

ORDINANCE NO. 010, 2026
OF THE COUNCIL OF THE CITY OF FORT COLLINS
AUTHORIZING THE CITY MANAGER TO TRANSFER
OWNERSHIP OF UP TO 61 SHARES OF THE BUCKHORN
HIGHLINE DITCH COMPANY

A. The City currently owns 94 of the 180 shares of stock ("Shares") of the Buckhorn Highline Ditch Company ("Ditch Company"). Shares in the Ditch Company represent a pro-rata interest in the water right decreed to the Buckhorn Highline Ditch ("Ditch"). Shares in the Ditch Company also represent a pro-rata ownership of and responsibility for the Ditch and associated infrastructure, such as the diversion structure that diverts water from the stream into the Ditch.

B. The City's Natural Areas Department ("Natural Areas") is responsible for managing the City's ownership of the City's 94 Shares. The 94 Shares have historically been associated with the lands now comprising the Bobcat Ridge Natural Area, including the lands enlarging that natural area through the recent acquisition of Eagle Canyon Ranch and Soaring Eagle Estates. The 94 Shares are not associated with the City's Water Utility or domestic water supply for Fort Collins residents.

C. Water derived from the 94 Shares has historically been used to irrigate lands that are now portions of the Bobcat Ridge Natural Area. However, in recent years, Natural Areas' need for the use of water from 94 Shares has diminished significantly as formerly-irrigated portions of the Bobcat Ridge Natural Area have been converted from irrigated land to native, unirrigated landscapes. Natural Areas believes that its ownership of 33 Shares would be more appropriate for its current and future uses at Bobcat Ridge Natural Area.

D. The Ditch's diversion structure on Buckhorn Creek was significantly damaged during the September 2013 floods. The Ditch and diversion structure have thus been generally inoperable since. Repairs to restore basic functions to the Ditch and diversion structure are currently estimated to cost between \$600,000 and \$720,000, which equates to \$3,333 to \$4,000 per Share.

E. Natural Areas' investigations into the fair market value of the 61 Shares indicate that their fair market value is likely in the \$1,500 to \$2,000 per share range. That is, the liabilities of the 61 Shares are greater than their fair market value.

F. Natural Areas has also investigated other potential uses of the 61 Shares. However, due to the location, junior priority, and low flow rate of the water right decreed to the Ditch, there is little probability of the 61 Shares being useful for municipal, instream flow, or other uses. Meanwhile, other shareholders in the Ditch Company may have a use for this water, which would benefit residents of the Buckhorn Creek Valley and support regional agriculture. Natural Areas thus desires to transfer ownership of up to 61 Shares, either by sale or by returning the shares to the Ditch Company without compensation.

G. In the unique circumstances the 61 Shares present, the transfer of ownership of the 61 Shares, either by sale or by returning the shares to the Ditch Company without compensation, is in the best interests of the City.

H. If Natural Areas staff is unable to find a buyer for the 61 Shares and they were returned to the Ditch Company, and thus no compensation were paid to the City, the City would benefit by reducing the significant liability per Share, as discussed above. Moreover, this would serve a bona fide public purpose because:

- (1) The use to which the 61 Shares will be put promotes health, safety or general welfare and benefits a significant segment of the citizens of Fort Collins by reducing liabilities to Natural Areas;
- (2) The use to which the 61 Shares will be put supports one or more of the City Council's goals, adopted policies, projects, or plans through better and more economical management of Bobcat Ridge Natural Areas and its associated resources;
- (3) The financial support provided by the City through the below-market transfer of ownership of the 61 Shares will be leveraged with other funding or assistance in the management of Bobcat Ridge Natural Area;
- (4) The transfer of ownership of the 61 Shares 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 substantially relative to the public purpose being served because the shares could be sold in a transaction or returned to the Ditch Company and held for all shareholders, including the City, and subsequently resold for the benefit of all shareholders; and
- (5) Transfer of ownership of the 61 Shares will not interfere with current City projects or work programs, hinder workload schedules or divert resources needed for primary City functions or responsibilities.

In light of the foregoing recitals, which the Council hereby makes and adopts as determinations and findings, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF FORT COLLINS as follows:

Section 1. City Council finds, pursuant to Section 23-111(a) of the City Code, that the transfer of ownership of up to 61 Shares of the Buckhorn Highline Ditch Company is in the best interests of the City.

Section 2. City Council finds, pursuant to Section 23-114, that the transfer of ownership of up to 61 Shares of the Buckhorn Highline Ditch Company may be for an amount less than market value, but that it would serve a bona fide public purpose for the reasons set forth above.

Section 3. The City Manager, through the Natural Areas Director, is hereby authorized to transfer ownership of up to 61 Shares of the Buckhorn Highline Ditch

Company, either by sale or by returning the shares to the Ditch Company without compensation, pursuant to appropriate transfer documents, in consultation with the City Attorney, which are determined to be necessary and appropriate to protect the interests of the City or effectuate the purposes of this Ordinance.

Introduced, considered favorably on first reading on February 3, 2026, and approved on second reading for final passage on February 17, 2026.

Mayor

ATTEST:

City Clerk

Effective Date: February 27, 2026
Approving Attorney: Eric Potyondy

Exhibit: None