



WATER BOARD ANNUAL REPORT

1988

Membership Status

Current Members

Henry P. Caulfield, President
Thomas G. Sanders, Vice President
Mark E. Casey (Junior alternate)
Timothy J. Dow
Neil S. Grigg
Ray Herrmann
James G. Kuiken
Thomas K. Moore
Terence H. Podmore
MaryLou Smith
David Stewart
Chester C. Watson (Senior alternate)
Harvey Johnson (Honorary Lifetime Member)

New Members

Mark E. Casey
Timothy J. Dow
Terence H. Podmore

Resignations

Josephine Boyd
Norman A. Evans

John F. Scott was not re-appointed to an additional 4 year term. Jim Kuiken (senior alternate) was appointed as a regular member. MaryLou Smith and Dave Stewart were re-appointed to additional 4 year terms. Chester Watson (junior alternate) was re-appointed as the senior alternate.

MAJOR ISSUES

Excalibur Claim

Excalibur, a partnership of developers, investors and landowners seeking to develop land in Douglas County south of Denver, challenged the City's rights to water in the North Park area. Their 1986 claim was essentially for the right to divert 5,000 acre feet annually out of North Park. In 1987, the City filed a statement of opposition to their application. Excalibur proposed a pipeline from a point downstream on the Michigan River and planned to pump water over Cameron Pass, into the Poudre Basin, from where they would pipe it for use in Douglas County.

The reason the claim is important to the City of Fort Collins relates to the inter-state decree of the U.S. Supreme Court which equitably apportioned the water of the North Platte among Nebraska, Wyoming and Colorado. Under the terms of the original decree entered in 1945, Colorado was limited to irrigation of approximately 120,000 acres in North Park. A second limitation was imposed that is one of major importance to the City. The U.S. Supreme Court said that the quantity of water that could be exported out of North Park to the Front Range through the Michigan Ditch and the Cameron Pass Ditch, owned by Water Supply and Storage Co. (the only trans-mountain diverters), was limited to 60,000 acre feet in any 10 year running average period. In its heyday the Michigan Ditch could divert 6-7,000 AF in a good year. The Cameron Pass Ditch is a small ditch with a very limited water supply; perhaps 300-400 acre feet. The Michigan Ditch is a large system, and can essentially divert the full export allocation.

The City of Fort Collins has rights to water from the North Park area which accounts for about 15% of its annual supply. These rights have been used as the basis of water agreements with Platte River Power Authority (PRPA), Anheuser-Busch and others. Allowing Excalibur to establish a right to 3,000 acre feet each year could jeopardize the City's water supply as well as those rights. Moreover, the City has invested about \$10 million in Joe Wright Reservoir which collects North Park water, and another \$6 million in Michigan Ditch improvements and storage rights in the area.

When the City refused to compromise with Excalibur on its claim to 5,000 acre feet of North Park water, the case was tried in Division 6 Water Court in Steamboat Springs. The hearing was held in May of 1988. Following the hearing, the City filed a motion to dismiss Excalibur's claim, saying they failed to present a legitimate need for the water. The Judge ruled to dismiss the Excalibur claim making the City the victor in the first round of the water battle. Although Excalibur chose not to appeal to the Colorado Supreme Court, they have subsequently regrouped, hired new attorneys and "the war continues" as of December 31, 1988.

Water Supply Policy

In February, the City Council rejected a Water Supply Policy Program recommended by the Water Board. The policy included a phased in water metering program. The Council instead created an ad hoc committee made up of three Council members and three Water Board members to come up with alternatives. The committee was advised to address issues such as:

1) What kind of drought insurance do we want? 2) What kind of policy do we want to adopt as far as acquiring water? 3) Do we want to maintain the status quo? 4) Do we want to be more aggressive? 5) How much do we propose to acquire if we choose to be more aggressive? 6) Do we want to use restrictions as a management tool?

