

AGENDA ITEM SUMMARY

December 17, 2019

City Council

STAFF

Mark Kempton, Water Production Manager
Liesel Hans, Water Conservation Manager
Eric Potyondy, Legal

SUBJECT

Second Reading of Ordinance No. 143, 2019, Making Appropriations and Authorizing Transfers of Appropriations for the Horsetooth Outlet Project and Related Art in Public Places.

EXECUTIVE SUMMARY

This Ordinance, unanimously adopted on First Reading on December 3, 2019, appropriates \$3.2 million from Water Fund Reserves to design and construct a project to provide a temporary backup water supply pumping system during a planned October-November 2020 closure by Northern Water of the Soldier Canyon Dam Outlet pipeline from Horsetooth Reservoir (Horsetooth Outlet Project). The pipeline provides water to the two drinking water treatment plants serving the City of Fort Collins and surrounding areas, serving about 250,000 people. The pumping system is intended as an emergency backup supply system to the primary Cache la Poudre River (Poudre River) water supply during the 60-day planned outage of the Soldier Canyon Dam Outlet pipeline. The City will be reimbursed 58% of the project costs by the project partners at the conclusion of construction. The City's final contribution will be \$1.4 million of the \$3.2 million total project cost.

STAFF RECOMMENDATION

Staff recommends adoption of the Ordinance on Second Reading.

ATTACHMENTS

1. First Reading Agenda Item Summary, December 3, 2019 (w/o attachments) (PDF)
2. Ordinance No. 143, 2019 (PDF)

AGENDA ITEM SUMMARY

City Council

December 3, 2019

STAFF

Mark Kempton, Water Production Manager
Eric Potyondy, Legal
Liesel Hans, Water Conservation Manager

SUBJECT

First Reading of Ordinance No. 143, 2019, Making Appropriations and Authorizing Transfers of Appropriations for the Horsetooth Outlet Project and Related Art in Public Places.

EXECUTIVE SUMMARY

The purpose of this item is to request an appropriation of \$3.2 million from Water Fund Reserves to design and construct a project to provide a temporary backup water supply pumping system during a planned October-November 2020 closure by Northern Water of the Soldier Canyon Dam Outlet pipeline from Horsetooth Reservoir (Horsetooth Outlet Project). The pipeline provides water to the two drinking water treatment plants serving the City of Fort Collins and surrounding areas, serving about 250,000 people. The pumping system is intended as an emergency backup supply system to the primary Cache la Poudre River (Poudre River) water supply during the 60-day planned outage of the Soldier Canyon Dam Outlet pipeline. The City will be reimbursed 58% of the project costs by the project partners at the conclusion of construction. The City's final contribution will be \$1.4 million of the \$3.2 million total project cost.

STAFF RECOMMENDATION

Staff recommends adoption of the Ordinance on First Reading.

BACKGROUND / DISCUSSION

Northern Water, which operates the 54-inch diameter Soldier Canyon Dam Outlet pipeline from Horsetooth Reservoir to the City's Fort Collins Water Treatment Facility and the Tri-Districts' (Fort Collins-Loveland, East Larimer County, and North Weld County water districts) Soldier Canyon Water Treatment Plant, is planning to perform necessary maintenance on the pipeline in October and November 2020. This maintenance, named the Horsetooth Outlet Project, will require a full closure of the pipeline for up to 60 days, which will result in both treatment plants relying on the Poudre River as the sole water source for the City's and the Tri-Districts' respective water service areas. Platte River Power Authority's (PRPA) Rawhide Plant also receives process water from the Soldier Canyon Dam Outlet pipeline and could be affected by a long-term loss of water. The City has approximately 30 hours of treated water storage and can manage short term water supply interruptions of up to 8 hours before having to implement longer term water supplies such as the proposed pumping system.

