



Utilities
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WORK SESSION MEMORANDUM

Date: July 18, 2024
To: Mayor and City Councilmembers
Through: Kelly DiMartino, City Manager *LD* ^{DS}
Tyler Marr, Deputy City Manager *TM* ^{DS}
From: Darren Parkin, Halligan Project Manager *DP* ^{DS}
Subject: July 9, 2024 Work Session Summary: Halligan Project Overview and Update

BOTTOM LINE

The purpose of this memo is to document the summary of discussions during the July 9, 2024 Work Session on the Halligan Water Supply Project. All Councilmembers were present and attended in-person.

DISCUSSION SUMMARY

Staff discussed the need for the project, and its relationship with the conservation component of our water planning. The current project status, projected timeline to completion, and overall project costs were also reviewed. Finally, staff provided a comprehensive overview of the Larimer County 1041 permit process.

Staff sought City Council input on the following questions:

1. What questions do Councilmembers have about the Halligan Water Supply Project?
2. What questions do Councilmembers have about the Larimer County 1041 permit process?

Councilmembers provided feedback and comments, including the following:

- Residential and commercial ratepayers will be responsible for most of the project's cost. At one time, growth and development fees were anticipated to fund most of the project.
- Our residents deserve to know how project costs have increased over the course of the project, and why.
- It's encouraging that Utilities will be storing water for droughts.
- There are concerns about litigation and how much uncertainty there is around that.
- The Halligan Project does not need to submit a Fort Collins 1041 application because the project site is not within City boundaries.
- Utilities should continue to strive to exceed environmental requirements.

FOLLOW-UP ITEMS

To be addressed in a separate follow-up memo from staff:

- Information on how and why project costs have escalated over time, including amounts.
- Review of the 1993 Halligan Project purchase agreement from North Poudre Irrigation Company (NPIC) and an explanation as to why NPIC is not cost sharing the project cost.
- Colorado House Bill 24-1379: a description of the new state law designed to regulate dredge and fill activities and an explanation of why the Halligan Project was excluded from the law.

NEXT STEPS

- Staff will respond to the follow-up items in a separate memo.
- Other steps include continued engagement activities with the public and Larimer County.
- Water Commission Halligan Project Update scheduled for Aug. 1, 2024

CC: Jill Oropeza, Interim One Water Director
Eric Potyondy, City Water Attorney




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WORK SESSION MEMORANDUM

Date: July 16, 2024

To: Mayor and City Councilmembers ^{DS} 

Through: Kelly DiMartino, City Manager ^{DS}
Tyler Marr, Deputy City Manager ^{DS}  

From: Jen Dial, Water Resources Manager

Subject: July 9, 2024 Work Session Summary: Water Supply Requirements, Excess Water Use Surcharges, and Pre-1984 Non-Residential Water Allotments

BOTTOM LINE

The purpose of this memo is to document the summary of discussions during the July 9, 2024 Work Session on Water Supply Requirements (WSR), Excess Water Use surcharges (surcharges), and pre-1984 non-residential allotments. All Councilmembers were present and in-person.

DISCUSSION SUMMARY

Water Supply Requirements

Staff provided revised WSR fees for two methodologies:

- Cost-based, 30% contingency, 20% safety factor (cost-based): \$63,800/acre-foot (AF)
- Market-based, 30% contingency, 20% safety factor (market-based): \$110,700/AF

Staff recommended the cost-based methodology. This amounts to a fee of \$63,800/AF, which is lower than what was presented at the April 9 Work Session (this decrease was noted as a possibility) and lower than Fort Collins Utilities' current fee of \$68,200/AF. Financial impacts for this 6.5% decrease were presented and would cause a one-time 0.5% increase to customers over the 40-year City Plan building horizon.

Assignment of Pre-1984 Non-Residential Allotments

Staff provided an update on the impacts to customers using the hybrid method to assign allotments. Staff recommended assigning allotments based on the greater of an account's 1989 tap credit or five-year historical use.

