

# CITY OF FORT COLLINS

WATER & WASTEWATER UTILITY

## WATER BOARD ANNUAL REPORT

1986

### *MEMBERSHIP STATUS*

#### Current Members

Norman A. Evans, President  
Henry P. Caulfield, Jr., Vice President  
Josephine Boyd (Second Alternate)  
Neil S. Grigg  
Ray Herrmann (First Alternate)  
Thomas K. Moore  
Jim S. O'Brien  
Stanley L. Ponce  
Thomas G. Sanders  
John F. Scott  
MaryLou Smith  
David Stewart  
Harvey Johnson (Honorary Member)

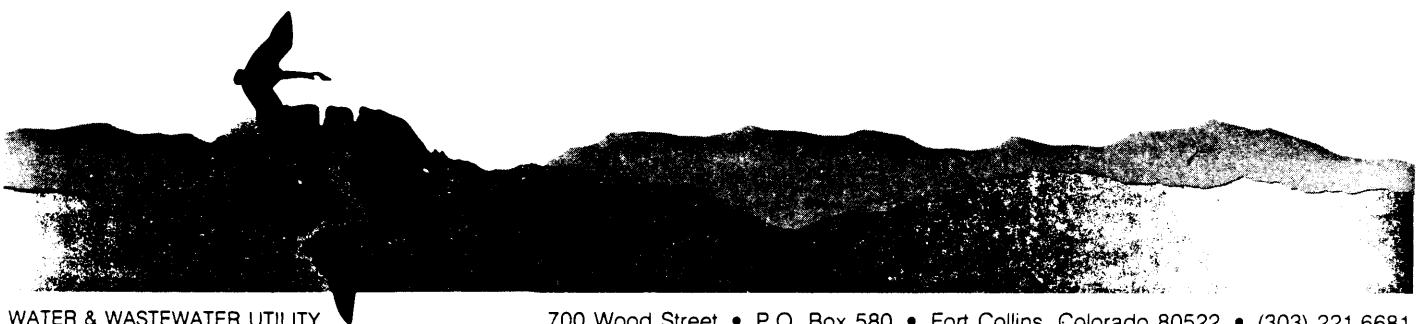
#### New Members

Josephine Boyd (alternate)

#### Resignations

Bill Elliott

Alternate Stanley Ponce was appointed to complete the term of Bill Elliott who resigned in January of 1986. Dave Stewart was re-appointed for an additional four year term. Josephine Boyd was appointed to the second alternate position while Ray Herrmann was moved to first alternate.



### Thornton Water Issue

By far the most significant issue to confront the Water Board in 1986 was Thornton's announcement on April 9 that they had secretly purchased options on 12,000 acres of Northern Colorado land, and 35,000 acre feet of water. These options were the first phase of a \$142 million water project in which Thornton plans to spend \$60 million to acquire rights to 35,000 acre feet of water all controlled by the Water Supply and Storage Co. (WSSC), a ditch company that supplies irrigation water to area farmers. The second phase calls for construction of an \$82 million 50-mile pipeline to bring water to Thornton and then they plan to return the treated wastewater to the WSSC system via the South Platte River for agricultural use.

Since it was perceived that there was a need to act quickly with regard to the Thornton situation, the Water Board voted to appoint a sub-committee to maintain the Board's interest in the process on a continual basis and to investigate the advisability and feasibility of purchasing WSSC stock. They would also meet with staff on a regular basis to plan and act.

It was also suggested that a large meeting of all the Northern Colorado water interests be planned where invitations would be sent, a program offered, followed with an interchange of concerns and ideas with invited participants. A regional meeting based on that plan, with the theme, "The Future of Water in Northern Colorado," was held on May 20 at the Marriott Hotel in Fort Collins. The meeting attempted to promote a broad discussion on a regional basis regarding what might be done as a region to respond to the Thornton proposal.