After several months of meetings, the Committee emerged with the following recommendations:

- A. The reliability of the Fort Collins water supply should be maintained to meet at least a 1-in-50 drought event. Note: This was a change from the 1-in-100 previously recommended by the Water Board.
- B. It was estimated that the amount of water the City needs to acquire to meet that level of protection, within the planning period from 1988 to 2035, is an additional 42,700 acre feet.
- C. About 32,700 acre feet will be acquired through the existing raw water requirements for new development. During the next five years the City will purchase the remaining water using funds from water service fees. These recommendations will result in a 20% increase in raw water requirements and a 7-8% increase in water rates.
- D. The City will continue to optimize existing water treatment plant capacity and plan for future water treatment plant expansions that will meet projected demands without imposing restrictions.

In September, the Water Board unanimously accepted the revised Water Supply Policy elements, and also recommended that the City Council adopt the committee's recommendations and the revised Water Supply Policy elements. On December 20, the City Council adopted a resolution containing the Water Supply Policy elements and the committee's recommendations.

Water Acquisitions

In an attempt to reduce the threat of increased competition for water from Denver area cities, the Water Board discussed various water acquisition opportunities. In the spring, the Board recommended that City Council approve nearly \$2.2 million in water acquisitions. At their May 24 meeting, the City Council passed the resolution and ordinance approving the purchase of the water that the Board had recommended. The total amount of the purchase was \$2,196,250 and included 1610 units of CBT water and 250 shares of North Poudre stock.

Northern Colorado Water Conservancy District-Municipal Sub-district
Inclusion Policy

In April the District adopted a resolution to bring Sub-district inclusions up to date. In essence, how this relates to the City of Fort Collins is that the inclusion of all lands served by the City would be required as a precondition of the assignment of any additional CBT water. This impacts the City's purchase of CBT water. Since the original inclusion in the 1970's, no action had been taken to include new areas of the City in the Sub-district.

The Water Board recommended that the City proceed with the inclusion in 1985, but the Council chose not to act upon it because there was no urgency to do so then. Now there is the important question of CBT water. The Water Board again recommended that the Council proceed with the inclusion of its remaining boundaries into the Sub-district and that they communicate to them the Board's earlier position which was:

- 1) The City presently has a right to the first use of 4200 acre feet of Windy Gap water under its reuse plan.
- 2) The City wants to be in a position to use the remaining PRPA water on a first use basis, free or on some specified charge, if and when that comes about.
- 3) The City wants to keep its right of first refusal by contract.
- 4) The primary liability for the cost of Windy Gap water is by the participants which does not include Fort Collins.
- 5) The equity question since part of the City is already included.

The City Council subsequently approved the inclusion of additional City lands in the Sub-district.

Septage Waste Transfer Agreement with Larimer County

Larimer County has phased out the acceptance of liquid wastes at the County Landfill because of potential adverse impacts to ground water beneath the facility. As an alternative, the City and County entered into a contract where the City agreed to build a transfer station to handle wastes from vaults, septic tanks and portable toilets. Under the agreement, the project was to be funded by the County.

The agreement received a recommendation for approval from the Water Board at their July, 1987 meeting. Since that time, the agreement was approved by City Council and the Larimer County Board of Commissioners. A major delay occurred while staff and Montgomery Engineers evaluated a number of potential sites. Problems with development and construction issues, and project costs eventually forced the City to locate the facility at Wastewater Treatment Plant No. 1.

At their June, 1988 meeting, the Water Board voted to endorse a revised agreement contingent upon a satisfactory solution to the odor control problem if there was one. The City Council approved the amended agreement in July. It is expected that the Sanitary Waste Transfer Station construction will be completed in early February of 1989.

Customer Transfer Agreement with West Fort Collins Water District

The service areas of West Fort Collins Water District and the City overlap northwest of Fort Collins. The overlap causes confusion among customers, duplicates efforts between the City and the District and there is inefficient use of distribution systems of both entities.

What was proposed in a negotiated contract was a logical and equitable exchange of customers in the specified areas. The participants believe that this arrangement will solidify both the District and the City in terms of reliability and quality of service in these areas.

