

RESOLUTION NO. 012
OF THE COUNCIL OF THE CITY OF FORT COLLINS,
ACTING EX-OFFICIO AS THE BOARD OF THE CITY'S WATER UTILITY
ENTERPRISE, AUTHORIZING THE MAYOR, ACTING EX-OFFICIO AS THE
PRESIDENT OF THE BOARD, TO EXECUTE AGREEMENTS WITH THE NORTHERN
INTEGRATED SUPPLY PROJECT WATER ACTIVITY ENTERPRISE 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

A. The City owns and operates a water utility that provides water service to customers in its service area and delivers water pursuant to various other contractual arrangements.

B. The City has determined that it needs additional water supplies and water storage for various reasons, including for drought protection, climate resilience, and to meet projected demands.

C. The City previously determined that the enlargement of Halligan Reservoir could meet the City's needs for additional water supplies and water storage. Beginning in the late 1980s, the City began to work on a project for the enlargement of the existing Halligan Reservoir ("Halligan Enlargement Project"), which includes the enlargement of the reservoir as well as related sub-projects and tasks. See, *e.g.*, City Council Resolution 87-161; Water Utility Enterprise Resolution No. 1.

D. The enlargement of Halligan Reservoir would require a permit under Section 404 of the Clean Water Act ("404 Permit") from the U.S. Army Corps of Engineers ("Corps"). The City thus filed an application to the Corps for a 404 Permit in 2006. The Corps labeled its project stemming from the application as the "Halligan Water Supply Project," which includes an evaluation of the City's purpose and need, alternatives to meet that purpose and need, and the environmental impacts of the various alternatives. The Halligan Water Supply Project remains in the federal permitting process.

E. It has become increasingly questionable whether the Corps will issue a 404 Permit for the enlargement of Halligan Reservoir as currently contemplated in the Halligan Water Supply Project permitting proceedings pending before the Corps. Moreover, rising construction and permitting costs have made the enlargement of Halligan Reservoir increasingly difficult from a financial perspective.

F. The City has thus explored alternative means to meet the City's needs for additional water supplies and water storage. This has included exploring potential participation in the project of the Northern Colorado Water Conservancy District ("Northern Water") known as the Northern Integrated Supply Project ("NISP"), which includes Glade Reservoir.

G. The City has determined that its potential participation in NISP could meet the City's needs for additional water supplies and water storage at a reasonable cost if the City is also able to store water attributable to some of the City's own water rights in Glade Reservoir. At this time, the City desires to be able to store in Glade Reservoir water attributable to the water rights represented by the City's shares in the so-called "Southside Ditches" companies (Arthur Irrigation Company, Larimer County Canal No. 2 Irrigating Company, New Mercer Ditch Company, and Warren Lake Reservoir Company), which were changed in Water Court Case No. 1992CW129 and Case No. 2005CW323, Division 1.

H. The City has worked to negotiate better outcomes for the Poudre River throughout the duration of the NISP permitting process and presently participates in the NISP adaptive management regional stakeholder committee. As a NISP participant, the City would continue to advocate for the health of the river and financially support a proportional share of the Poudre River Improvement Fund and required NISP environmental mitigation projects, many of which are located along the main stem of the Poudre River through town.

I. The City (both the City and its Water Utility Enterprise) and the Northern Integrated Supply Project Water Activity Enterprise, a government-owned business within the meaning of Article X, § 20(2)(d) of the Colorado Constitution, organized pursuant to C.R.S. §§ 37-45.1-101 et seq., owned by the Northern Colorado Water Conservancy District ("NISP Enterprise"), have thus negotiated the *Twenty-Second Interim Agreement with the Northern Integrated Supply Project Water Activity Enterprise for Participation in the Northern Integrated Supply Project* ("Interim Participation Agreement"), a copy of which is attached hereto and incorporated by this reference as Exhibit A. By the Interim Participation Agreement, the City will become a NISP participant through December 31, 2026, by agreeing to various terms and making various payments, in order to move NISP forward towards construction.

J. The City (both the City and its Water Utility Enterprise) and the NISP Enterprise have also negotiated a *Memorandum of Agreement* ("Storage Agreement"), a copy of which is attached hereto and incorporated by this reference as Exhibit B. By the Storage Agreement, the City and the NISP Enterprise agree to pursue the City's ability to store its Southside Ditches water in Glade Reservoir. The Storage Agreement will become an appendix to the Interim Participation Agreement, such that they are effectively part of the same agreement.

K. The City and other NISP participants intend to subsequently execute permanent allotment contracts for their NISP participation as NISP proceeds towards construction. Such permanent allotment contracts will address the City's and other NISP participants' permanent obligations and rights in and to NISP, including financial obligations and the City's ability to store its Southside Ditches water in Glade Reservoir.

L. At the time of completing the permanent allotment contracts, the City may terminate the Halligan Enlargement Project and wrap up any outstanding obligations and tasks for that project.

In light of the foregoing recitals, which the Council hereby makes and adopts as determinations and findings, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF FORT COLLINS, ACTING EX-OFFICIO AS THE BOARD OF THE CITY'S WATER UTILITY ENTERPRISE, as follows:

Section 1. Contingent upon the final adoption of Ordinance No. 148, 2026 and its effective date, the Mayor, acting ex-officio as the President of the Board of the Water Utility Enterprise, is hereby authorized to execute the Interim Participation Agreement in the form of Exhibit A, attached hereto and incorporated by this reference, with such modifications and additional terms and conditions as the City Manager, in consultation with the City Attorney, determines to be necessary and appropriate to protect the interests of the City or effectuate the purposes of this Resolution.

Section 2. Contingent upon the final adoption of Ordinance No. 148, 2026 and its effective date, the Mayor, acting ex-officio as the President of the Board of the City's Water Utility Enterprise, is hereby authorized to execute the Storage Agreement in the form of Exhibit B, attached hereto and incorporated by this reference, with such modifications and additional terms and conditions as the City Manager, in consultation with the City Attorney, determines to be necessary and appropriate to protect the interests of the City or effectuate the purposes of this Resolution.

Passed and adopted at a regular meeting of the Council of the City of Fort Collins, acting ex-officio as the Board of the City's Water Utility Enterprise on October 20, 2026.

Mayor, Ex-Officio President

ATTEST:

City Clerk

Effective Date: October 20, 2026

Approving Attorney: Eric Potyondy

Exhibits: Exhibit A – Twenty-Second Interim Agreement with the Northern Integrated Supply Project Water Activity Enterprise for Participation in the Northern Integrated Supply Project
 Exhibit B – Memorandum of Agreement