

RESOLUTION 2017-029
OF THE COUNCIL OF THE CITY OF FORT COLLINS
APPROVING THE CHARTER OF THE REGIONAL
WATER COLLABORATION STEERING COMMITTEE

WHEREAS, Fort Collins Utilities is owned and operated by the City and provides treated water service to portions of the Fort Collins Growth Management Area (“GMA”); and

WHEREAS, the East Larimer County Water District (“ELCO”) and the Fort Collins-Loveland Water District (“FCLWD”) also provide treated water service to portions of the GMA not served by Fort Collins Utilities; and

WHEREAS, ELCO, FCLWD, and the North Weld County Water District (“NWCWD”) jointly operate a water treatment plant located adjacent to Fort Collins Utilities’ water treatment plant; and

WHEREAS, there are various opportunities for collaboration on regional water issues among area water providers, in particular, among Fort Collins Utilities, ELCO, and FCLWD as they concern regional water issues in the GMA; and

WHEREAS, a Regional Water Collaboration Workshop was held on May 31, 2016, and attended by representatives of the City, ELCO, FCLWD, and NWCWD to discuss, among other things, opportunities for collaboration on regional water issues among area water providers; and

WHEREAS, the City, ELCO, and FCLWD agreed to the formation of a Steering Committee at the May 31, 2016, workshop that would be comprised of water managers and two representatives from each of the governing boards of the City, ELCO, and FCLWD; and

WHEREAS, each entity appoints its representatives to the Steering Committee; and

WHEREAS, on June 21, 2016, the City adopted Resolution 2016-049 appointing Mayor Pro Tem Gerry Horak and Councilmember Gino Campana to represent the City on the Steering Committee; and

WHEREAS, the purpose of the Steering Committee is to develop a charter articulating next steps and to provide such a charter to all governing boards for approval; and

WHEREAS, the Steering Committee convened four times between August 2016 and January 2017, to, among other things, develop the draft charter attached as Exhibit A (“Charter”); and

WHEREAS, the Steering Committee will conduct its business in meetings that are open to the public; and

WHEREAS, the work set forth in the Charter is to the benefit of the citizens of the City of Fort Collins, residents of the GMA, and the ratepayers of Fort Collins Utilities because it may

identify ways and means to continue and improve the consistently high level of water service by having the water providers collaborate on shared goals and purposes; and

WHEREAS, City staff recommends approval of the Charter by City Council.

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF FORT COLLINS as follows:

Section 1. That the City Council hereby makes and adopts the determinations and findings contained in the recitals set forth above.

Section 2. The City Council hereby approves the Charter substantially in the form attached hereto as Exhibit "A."

Passed and adopted at a regular meeting of the Council of the City of Fort Collins this 7th day of March, A.D. 2017.

ATTEST:

W Winkelman
City Clerk



[Handwritten Signature]
Mayor

Regional Water Collaboration Steering Committee Charter

Project Purpose and Desired Outcomes

The purpose of the Regional Water Collaboration Steering Committee is to identify and pursue regional water collaboration opportunities in and around the City of Fort Collins Growth Management Area (GMA) where shared goals and purpose exists and where collaboration among the water providers may result in improved outcomes.

Fort Collins Utilities, East Larimer County Water District (ELCO), and Fort Collins Loveland Water District (FCLWD) currently provide treated water service to customers in their respective service areas in and around the GMA. The three water providers provide consistently high quality and reliable service to their customers. Thus, regional water collaboration is focused on particular issues and opportunities where shared goals and purpose exists and where customers and residents within the GMA may realize a benefit.

The Regional Water Collaboration Steering Committee will initially focus on three primary issues and outcomes:

1. **Coordination of Water Conservation and Shortage Response Plans in the GMA.** Such coordination will be focused on providing consistent water conservation programs, improving water efficiency, and aligning water shortage responses for each water provider across the GMA.
2. **Improved water supply and drought planning across the GMA.** Such improvements will be focused on coordinating and aligning water supply and drought modeling and planning activities and policies across the GMA to ensure adequate water supply is available for current and future residents.
3. **Development of additional water supplies for the GMA.** Such collaboration will focus on future water rights acquisitions to best leverage the current assets and future needs of each water provider.

The Steering Committee discussed and prioritized other regional water issues (discussed below) however will not pursue collaboration on those issues at this time. The Steering Committee will revisit those issues as progress is made on the top three priorities.

Background

A Regional Water Collaboration Workshop was held on May 31, 2016, to discuss regionalization prospects and further collaboration among water providers serving residents within and near Fort Collins' GMA. The workshop was attended by representatives from the City of Fort Collins, East Larimer County Water District (ELCO), Fort Collins-Loveland Water District (FCLWD), and North Weld County

Water District (NWCWD). Representatives included members of governing boards and staff from each entity.

Workshop attendees discussed opportunities and barriers to regional water collaboration. The participants agreed that, while all entities are providing a consistently high level of water service to customers within their respective service areas, there are opportunities to collaborate where shared goals and purpose exists. Participants desired to further discussions to that end by appointing a steering committee consisting of two representatives from each governing board and water managers from each entity. The committee was directed to develop a charter articulating next steps and to provide such a charter to all governing boards for approval. NWCWD's Board members declined to participate in the Steering Committee, however the NWCWD Manager desired to remain engaged in the discussion.

The Steering Committee convened three times between August and October 2016 to discuss regional water issues, the purpose and goals of water collaboration, forms of collaboration, and various considerations for each identified issue.

The committee identified and deliberated on 10 key issues for regional water collaboration. Those issues are summarized in the attached Issues Table. The Steering Committee determined through a prioritization process that they would like to pursue three key issues related to water conservation and shortage response, water supply and drought planning, and development of additional water supplies.

The Steering Committee discussed and prioritized other regional water issues however will not pursue collaboration on those issues at this time. The Committee will revisit those issues as progress is made on the top three priorities.

Pursuit of the top three priority issues will include development of Strategy Roadmap for review and approval by the Steering Committee. Completing the Roadmap and the associated tasks may require future financial investment. Such investment is yet to be determined and will be scalable based on the resources available and committed by each entity.

Project Deliverables

The initial project deliverable is a project charter approved by all governing boards. Future project deliverables include a Strategy Roadmap focused on strategies and tactics for addressing the top three priorities. Additional project deliverables may be identified by the Steering Committee at a future date.

Project Dependencies

The project deliverable is dependent on the following:

1. Input and participation by the Steering Committee in meeting identified project milestones.
2. A commitment of governing boards for collaborating on the top three priorities identified by the Steering Committee.
3. Allocation of any necessary human and financial resources by each governing board.

Governance Structure

The Regional Water Collaboration Project will be governed by the Regional Water Collaboration Steering Committee, consisting of two representatives from each governing board and water managers from each entity. Steering Committee members will represent the ideas, opinions, and considerations of each participating water provider at steering committee meetings. Each member will ensure two-way communication between the steering committee and board members of each entity. The committee will

create an environment where everyone is encouraged to participate, perspectives are freely expressed, and resolutions are in the best interests of the project as defined by the steering committee members.

The committee will make decisions by consensus. If consensus cannot be reached, the committee will determine the appropriate resolution based on the particular decision to be made.

Project Drivers

The Steering Committee identified 10 primary issues that serve as key drivers for Regional Water Collaboration. Those issues and the Steering Committee discussion on each are included in the attached Issues Table. In summary, those issues are as follows:

1. **Water Conservation.** Varying water conservation programs and measures in the GMA cause confusion and concern for residents.
2. **Water Shortage Response.** Varying drought or water shortage response plans and policies in the GMA cause confusion and concern among residents.
3. **Water Supply and Drought Planning.** Water supply and drought modeling and planning and policies vary across the GMA, with ELCO and FCLWD in a reactionary role to Fort Collins' land use decisions.
4. **Water Treatment.** Similarly located water treatment facilities perform the same essential functions, creating various inefficiencies associated with having two facilities that operate primarily independently.
5. **Current Water Resources & Water Supply Infrastructure.** Varying water rights portfolios, water supply contracts (such as CBT units), and water supply infrastructure result in certain water providers being "water long" in certain respects and "water short" in others.
6. **Additional Water Supply Infrastructure.** Additional water infrastructure (e.g. raw water storage and/or recharge facilities) may be needed by each water provider in the future. Collaboration may result in economies of scale and avoid redundancies across the GMA.
7. **Additional Water Supply.** Additional water rights may be needed by each water provider to meet future demand. This could be in the form of new appropriations or acquiring existing water rights and changing them from irrigation to municipal uses.
8. **Water Service Area Boundaries.** Each water provider serves portions of Fort Collins and its GMA, creating service inconsistencies across portions of Fort Collins (e.g. billing rates, PIFs, etc.). The various governing bodies also create difficulties for establishing consistent policies across Fort Collins and its GMA, as well as for citizens desiring to petition their government.
9. **Water Distribution.** Separate distribution systems serve both inside and outside of Fort Collins and its GMA. When one water provider delivers water through another water provider's system, it is difficult to account for that water in compliance with water rights decrees, hampering certain water sharing possibilities.

10. **New Water Service Governance Structure.** Fort Collins, ELCO, and FCLWD each serve different areas in and around the GMA. There may be various inefficiencies associated with having a single entity serve the entire GMA, and possibly surrounding areas.

Project Constraints

The Steering Committee identified the following constraints to collaborating on the top 10 regional water issues identified:

1. **Financial Viability.** Each water provider has varying financial needs (e.g. for capital assets and operations). The costs and benefits of collaboration may not be the same for all water providers.

Proposed Mitigations:

- *Base the withdrawal from a collaborative scenario on the cost of termination (see Platte River Power Authority Model).*
- *Consider various financial philosophies, e.g. a low capital cost/high operating revenue model vs. a high capital cost/low operating revenue model. Focus any analysis on how to mitigate issues associated with each model.*

2. **Varied Programs/Services.** An analysis of the current services offered by each water provider may reveal differences in levels of service delivery, including cost, customer service, water quality, customer engagement and communication, and offered conservation programs.

Proposed Mitigation:

- *Begin collaborating now to increase the level of service to all customers within the GMA. Assess the marginal cost to each water provider to leverage the current investment of the City in its offered programs. Base future programs on data and metrics that make sense for all water providers.*
- *Begin aligning policies adopted by each water provider related to water reliability and demand management.*

3. **Organizational and Governance Structure.** Changes in organizational and governance structures may be required to address some of the key issues identified by the Steering Committee.

Proposed Mitigation:

- *Focus on opportunities that do not require a change in organizational structure.*
- *Explore the governance models currently used by Poudre Fire Authority (PFA) and Platte River Power Authority (PRPA). Consider the advantages/disadvantages of each.*
- *If a common organizational structure was pursued, consider an equal voting governance model to mitigate concerns over more/less authority in a collaboration scenario.*

4. **Varying Interests and Goals.** The City serves multiple interests and has adopted a diverse set of goals. Other water providers are a single service organization focused on water treatment and delivery services. This may make it difficult for participating entities to agree on goals, strategies, and projects.

Proposed Mitigation:

- *Recognize that varying interests exist within the boundaries of all water providers (e.g. municipal, business, agriculture, etc.). Focus the analysis on the varied interests of customer segments within the GMA, not within individual boundaries.*
 - *Focus the analysis on the goal of collaboration – efficient, effective, sustainable water services for the community.*
5. **Resistance to Change.** Even if the benefits outweigh the costs of collaboration, the inertia of the status quo may create difficulties in embracing such a major change in structure and service delivery.

Proposed Mitigation:

- *Frequently revisit the drivers for change and the goals for collaboration described in the project charter.*

Steering Committee Members

The chart below indicates key participants in the Regional Water Collaboration Steering Committee:

Name	Organization	Role	Commitment
Kevin Gertig	City of FC, Utilities Executive Director	Executive Sponsor	Provide high level guidance and direction for project. Bring needed authority to monitor and ensure project goals and deliverables are met.
Carol Webb	City of Fort Collins, Water Resources and Treatment Operations Manager	Project Manager	Responsible/accountable for Water Collaboration effort. Responsible for providing clear direction and moving the Steering Committee to accomplish project goals.
Gino Campana	Fort Collins, City Councilmember	Steering Committee member	<ul style="list-style-type: none"> • Represent the ideas, opinions, and considerations of each participating water provider at steering committee meetings. • Provide strategic direction/input for collaboration effort. • Ensure two-way communication between the steering committee and board members of each entity. • Review and approval of cost and schedule baselines. • Review and input on projects risks, risk mitigation, and issues. Business process input and review.
Gerry Horak	Fort Collins, City Councilmember	Steering Committee member	
Bill Dieterich	FCLWD Board member	Steering Committee member	
Dale Leach	FCLWD Board member	Steering Committee member	
Scott Baker	ELCO Board member	Steering Committee member	
Jim Clay	ELCO Board member	Steering Committee member	
Mike Scheid	ELCO General Manager	Steering Committee member	
Chris Matkins	FCLWD General Manager	Steering Committee member	
Jon Haukaas	City of FC, Water Engineering/Field Services Manager	Steering Committee member	

Name	Organization	Role	Commitment
Governing Boards	Fort Collins City Council ELCO Board of Directors FCLWD Board of Directors	Participating water provider	Ultimate authority to approve project scope, funding, and actions related to any collaboration scenario.

Project Budget

Funds required for development of the Project Strategy Roadmap are estimated at approximately \$50,000, distributed among the participating entities. The financial impact of completing identified tasks to further the regional collaboration effort is not yet known. Any funding needs will be discussed by the Steering Committee and any request for appropriation of funds will be presented to governing boards for approval.

Project Timeline and Milestones

The Project timeline and key milestones are yet to be determined and will be include in the Project Strategy Roadmap for approval by the Steering Committee.