At their August meeting the Water Board unanimously recommended to the City Council that they proceed with the agreement.

Agreement Between the City and the Fort Collins-Loveland Water District for the Mutual Treatment, Transmission and Delivery of Drinking Water

On February 5, 1985, the City and District entered into an intergovernmental agreement for the purpose of promoting cooperation in providing water service in the most efficient manner to their respective customers. In an effort to optimize the use of their facilities, the City and District have studied various methods of sharing the use of treatment plant capacity and treated water transmission lines.

The District is in need of additional water transmission capacity to serve their territory south of the City's water transmission line which could deliver the additional water needed by the District. After extensive negotiations, the two entities have developed a plan using existing facilities which addresses the District's needs and also benefits the City. The plan involves an exchange of treated water. The only problem, at this point, is that Fort Collins-Loveland is not able to meet all the water quality goals contained in the agreement.

After considerable discussion, the Water Board, at their December meeting, voted unanimously to support the staff's efforts and approve the agreement in concept.

Other Actions

Conflicts of Interest

The Assistant City Attorney discussed with the Board, the City's policies on conflicts of interest as they pertain to Board and Commissions. Written material clarifying matters of conflict was distributed to each Board member to keep as a reference.

Sale of Windy Gap Water

A situation has developed recently in which some Northern Colorado cities have expressed an interest in selling their Windy Gap water. Boulder, Longmont and Greeley have been approached by Westminster, which lies south of the Boulder/Weld County line. Not only does Westminster want to purchase Windy Gap Water, they want representation on the Board of Directors of the Northern Colorado Water Conservancy District and Sub-district Boards. This would require a change in statute. At this point, the District Board would not favor extending the boundaries to allow Windy Gap water to leave Northern Colorado. The Fort Collins Water Board adamantly opposes the extension of District parent boundaries which might allow CBT water to leave the Northern Colorado area.

Optimization of Water Treatment Plant No. 2

In March, the Water Board reviewed the following options available for acquiring additional treatment plant capacity: 1) Construct major expansion or a new treatment plant; 2) Construct a regional water treatment plant facility; 3) Form a regional water treatment authority; 4) Optimize existing facilities; 5) Reduce peak day water demands. Each of these options was discussed in a memo. Staff's conclusion, at that point, was that they would like to pursue optimizing existing facilities, which would require hiring a consultant to determine if there was anything worth looking at. The Water Board concurred with staff's recommendation. When the consultant's results are available, the Water Board will review them.

Bylaws Change on Standing Committees

The Board may organize into committees as needed. Committees may include, but are not limited to:

1. Engineering Committee
2. Conservation and Public Education Committee
3. Legislative and Finance Committee
4. Water Supply Committee

Each committee shall be responsible for its assignments and make reports and recommendations to the Water Board. The president of the Water Board shall be an ex-officio member of all committees.

Summaries of Legislative Issues

At the request of the Water Board, staff is now providing summaries of legislative issues that may impact the Water and Wastewater Utility. Throughout the year, as important matters develop regarding legislative proposals, the Legislative and Finance Committee will review the material. If the Committee believes there is a need to take initiative concerning any of those items, they will be brought up for discussion to the full Board.

Rental Rates

In February the Water Board approved the rental rates recommended by staff, for the City's surplus water.

Regional Water Quality Meeting

The City of Fort Collins hosted a regional water quality meeting on May 9 which featured updates from the chief of the Drinking Water Division, USEPA, Region VIII, and Chief of the Drinking Water Quality Section, Colorado Division of Water Quality Control. The purpose of the meeting was to assemble people from the region to learn about and discuss the common problems of water quality in general and the new federal water quality guidelines specifically.

1989 Water Board Work Plan

The Water Board provided the City Clerk's office with a 1989 work plan which complies with a new provision in the City Code requiring all Boards and Commissions to submit a work plan by November for the following year.

Approved One Out-of-City Service Request