One of the major concerns of the Water Board, along with the protection of future water supplies, was that Thornton would gain control of the WSSC. Thornton had options to purchase about 283 of the Company's 600 shares. Although Thornton officials claimed they had no plans to control the Company, they needed only 301 shares to do so. In June, in a bold move to prevent this from happening, the City of Fort Collins and WSSC, upon the approval of the Water Board, agreed to a water exchange agreement that effectively diminished Thornton's chances to gain controlling interest in the Ditch Co. WSSC authorized the issuance of an additional 300 shares of its stock. In the water exchange agreement between Fort Collins and WSSC, the City would receive 84 shares of this stock in the Company, boosting Fort Collins' total stock to about 107 shares. In turn, the City would give WSSC some City water rights from the Southside Ditches that couldn't be used easily by the City. The City Council approved this agreement by emergency ordinance.

The City of Thornton subsequently sued WSSC and the City of Fort Collins; WSSC was sued on two points -- the above mentioned agreement with Fort Collins and its negotiations for the purchase of 2,088 units of CBT water. The lawsuit against the City resulted from the agreement with WSSC.

Following a hearing held in District Court on July 25, Thornton essentially lost its argument on every point. The matters pertaining to the exchange agreement were held "in abeyance" pending a trial that was scheduled for January, 1987.

In the meantime, Thornton and WSSC negotiated an agreement to settle their differences and avoided going to trial. The City of Fort Collins was also involved, at one time, in a three party agreement with Thornton and WSSC; however, the parties could not agree on the provisions of this agreement and it was not finalized. The City's main concern was that the agreement did not provide adequate quality protection for the water that Thornton was planning to return to the system via the South Platte River.

At a Water Supply & Storage Co. stockholders' meeting held on December 19, 1986, the City, which owns 17.9 shares, voted with the approval of the Water Board, against the agreement. However, the agreement passed overwhelmingly when 91% of the stockholders voted in favor. Under the terms of the agreement the Water Company would: 1) Give Thornton the right to divert water from farms in Larimer and Weld Counties and transfer it to the City using a 50-mile pipeline and the Company's system of ditches and lakes. 2) Allow Thornton to purchase first-use rights from the remaining stockholders. 3) Drop its legal challenges to Thornton's Weld County water project. In exchange Thornton has agreed to: 1) Leave the Company's Board of Directors in local control by not claiming more than four of the nine directors' positions. 2) Pay about \$8 million to the Company, \$5 million of which is expected to be used to build a reservoir in which Thornton could store some of its new water. 3) Give the Company 1,049 acre-feet of Colorado Big Thompson water worth nearly \$787,000. 4) Pay \$30,000 a share plus annual assessments, to all shareholders who agree to enter into first-use agreements. 5) Meet the Company's water-quality standards.

#### *OTHER MAJOR ISSUES*

##### The Poudre River Trust Land Use Policy

In January, 1986, the Board approved this plan in concept with the following stipulations: 1) Address the 208 study and water quality classifications; 2) Look at a master drainage plan for the corridor; 3) Augmentation plans should be considered in the Trust's plan for ponds; 4) Utility accounts should not be the source of a subsidy, although if the Council determined it was a desired area for growth, there is policy direction for doing that; 5) Should seriously consider new developments in the regulations of water quality before developing plans for the Poudre; 6) Consider aquatic life population; 7) Non-point source pollution should be considered; 8) Consider a master drainage plan for the corridor; 9) Consider the possible encroachment of non-endemic vegetation species as changes in the minimum stream flow have occurred.

##### Evaluation of Water Demand Management Options Report

At their February meeting, the Water Board unanimously accepted the report following considerable discussion and numerous revisions. The report discusses numerous questions related to options of reducing water demands and lays them out for examination. It recommends a position with which staff is comfortable and the Water Board has debated for several months. In May, due to the demands related to the Thornton issue, the Board voted to table action on the "Water Demand Management Program" until September of 1986 when the plan would again be considered.

