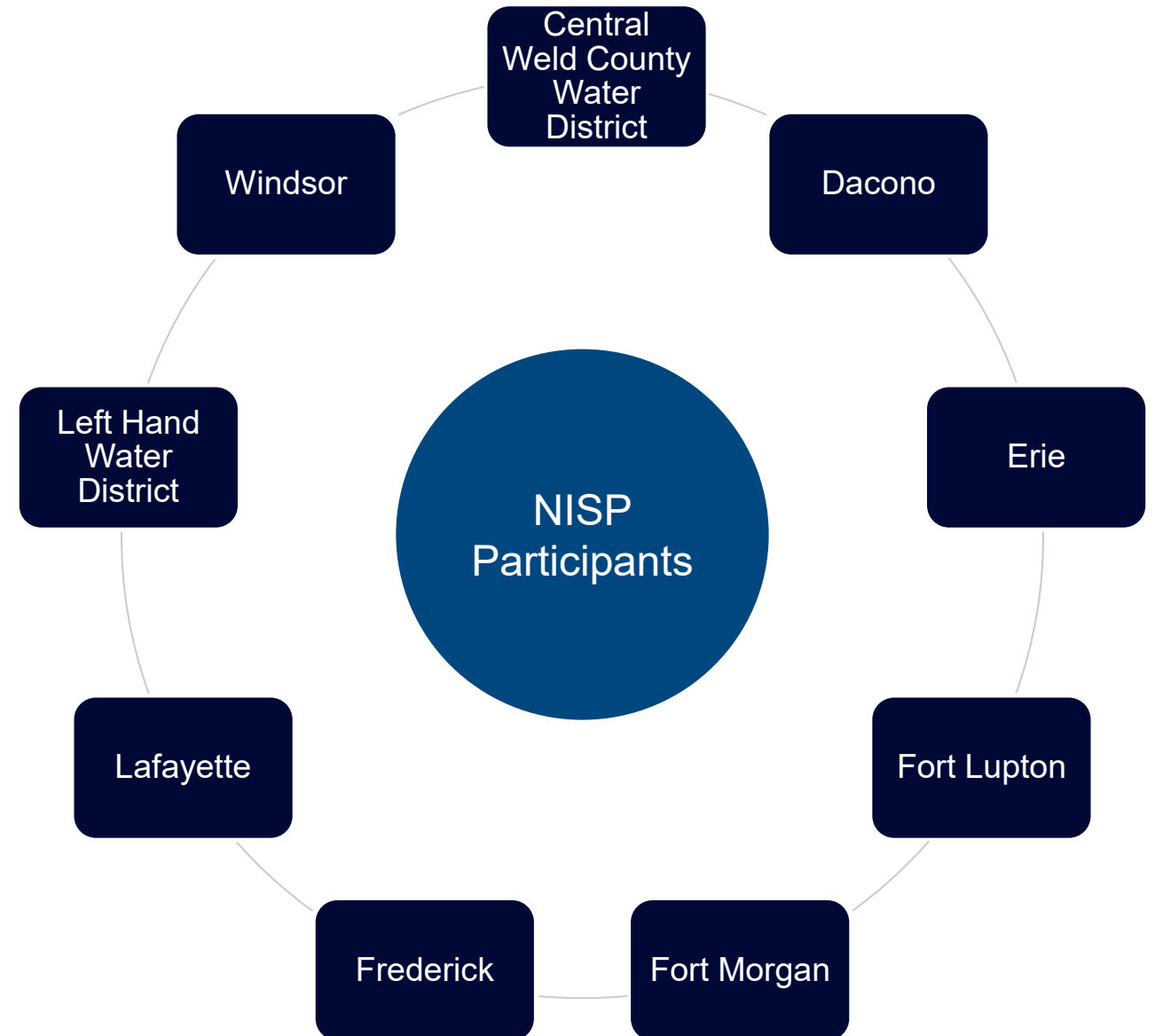
1. Request a final permit decision, likely prompting an official denial from the Corps.
2. **Withdraw the application, pausing enlargement of the reservoir.**
3. Proceed with Corps' delay; complete supplemental EIS analyzing City participation in NISP, likely prompting an official denial from the Corps.



