

AGENDA ITEM SUMMARY

City Council



STAFF

Katie Collins, Water Conservation Specialist
Kerri Ishmael, Senior Analyst, Grant Administration
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SUBJECT

Second Reading of Ordinance No. 048, 2023, Authorizing the City Manager to Accept a Grant Award and Comply with the Terms of a Grant From the Colorado Water Conservation Board, Making Supplemental Appropriations in the Water Fund and Authorizing Transfers from the Water Fund, for the Xeriscape Incentive Program.

EXECUTIVE SUMMARY

This Ordinance, unanimously adopted on First Reading on April 4, 2023, supports businesses, homeowner associations, other commercial properties, and residential properties pursuing costly landscape projects that reduce water use long-term through the Xeriscape Incentive Program by:

- Appropriating \$100,000 of unanticipated grant revenue, awarded by the Colorado Water Conservation Board, to the Water Fund;
- Appropriating \$65,890 from the Water Fund reserves; and
- Utilizing matching funds in the amount of \$57,220 from existing 2023 appropriations into this new grant project.

This item would also authorize the City Manager or their designee to accept the grant award and comply with the terms of the grant application and award.

STAFF RECOMMENDATION

Staff recommends adoption of the Ordinance on Second Reading.

BACKGROUND / DISCUSSION

The Xeriscape Incentive Program (XIP) supports Fort Collins Utilities (Utilities) water customers by providing funding for landscape retrofit projects that reduce outdoor water use long-term. The typical existing landscape in Fort Collins is made up mostly of bluegrass, which, on average, requires 15-18 gallons of supplemental irrigation water per square foot of area, per growing season. Reducing the total amount of bluegrass on a property along with reconfiguring irrigation systems may cut a property's landscape water requirement by 30% or more, but retrofit projects are costly. XIP is one tool that reduces barriers to landscape conversions by providing rebates to customers - residential customers up to \$1,000 and commercial customers up to \$15,000 – for outdoor retrofit projects. More information about the

Xeriscape Incentive Program can be found here: [Xeriscape Incentive Program \(XIP\) - City of Fort Collins \(fcgov.com\)](https://www.fcgov.com/xeriscape).

Reducing outdoor water use is one of several effective water demand management tools identified in the Fort Collins Water Efficiency Plan. Through XIP, Utilities has been offering rebates to residential water customers since 2016 and to commercial water customers since 2020. Since 2016, over 400 landscape projects across 27 acres of Fort Collins have been supported by XIP – 390 projects on residential properties and 24 projects on commercial properties. The interest in landscape retrofit projects continues to grow as evidenced by the growing number of program participants.

The Colorado Water Conservation Board (CWCB) recently awarded a Water Plan Grant to Utilities (see attached meeting minutes) to support the XIP in relation to Utilities water customers for landscape retrofit projects on both commercial and residential properties that support reducing water use long-term. The award was based on total project costs of \$223,110, with the CWCB providing \$100,000 in funds and the remaining \$123,110 being provided by Fort Collins Utilities as grant match. Total project costs (\$223,110) pertain to funding for landscape retrofit projects.

As indicated in the Budget and Schedule for the Water Plan Grant (see attachment), both the CWCB and Utilities will share costs for the landscape retrofit projects on both commercial and residential properties on a cost basis of 44.8/55.2%, respectively. The basis for rebate amounts to Utilities water customers is based on program guidelines as developed by Utilities for the XIP. The period of performance a/k/a project period for such landscape retrofit projects is from May 2023 through May 1, 2028.

The grant award does not require execution of a post-award agreement. In this type of grant, the City would need to comply with the terms of the grant application and award upon accepting the grant and drawing the grant funds. City staff recommends that Council authorize the City Manager or their designee to accept the grant and comply with the terms of the grant application and award.

CITY FINANCIAL IMPACTS

This item appropriates \$165,890 in project costs for landscape retrofit projects completed on both commercial and residential properties of Utilities water customers from:

- \$100,000 in unanticipated grant revenue
- \$65,890 in Water Fund reserves to be used towards the required matching funds

Additionally, required matching funds in the amount of \$57,220 have already been appropriated in the 2023 Water Fund in the Water Conservation operating budget. The total project cost is \$223,110.

This grant from CWCB is a reimbursement type grant, meaning Water Fund expenses will be reimbursed up to \$100,000.

ATTACHMENTS

First Reading attachments not included.

1. Ordinance for Consideration
2. Exhibit A to Ordinance