Historically, the Poudre River has been a reliable source of high-quality water; however, it can be susceptible to water quality impairing incidents such as forest fires, vehicle crashes, chemical spills, and other incidents that may cause the treatment plants to shut off the water intakes from the River. If one or more of these such incidents were to occur and cause a prolonged shutdown of the Poudre River intakes during the planned shutdown of the Soldier Canyon Dam Outlet pipeline, the City and the Tri-Districts could be at risk of a drinking water shortage. PRPA's Rawhide Plant could also be affected by a longer-term water outage shortage and is a working partner in this project. The City has sufficient treated water storage to withstand short term outages (up to 8 hours);

however, the Tri-Districts do not have similar storage and may be susceptible to water shortages during a short loss of the Poudre River supply.

To mitigate the risk of the Poudre supply being unavailable for more than 8 hours, the City, the Tri-Districts, and PRPA are proposing to construct a temporary emergency water supply project, known as the Hansen Canal Pump System. The project will allow for Horsetooth water to be released to the Hansen Canal, pumped into the Pleasant Valley Pipeline (PVP) via a temporary pump station and new piping. The pumped water will then be delivered through the PVP to the Fort Collins and Soldier Canyon treatment plants to serve the City's and the Tri-Districts' customers, as well as PRPA. The pipelines and appurtenances to the PVP will be permanent connections, though, at this time, the pumps associated with the pump station will be temporary and will be removed from the site at the completion of the Hansen Canal Pump System Project.

Low cost, operational mitigation measures will also be implemented to help mitigate risks associated with the Poudre River supply. Examples include stockpiling additional water treatment chemicals, installing containment booms in the River, and increased spill response training. Additional risk reduction measures such as restricting truck traffic in the Poudre Canyon during the shutdown are being discussed with the Colorado Department of Transportation (CDOT).

The anticipated total cost of the project of \$3.2 million and is to be shared between the City, the Tri-Districts, and PRPA as outlined in separate Intergovernmental Agreements.

A location map for the Hansen Canal Pump System is shown in **Attachment 1**.

A preliminary schematic of the Hansen Canal Pump System is shown in **Attachment 2**.

Water Conservation

The Horsetooth Outlet Project is an opportunity to share information about:

- the importance of proactive maintenance to sustain high quality, reliable water supplies;
- the source of our water supply;
- the collective responsibility to use our water resources wisely; and
- the value of a community-owned water utility.

The Horsetooth Outlet Project will provide 15 to 20 million gallons per day (MGD) of water to Fort Collins. Typical demands in early October are approximately 20 to 22 MGD and typically drop to 15 MGD toward the middle-to-end of October as irrigation and other seasonal uses end. Staff suggests the following water demand management approach to mitigate risk:

- Goal: Reduce water demand to typical winter levels (15 MGD) by October 1st and sustain this winter level throughout the Horsetooth Outlet Project.
 1. Perform extensive public outreach and education in the months leading up to and throughout the project.
 - Tactics may include, but is not limited to, utility bill inserts, direct mailers, local articles/ads, emails, newsletters, staff presence/activities at a variety of events throughout the year, community presentations (targeted and upon request), posters, promotion of programs/services and rebates, collaboration with City, commercial, and key accounts, etc.
 2. Implement short term outdoor water restrictions for all customers to end all irrigation by October 1, with limited exceptions.

With proactive outreach, communication and engagement, staff believes the community will do its part to minimize some of the necessary risk of the project. Many communities across the nation only have one water supply and the city is fortunate to have two reliable, high-quality sources. It is our responsibility to protect the community by protecting and proactively managing our water resources. Water is an essential ingredient to the many activities and businesses that make Fort Collins special. Investments we make today in our water resources, infrastructure, and community education help maintain clean, reliable water resources and protect

the very thing our community was built upon – and continues to thrive upon.

While the goal is to achieve temporary water reductions, this effort stands to drive lasting efficiency and conservation impacts, benefiting our utility and residents alike. Additionally, the Water Supply Shortage Response Plan (WSSRP) update project identified the need to develop an approach for water shortages outside of the typical summer irrigation season. The Horsetooth Outlet Project provides an opportunity to collect information that will inform that approach for the next WSSRP update, currently slated for after the recently kicked-off Water Supply and Demand Management Policy update. Outreach will be performed in cooperation with the Tri-Districts where feasible, and these conversations have already started.

This appropriation includes \$32,000, or 1%, for Art in Public Places.