NISP Status & Comparison

Data and Analysis Driving Decisions

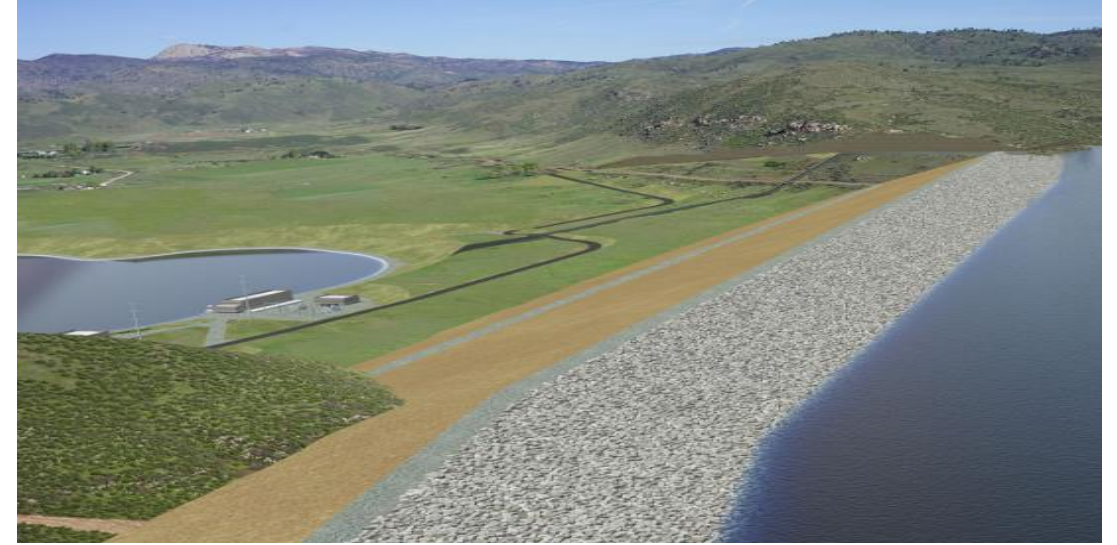
- Moving forward with Glade component
- Request for Proposals released this summer with contractor proposal expected in November for the Glade component and U.S. Highway 287
- Galeton component to be negotiated with interested participants in the future
- Partnership currently includes nine water providers



Halligan Project and Glade Component Scopes

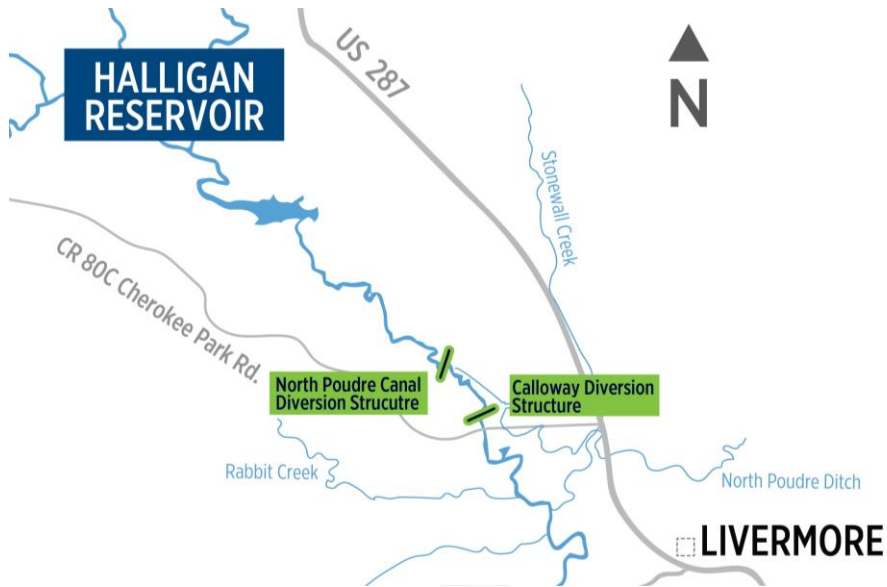


- Halligan expansion from 6,408 to 14,608 AF
- City will own the dam, additional **8,200 AF** of capacity, O&M, NPIC continues to own its storage (6,408 AF)
- **Not fully permitted, risk of environmental litigation**