Discussion

Councilmembers sought clarification on aspects of the WSR fee and allotments that were addressed as well as a request for a summary on impact and development fees over time. As part of the April 9, 2024 Work Session, staff summarized the combined Capital Expansion Fee (CEF); Transportation Capital Expansion Fee (TCEF); Utilities Impact Fees, including WSR, Plant Investment Fees (PIFs) and electric capacity fees; and development review and building permit costs. That included a range of estimates for the ongoing WSR analysis. The tables below reflect the recently updated WSR estimates and present a summary of the total fee component of development activity costs for both a multi-unit residence and a detached, single/duplex residence example.

City Charged Fees: Single/Duplex Residence Example (1,890 sq. ft. floorplan)							
Type	2020	2021	2022	2023	2024		2025
					Actual	Study	Proposed
CEF	\$ 8,591	\$ 8,824	\$ 8,992	\$ 9,764	\$ 10,310	\$ 12,223	\$ 12,650
TCEF	\$ 6,586	\$ 6,623	\$ 7,115	\$ 7,621	\$ 8,185	\$ 8,106	\$ 8,390
Dev Review/Permits/Other	\$ 2,532	\$ 3,314	\$ 2,792	\$ 2,792	\$ 2,792	\$ 2,792	\$ 2,890
Water PIF	\$ 4,084	\$ 4,192	\$ 4,393	\$ 4,807	\$ 5,162	\$ 5,081	\$ 5,259
Water Supply Requirement	\$ 13,869	\$ 14,285	\$ 22,813	\$ 22,813	\$ 22,813	\$ 22,813	\$ 21,342
Wasterwater PIF	\$ 3,590	\$ 3,698	\$ 3,824	\$ 4,168	\$ 4,476	\$ 4,339	\$ 4,491
Stormwater PIF	\$ 1,119	\$ 1,153	\$ 1,197	\$ 1,305	\$ 1,402	\$ 1,397	\$ 1,446
Electric Capacity Fee	\$ 2,855	\$ 3,025	\$ 3,764	\$ 4,391	\$ 4,716	\$ 5,041	\$ 5,217
Combined Fees	\$ 43,226	\$ 45,114	\$ 54,891	\$ 57,662	\$ 59,856	\$ 61,792	\$ 61,684
Percentage Change	Baseline	4.4%	21.7%	5.0%	3.8%	7.2%	7.0%
		vs. 2020	vs. 2021	vs. 2022	vs. 2023		

Please note that 2024 above is presented for both actual adopted rates as well as the study update amounts. For 2025, the rates presented reflect the 2024 study/model updates plus a projected assumption of **3.5%** for inflation during 2024.

Below illustrates a timeline of the WSR fee since 2002:

- **2002-2017:** \$6,500 per acre-foot; cost was based on Colorado-Big Thompson unit prices.
- **2018:** \$17,300 per acre-foot; used the same hybrid method proposed in April and July 2024 but used a market-based costing for both the buy-in and incremental components.
- **2020:** \$21,500 per acre-foot; used the hybrid method with updated Halligan Project costs and future water rights costs.
- **2021:** \$22,145 per acre-foot; added a 3% inflationary increase.
- **2022:** \$68,200 per acre-foot; continued to use the hybrid method but used different model assumptions including a 1) higher firm yield, 2) applied 20% safety factor which wasn't included in 2018-2021 WSR fees, and 3) increased contingency from 25% to 30%

NEXT STEPS

Staff will bring an ordinance for first reading for the implementation of a hybrid, cost-based method for calculating the WSR fee and assigning allotments using the hybrid method on October 15, 2024.

CC: Jill Oropeza, Interim One Water Director






Transfort/Dial-A-Ride
250 North Mason Street
PO Box 580, Fort Collins, CO 80522


970-221-6620

WORK SESSION MEMORANDUM

Date: July 24, 2023

To: Mayor and City Councilmembers

Through: Kelly DiMartino, City Manager  DS
Tyler Marr, Deputy City Manager  TM
Caryn Champine, Director, Planning, Development and Transportation  DS

From: Kaley Zeisel, Director, Transfort 

Subject: July 9, 2024 Work Session Summary: West Elizabeth Enhanced Travel Corridor

BOTTOM LINE

The purpose of this memo is to document the summary of discussions during the July 9, 2024 Work Session. All Councilmembers were present.