CITY FINANCIAL IMPACTS

The total cost of the Hansen Canal Pump System project is estimated to be \$3.2 million which will be shared between the City, the Tri-Districts, and PRPA. Adequate funds exist in the Water Fund reserves to cover this appropriations request. The Water Fund reserve has a current balance of \$70.2 million, \$28.6 million of which are unencumbered funds. It is proposed that the City will initially fund and manage the construction of the project. The Tri-Districts and PRPA will reimburse the City at appropriate milestones for their portion of the project costs, with full reimbursement occurring by project completion. The City will be reimbursed approximately 58% of the project costs by our project partners at the conclusion of construction. The City's final contribution will be \$1.4 million of the \$3.2 million total project cost.

BOARD / COMMISSION RECOMMENDATION

At its November 21, 2019 meeting, the Water Board voted to recommend approval of the appropriation. **(Attachment 3)**

At its November 18, 2019 meeting, the Council Finance Committee unanimously approved the proposed appropriation. **(Attachment 4)**

PUBLIC OUTREACH

Extensive public outreach will be performed in the months prior to the shutdown with the goal of reducing water demand to historical winter levels. Outreach efforts will include requests and incentives to eliminate outdoor watering by October 1, 2020, engage with key customer accounts, and educate City water customers about the potential impacts of the project. The outreach will also serve to inform and share conservation benefits, in addition to working with customers to reduce usage. Outreach will be performed in cooperation with the Tri-Districts where feasible. Additional risk reduction measures such as restricting truck traffic in the Poudre Canyon during the shutdown are being discussed with the Colorado Department of Transportation.

ATTACHMENTS

1. Location Map Hansen Pump System (PDF)
2. Hansen Canal Pump System Schematic (PDF)
3. Water Board minutes, November 21, 2019 (draft) (PDF)
4. Council Finance Committee minutes, November 18, 2019 (draft) (PDF)

ORDINANCE NO. 143, 2019
OF THE COUNCIL OF THE CITY OF FORT COLLINS
MAKING APPROPRIATIONS AND AUTHORIZING TRANSFERS OF APPROPRIATIONS
FOR THE HORSETOOTH OUTLET PROJECT AND RELATED ART IN PUBLIC PLACES

WHEREAS, Horsetooth Reservoir is a water storage reservoir operated by the Northern Colorado Water Conservancy District (“Northern Water”), which is created by the Soldier Canyon Dam and other infrastructure; and

WHEREAS, the Soldier Canyon Outlet is a pipe and related infrastructure that conveys water from Horsetooth Reservoir under and through Soldier Canyon Dam; and

WHEREAS, water delivered through the Soldier Canyon Outlet is ultimately delivered to, among other locations: the City’s Water Treatment Facility and the Soldier Canyon Filter Plant, which is owned and operated by the East Larimer County Water District, the Fort Collins-Loveland Water District, and the North Weld County Water District (collectively, “Tri-Districts”) through the Soldier Canyon Water Treatment Authority (together, “Horsetooth Water Treatment Plants”); and

WHEREAS, Northern Water intends to temporarily shut down the Soldier Canyon Outlet during 2020 for approximately 45 to 60 days for inspection, maintenance, and related purposes, which will result in a water supply disruption for the City and the Tri-Districts and a potential need to convey water in Horsetooth Reservoir (“Horsetooth Water”) to the Horsetooth Water Treatment Plants by a means other than the Soldier Canyon Outlet; and

WHEREAS, the City and the Tri-Districts are likewise interested by developing supplemental infrastructure to deliver their Horsetooth Water to the Horsetooth Water Treatment Plants in order to build redundancy and resiliency into their water treatment and delivery systems; and

WHEREAS, pursuant to Resolution 2019-055 and the *Agreement Between the City of Fort Collins, the East Larimer County Water District, the Fort Collins-Loveland Water District, and the North Weld County Water District Regarding a Study Related to a Temporary Shutdown of the Horsetooth Reservoir Soldier Canyon Outlet*, dated May 24, 2019 (“Study IGA”), Fort Collins and the Tri-Districts investigated ways to address this water supply disruption and alternative ways to deliver their Horsetooth Water to the Horsetooth Water Treatment Plants; and

WHEREAS, following the completion of the study under the Study IGA, the City and the Tri-Districts, in consultation with other stakeholders including Northern Water and the City of Greeley, have concluded that a project involving the use of existing and some new infrastructure (“Horsetooth Outlet Project”) would best address these objectives; and

WHEREAS, the Horsetooth Outlet Project involves Horsetooth Water being delivered out of Horsetooth Reservoir and into the Charles Hansen Supply Canal, then through a headgate on that canal and through certain new pipes, then through certain wet wells and pumps, then through new pipes and into the Pleasant Valley Pipeline to the Horsetooth Water Treatment Plants; and

WHEREAS, pursuant to Resolution 2019-096, Resolution 2019-097, and Resolution 2019-098, the City is pursuing agreements necessary for the completion of the Horsetooth Outlet Project; and

WHEREAS, the Horsetooth Outlet Project will provide a redundancy in the water supply for the Horsetooth Water Treatment Plants during the temporary shutdown of the Soldier Canyon Outlet, which will benefit the ratepayers of the water utility by significantly reducing the risk of treated water service disruptions;

WHEREAS, Article V, Section 9 of the City Charter permits the City Council to appropriate by ordinance at any time during the fiscal year such funds for expenditure as may be available from reserves accumulated in prior years, notwithstanding that such reserves were not previously appropriated; and

WHEREAS, the City Manager has recommended the appropriation described herein and determined that this appropriation is available and previously unappropriated from the Water Fund and will not cause the total amount appropriated in the Water Fund to exceed the current estimate of actual and anticipated revenues to be received in that fund during any fiscal year; and

WHEREAS, Article V, Section 10 of the City Charter authorizes the City Council to transfer by ordinance any unexpended and unencumbered appropriated amount or portion thereof from one fund or capital project to another fund or capital project, provided that the purpose for which the transferred funds are to be expended remains unchanged; the purpose for which the funds were initially appropriated no longer exists; or the proposed transfer is from a fund or capital project in which the amount appropriated exceeds the amount needed to accomplish the purpose specified in the appropriation ordinance; and

WHEREAS, this Project involves construction estimated to cost more than \$250,000, as such, Section 23-304 of the City Code requires one percent of these qualified appropriations to be transferred to the Cultural Services and Facilities Fund for a contribution to the Art in Public Places program; and

WHEREAS, in accordance with Article XII, Section 6 of the City Charter, the appropriation of reserves for the Project from the Water Fund and the transfer of a portion of those unexpended and unencumbered appropriated funds to the Art in Public Places program established by City Code Section 23-304(a) will be used for Water purposes and improvements in connection with the Project.

NOW, THEREFORE, BE IT ORDAINED 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. That there is hereby appropriated for expenditure from prior year reserves in the Water Fund the sum of THREE MILLION TWO HUNDRED THIRTY-TWO THOUSAND

DOLLARS (\$3,232,000) for the Horsetooth Outlet Project and appropriated therein as follows:

• Horsetooth Outlet Project	\$3,200,000
• Art in Public Places Project (Artwork)	24,960
• Art in Public Places Project (transfer to Cultural Services Fund for APP Operations)	6,400
• Art in Public Places Project (transfer to Cultural Services Fund for APP Maintenance)	640
TOTAL	<hr/> \$3,232,000

Section 3. That the unexpended appropriated amount of SIX THOUSAND FOUR HUNDRED DOLLARS (\$6,400) in the Water Fund is authorized for transfer to the Cultural Services and Facilities Fund and appropriated therein for the Art in Public Places Program Operations.

Section 4. That the unexpended appropriated amount of SIX HUNDRED FORTY DOLLARS (\$640) in the Water Fund is authorized for transfer to the Cultural Services and Facilities Fund and appropriated therein for the Art in Public Places Program Maintenance.

Introduced, considered favorably on first reading, and ordered published this 3rd day of December, A.D. 2019, and to be presented for final passage on the 17th day of December, A.D. 2019.

Mayor

ATTEST:

City Clerk

Passed and adopted on final reading on the 17th day of December, A.D. 2019.

Mayor

ATTEST:

City Clerk