- Glade: 170,000 AF reservoir, need 8,500 AF; negotiating for maximum recommended storage of **9,860 AF**
- Owned by Northern Water NISP enterprise, operated by Northern Water
- **Fully permitted and environmental litigation settled**

Mitigation Plan Commitments



Halligan Project

- Halligan is an on-channel reservoir on the North Fork of the Poudre River; collects Fort Collins water rights annually
- Mitigation flows (3-5 cubic feet per second) between Halligan and Milton-Seaman Reservoirs
- Fish passage and enhancements (2 total, one on North Fork and one on mainstem)
- Peak Flow Bypass Program (3 days of maximum peak flows in the North Fork)
- Limited adaptive management but regional collaboration
- Wildlife habitat conservation (Roberts Ranch 295 acres Preble's meadow jumping mouse habitat)
- Stream and wetland mitigation credits (7,285 stream credits and 19.37 wetland credits)



NISP

- Glade is an off-channel reservoir; NISP collects Grey Mountain water right during above-average flows of the Poudre River
- Mitigation flows (18-25 CFS) on main stem of Poudre River from Glade to Timnath Canal
- Fish passage and enhancements (5 total, planning on 3 in or near Fort Collins)
- Peak Flow Operations Program (3-day bypass maximum peak flows in Poudre River in most years)
- Adaptive management and regional collaboration (including regional water quality monitoring)
- Wildlife habitat conservation (1,380 acres habitat conservation around Glade, Hwy. 287 underpass)
- Wetland mitigation (34 wetland credits)

Budgeted Funds	\$76,668,946
Expenditures	(\$50,329,413)
Encumbered	(\$7,905,761)
Available Funds	\$18,433,773

- Budget life-to-date: January 1999 to October 2026
- Project encumbrances include \$7.3 million in completed and potentially recoverable mitigation credits

40-year costs (life of debt service)

Expense Type	Halligan Project	Glade, Fort Collins 5.8%; 9,860 AF (Max. Recommended Storage)
Debt Service	\$ 413,092,337	\$ 261,414,672
Operating, Repair & Replacement	\$ 69,542,731	\$ 29,969,097
Add'l Infrastructure, Treatment, Water	\$ 67,402,554	\$ 28,708,160
Environmental Mitigation	\$ 15,000,000	\$ 5,158,407
35% Halligan Dam Rehabilitation	\$ -	\$ 35,126,716
Total	\$ 565,037,621	\$ 360,377,052
Difference to Halligan		\$ (204,660,569)

Cost and Rate Forecast: Annual Rate Increases in Water Fund

	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Halligan	15.0%	15.0%	15.0%	10.0%	10.0%	7.5%	3.0%	3.0%	3.0%	3.0%
NISP (9,860 AF)	15.0%	8.0%	8.0%	8.0%	5.5%	5.0%	5.0%	3.0%	3.0%	3.0%

