



Water Utility Enterprise Board Meeting Agenda

October 20, 2026 at 6:00 PM

Emily Francis, President
Julie Pignataro, District 2, Vice-President
Chris Conway, District 1
Josh Fudge, District 3
Melanie Potyondy, District 4
Amy Hoeven, District 5
Anne Nelsen, District 6

City Council Chambers
300 Laporte Avenue, