

**Utilities**

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**MEMORANDUM**

**DATE:** February 12, 2021

**TO:** Mayor Troxell and Councilmembers

**FROM:** Liesel Hans, Interim Utilities Deputy Director, <sup>DS</sup> LH  
 Paul Sizemore, Interim Director of CDNS <sup>DS</sup> PS

**THROUGH:** Darin Atteberry, City Manager <sup>DS</sup> DA  
 Kelly DiMartino, Deputy City Manager <sup>DS</sup> KD  
 Theresa Connor, Interim Utilities Executive Director <sup>DS</sup> TC

**RE:** February 9, 2021 City Council Work Session Item #2: Montava Development: Overview of Proposed Potable Water Supply Relying on Groundwater

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The purpose of the work session was to provide high-level information about the proposal from the Montava developer (Developer) to pump and treat renewable groundwater as the potable water supply for the Montava development (Development), to identify the three main policy issues the proposal raises, to identify the City's key decisions as the policy issues apply to the Developer's specific proposal, and to get feedback on timing and sequencing of when to bring each item back for Council's consideration. All Councilmembers were in attendance, remotely.

**Discussion Summary:**

- Council voiced strong support for working in partnership with the East Larimer County Water District (ELCO).
- There was some concern around selling a Fort Collins Utilities asset (augmentation water) in perpetuity, as well as potentially offering it at a below-market rate. Council voiced support to ensure there are not negative impacts to Fort Collins Utilities.
- There was some concern around scenarios that would lead to the creation of another water provider in the Growth Management Area.
- Council asked how useful the non-standard water adequacy determination process would be beyond this specific Development. Staff noted that creating a process could create interest from other developers in the future.
- Council was supportive of engaging a consultant to build a non-standard water adequacy determination process that would be paid for by the Developer, understanding that this need is arising due to the specific Developer's proposal and that it fits with the longstanding practice of development paying its own way.
- Council suggested looking at what and how the costs of the water supply system would be passed onto the homeowners of the Development and for how long.



- Council suggested a need to explore other strategies to address Council priorities, like affordable housing. For example, potential options could include the general fund subsidizing tap fees outside of Fort Collins Utilities water and wastewater service areas.
- Council noted that the current system isn't working very well for the future of Fort Collins and suggested that continuing to keep options open and exploring the water supply proposal could be an opportunity to learn and potential identify creative solutions.

**Next Steps:**

- Staff will provide a follow-up memo to explain the compensation options for the proposed perpetual augmentation water agreement.
- Staff will start the effort to build a process and policy for non-standard water adequacy determinations.

**CC:** Eric Potyondy, Assistant City Attorney  
John Duval, Deputy City Attorney