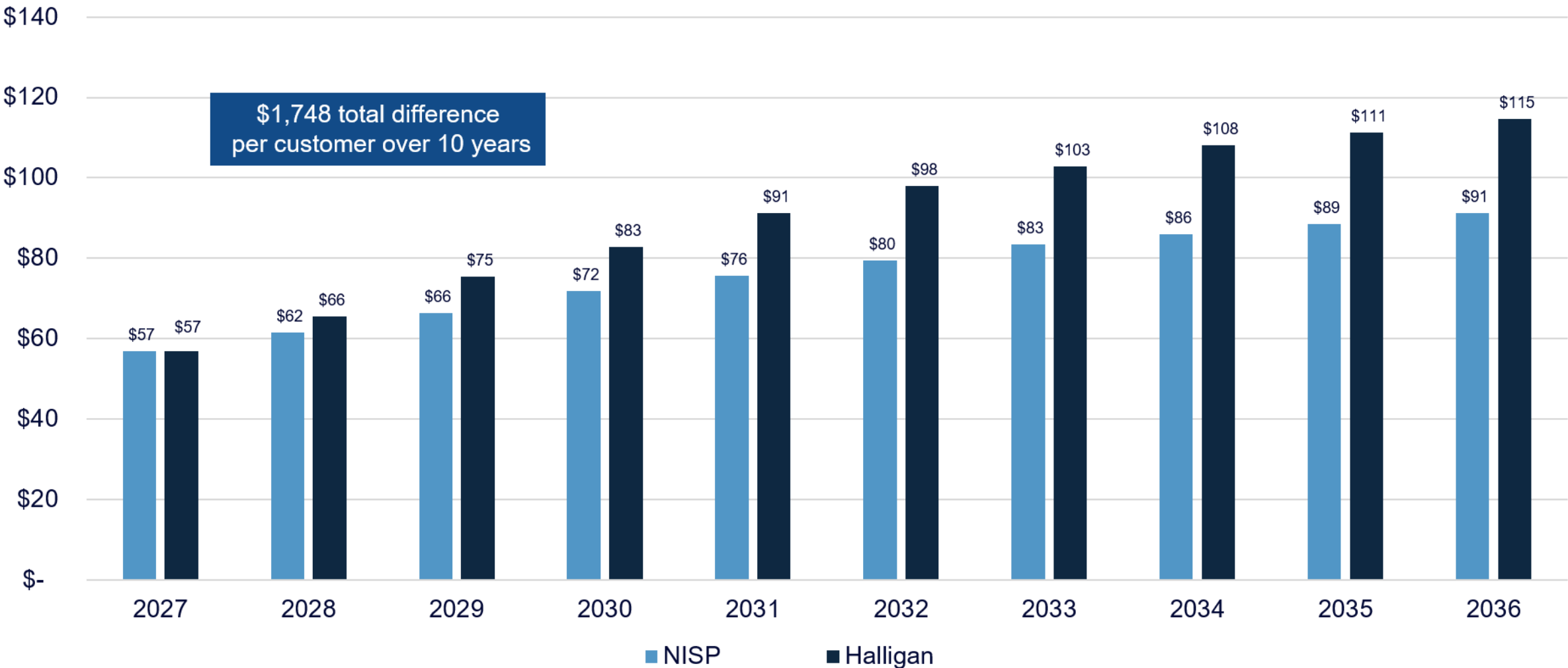
Note: Rates assume continuation of minimum level of capital replacement spending

NISP (9,860 AF) + Capital	15.0%	9.0%	9.0%	9.0%	5.5%	5.0%	5.0%	3.0%	3.0%	3.0%
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+1% increase 2028-2030 = \$1.5 million additional toward water main replacement; ~0.75 mile per year

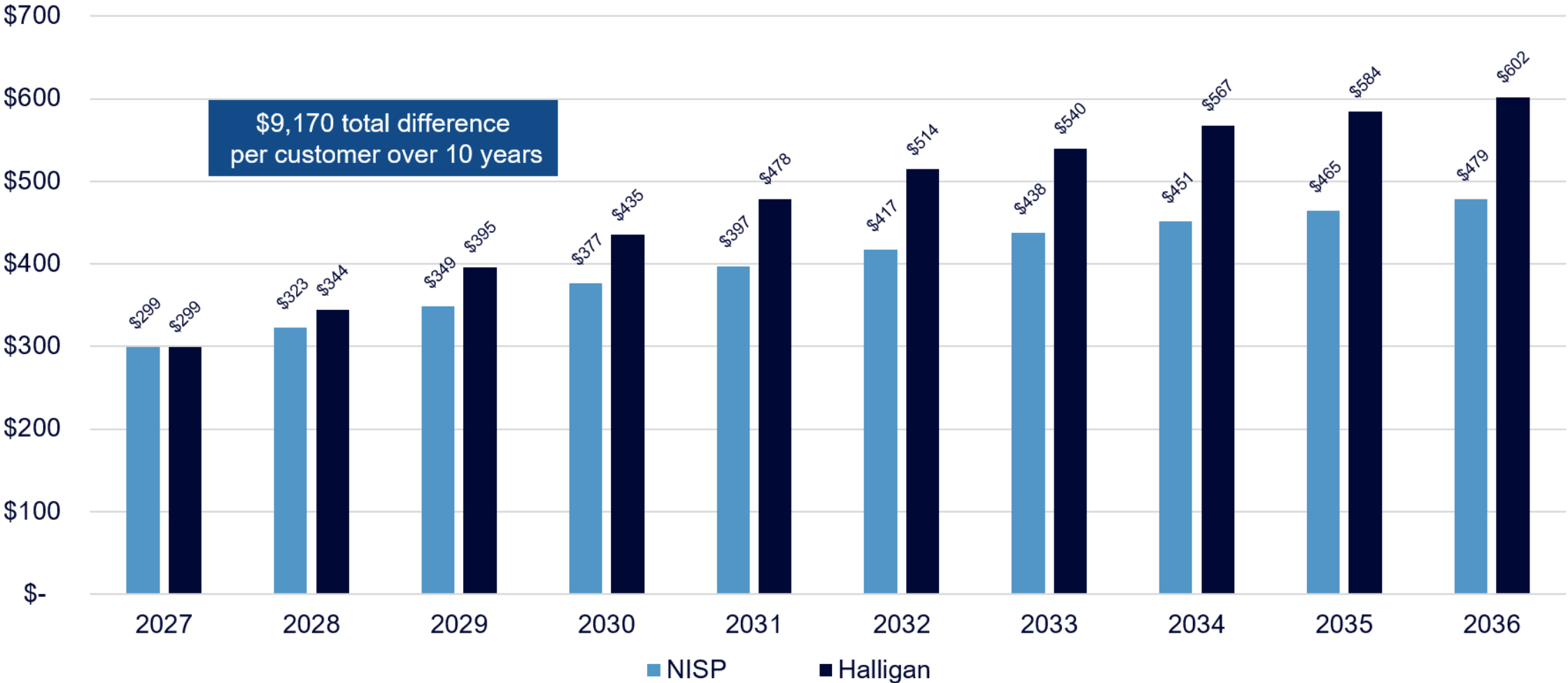
Residential Customer Bill Comparison by Project

Average Residential Monthly Water Bill
(assumes 7,000 gallons per month)



Commercial Customer Bill Comparison by Project

Commercial 1-inch Meter Monthly Water Bill
(assumes 70,000 gallons per month)



Cost to Become a NISP Participant

- NISP members participate through annual Interim Agreements
- City's cost to participate in 2026 Interim Agreement for 9,860 AF is \$766,154
- Consulting fees to support analysis of City's participation estimated at \$115,649
- Similar Interim Agreement expected in 2027 at an estimated cost of \$1.5M due Q1, until a final allotment contract is signed (est. late 2027)
- Transfer of appropriation from unexpended Halligan Project budget