### Greeley Reservoirs

In June at a special meeting of the Water Board, Greeley's offer to sell five of their mountain reservoirs was acted upon. The Board agreed that, at the \$6.2 million price, and an estimated cost of \$1500 per acre-foot, and the reservoirs' requiring substantial repairs, the cost would make it unattractive to Fort Collins as compared with other options. The Board said they would not oppose a Council decision to make an offer to Greeley based on overall water planning strategy for this region. If any offer was made, the Board favored Barnes Meadow and possibly Peterson Reservoir, perhaps working with Water Supply & Storage Co.

The Board advocated a planning/acquisition position that will preserve supplies in this region at reasonable costs.

### "Picnic Rock" Issue

"Picnic Rock" is a site 2 miles up the Poudre Canyon from Ted's Place which receives about 80% of the use from river kayakers and commercial outfitters. Problems exist because of lack of sanitary facilities, safety hazards and deterioration of the site due to lack of management. The State Parks Division is interested in managing the site. In order to do this, they would need to obtain an easement from the City since the City owns property at the site due to two subsurface water transmission lines emanating from Water Treatment Plant No 1.

A Water Board sub-committee was appointed which drafted a proposed recommendation for the Council. After two meetings at which the issue was discussed, the Board recommended that they had no objections to the sale of the property. The following four points would be recorded as the Board's recommendations:

- 1) Short term lease (not more than 3 years)
- 2) Work towards eventual sale or trade of the property
- 3) No building within 40 feet of the water lines
- 4) No liability for the City

In addition, at the time the issue is presented to the Council, the Board would like to point out that there is a concern about water quality associated with the use of the land in question.

### Water Supply Opportunities

For several months the staff presented potential water supply opportunities to the Board, which the Board discussed and several were recommended to the Council for purchase. At their December meeting it was announced that the City Council, upon recommendation of the Water Board, had approved a \$1.7 million purchase of water rights with an average annual yield of about 2,000 acre-feet. The staff and the Water Board will recommend further action when good opportunities arise.

### Water Supply Policy Report

The staff and the Water Issues Committee have been working on a Water Supply report. In November staff prepared a report called "Water Supply Policy Review and Recommendations" for the committee. The preliminary recommendations from the report were presented to the Board. The report is currently undergoing revisions.

The existing "Water Issues" Committee was reconstituted to reflect the additional charges assigned to them. The name of the committee was changed to "The Committee on Water Supply, Policy, Planning and Implementation.

#### *OTHER ACTIONS*

In February the Board approved the surplus water rental rates for 1986.

The Board also approved in February, an interim change in the Wastewater Code regarding the changes to the sewer rate category with the stipulation that the Board is completely open to the question of what will be done about this particular situation in the future.

In February the Board also gave unanimous support for revisions to the Six Cities' Agreement, providing for Fort Collins representation and renaming the committee as the "Windy Gap Committee."

The Board voted unanimously to advise the City Council to support the concept of working together and coordinating major capital improvement programs with the other water entities of the region for the purpose of developing joint/regional water supply, treatment and transmission facilities. This action was the result of the Board's review of a regional report prepared by a committee composed of several area water entities to promote regional cooperation.

To provide an impetus for regional cooperation, the Fort Collins Water Board and staff invited the Greeley and Loveland Water Boards and staffs to meet with them on an informal basis at separate dinner sessions. Future meetings are planned.

#### *Informational Updates and Documents Reviewed and Discussed*

In-stream Flows and Fishing Potential in Poudre River or Poudre River Opportunities (In a nutshell, what staff was considering here was the use of in-stream flows as a way of mitigating future advanced wastewater treatment requirements, and in so doing, possibly save the citizens of Fort Collins several million dollars.)

Staff prepared a document called "Information on City's Water and Waste-water System"

#### *Cache La Poudre River Studies*

- 1) Poudre Basin Study sponsored and financed by the Colorado Water Resources and Power Development Authority
- 2) A study by the Northern Colorado Water Conservancy District for a Water and Power Project on the Poudre River

Staff report on Water Supply and Demand Summary for 1986

Wastewater Rate Study (Preliminary draft from consultant)