DISCUSSION SUMMARY

Transfort and PDT staff provided an update to Council regarding the status of the West Elizabeth Enhanced Travel Corridor (ETC). Council adopted the initial West Elizabeth ETC plan in 2016 with recommendations to overhaul the corridor to a multimodal corridor with Bus Rapid Transit (BRT) service. This project is expected to yield positive outcomes for the Fort Collins community including: increased safety, improved transit service, ADA compliant pedestrian facilities and protected cycling facilities. Transfort and Engineering have now completed 60% design and anticipate completing engineering design by the end of 2025. The current capital project cost is estimated at approximately \$113.7M, annual operating costs are estimated at approximately \$5M per year, a net increase of \$2M annually to operate service in this corridor.

Transfort submitted a project rating request to the Federal Transit Administration (FTA) in 2023 for consideration of Federal Fiscal Year (FY) 2025 funding, with a request for CIG funding in the amount of 65% of the total project cost. In order to be recommended for funding, projects must receive at least a Medium overall rating from FTA. The West Elizabeth project was rated at Medium-Low. Transfort has debriefed with FTA regarding ways in which to improve the project application. Ridership has seen significant increases since the previous submittal, which is expected to have a positive impact on Transfort's score. Transfort is also evaluating other criteria for improvement, such as total federal share requested, and Land Use and Economic Development factors.

The western terminus of the project will be a new transit station on the corner of West Elizabeth and Overland Trail, with the current intersection converted to a roundabout for ease of use and to facilitate the ability for 60FT articulated buses to turn around. This portion of the project has been awarded funding through FTA's FY23 Rebuilding America with Sustainability and Equity (RAISE).

Transfort plans to resubmit the project to FTA for a project rating in August 2024 to be considered for FY2026 funding.

NEXT STEPS

Transfort will execute FY23 RAISE funding independent of the CIG Small Starts project to begin construction on the Foothills Transit Station prior to securing a CIG award to implement the full West Elizabeth Corridor project.

Transfort will submit the West Elizabeth Enhanced Travel Corridor Project to FTA in August 2024 for consideration of a project rating for CIG Small Starts funding.

FOLLOW-UP ITEMS

- 1. With the implementation of the West Elizabeth Enhanced Travel Corridor, will there be greenhouse gas emission reductions?

The following emissions information was calculated by Felsburg Holt & Ullevig (FHU) based on guidance from the Federal Transit Administration (FTA) for calculating the environmental benefits for CIG Small Starts projects. Emissions changes are calculated based on projected changes in automobile and transit vehicle miles traveled (VMT) after the BRT service has been implemented. FTA utilizes conversion factors of kg/VMT for every combination of vehicle type and emissions type, and in some cases (like for particulate matter, shown below), the conversion factor for electric buses is higher than for automobiles. There are expected to be reductions of greenhouse gas emissions and reductions to emissions of other air quality pollutants, including Carbon Monoxide (CO) and Volatile Organic Compounds (VOC). These figures are calculated for the horizon year (Year 20) of the project, these are not aggregate calculations. Two air pollutants, Mono-Nitrogen Oxides (NO_x) and Particulate Matter (PM_{2.5}) emissions, are expected to increase based on the formulas provided by FTA, see chart below.

Based on feedback from Sustainability, we believe these numbers are conservative estimates. FTA’s template and calculations are grounded in national benchmarks and do not take into consideration local initiatives. For example, Platte River Power Authority’s plan to increase the mix of renewable energy by 2030 would lead to greater reductions in emissions.

Emission Type	Horizon Year Reduction or (Increase)
Carbon Monoxide (CO)	7,136.09 kg
Mono-Nitrogen Oxides (NO _x)	(377.26) kg
Volatile Organic Compounds (VOCs)	157.63 kg
Particulate Matter (PM _{2.5})	(38.19) kg
Greenhouse Gases (CO ₂ equivalent)	217.27 tons

2. Are there currently any planned bike connections along Overland that will connect with the future Foothills Transit Center?

The Active Modes Plan recommends separated bike lanes on Overland Trail as a medium priority/readiness project. The City will explore this project further through the upcoming NW Fort Collins Arterial Bikeway Feasibility Study, which we received Safe Streets and Roads for all funding for. The study area includes Overland Trail from Laporte Ave. to Horsetooth Road. Aside from this funding for safety studies and conceptual planning, we don't currently have funding identified for separated bike lanes on Overland Trail.