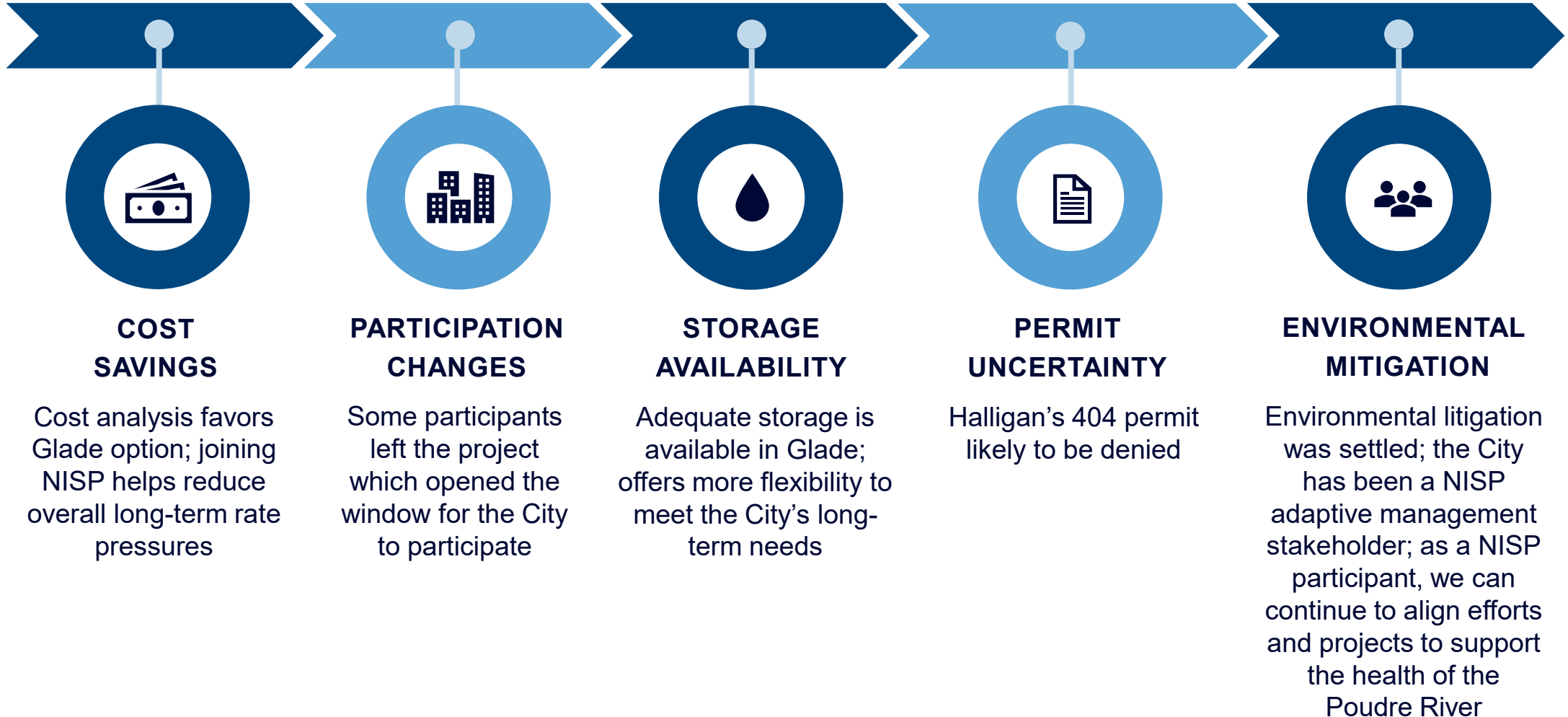




Risk & Recommendation

Category	Halligan Project	NISP
Federal Permitting		
State Permitting		
Environmental Litigation		
Other Litigation		
Project Delays		
Rising Construction Cost		
Financial		
Operational Control		

Review of Factors That Have Changed



Based on the in-depth analysis completed by staff and the current permitting challenges facing the Halligan Project, staff recommended Council approve the following resolutions and ordinance upon first reading:

- **Resolution 2026-119, Authorizing the City Manager to Withdraw the Application to the U.S. Army Corps of Engineers for a Permit Under Section 404 of the Clean Water Act for the Halligan Water Supply Project**
- **Resolution 2026-120, Authorizing the City Manager to Execute Agreements with the Northern Colorado Water Conservancy District for the City to Become a Participant in the Northern Integrated Supply Project and to Store Water Attributable to Some of the City's Own Water Rights in Glade Reservoir**
- **Ordinance No. 148, 2026, Transferring Unexpended and Unencumbered Appropriation of the Halligan Capital Project to the Water Fund Operating (lapsing) Budget for Participation in the NISP Twenty-Second Interim Agreement and Payment of Additional Participation Analysis Expenses Incurred by the Northern Colorado Water Conservancy District**