3. What is the breakout of the costs related to design and construction management?

Staff received an updated 60% design cost estimate from FHU on July 11, 2024, after the July 9, 2024 work session. The chart below outlines the updated Professional Services Category with detailed breakdowns of each line item.

Overall, the 60% design estimate increased by approximately \$1M, the most notable differences were an increase in estimated design costs to achieve final design, and an increase in the amount estimated for Start Up/Commissioning Costs and Art in Public Places. Updated cost estimates will be completed with each subsequent design milestone (80% and final).

Professional Services	30% Design Estimate	60% Design Estimate	Difference
Final Design to 30%	\$ 1,500,000	\$ 1,500,000	\$ -
Final Design to 100%	\$ 4,010,000	\$ 4,713,140	\$ 703,140
Construction Administration & Management	\$ 3,256,000	\$ 3,197,250	\$ (58,750)
Legal, Permits, Review fees, etc.	\$ 939,000	\$ 959,175	\$ 20,175
Surveys, Testing, Investigation, Inspection	\$ 1,371,000	\$ 1,400,175	\$ 29,175
FTA Required Start Up and Commissioning & Art in Public Places	\$ 1,100,000	\$ 1,366,003	\$ 266,003
ROW Real Estate Administrative Services	\$ 1,920,000	\$ 2,000,000	\$ 80,000
	\$ 14,096,000	\$ 15,135,743	\$ 1,039,743

4. What are the options for remaining estimated \$32M in local match?

The City is exploring multiple options for the remaining local match that will be required to meet the grant requirements. The amount of 2050 Transit Sales Tax that will be needed for capital and operating will vary depending on how much local match is able to be secured from other sources.

Currently, approximately \$4 million of the Transit Sales Tax is available annually. Without additional local funds from other sources, the West Elizabeth ETC project will take approximately 100% of the remaining Transit Sales Tax Funds over the next 8-9 years for one-time capital investment. Once operational, the ongoing need is estimated at approximately \$2 million annually, or 50% of the remaining 2050 Transit Sales Tax. Actual amounts are dependent on full design and operational details that are still being assessed, as well as inflation that is variable depending on construction and service start timeline. This scenario assumes no additional capital or ongoing items are assigned to the Transit Sales Tax funding source.

The City aims to offset the full local match amount with the following options:

CSU Contribution:

CSU has already contributed approximately \$1M in local match toward design for the West Elizabeth ETC project, Transfort is also aiming to substantially offset the approximately \$32 million in capital investment and/or the approximate \$2 million in annual operating through a partnership agreement with CSU.

Without substantial contribution from CSU, the City will need to determine how to proceed, and whether or not the City wants to consider scaled versions of the project.

Land match:

City staff is exploring the eligibility for other land match opportunities, including land owned by CSU along the planned BRT route and existing City land including at the Transfort Maintenance Facility (TMF).

State Opportunities:

Clean Transit Enterprise (CTE) funding: 2024 was the first year of funding for this program, funds can be used to purchase low or no emission vehicles, chargers, and to purchase and install electrical infrastructure to facilitate vehicle charging. In the first year of funding there was approximately \$15M available for transit agencies throughout the state, and funds are being distributed through a discretionary process.

SB24-230: This funding source will be collected from fees of oil and gas producers beginning July 1, 2025, and will be used to fund transit projects. 70% of available funding will be used to expand local transit service, most likely using a formula allocation, and 10% of funding will be used toward a local transit grant program cash fund. The exact method in which these funds will be distributed to transit agencies has not yet been determined.

Multimodal Options Fund (MMOF):

Funds are typically available at a 50/50 match rate and can be used toward capital or operating. For fiscal year 2026, there will be \$1.3 million for the North Front Range.

Other Federal Grant Funding Sources:

(Can be used to reduce the request for CIG funding, though still require 20% local match)

- 5339b Bus and Bus Facilities Program
- 5339c Low or No Emissions Program
- Rebuilding America's Infrastructure with Sustainability and Equity (RAISE)
- Safe Streets for All (SS4A)
- Transportation Alternatives Program (TAP)
- Congestion Mitigation and Air Quality (CMAQ)

Other Opportunities:

City staff is exploring with its federal partners options for low interest rate federal lending programs.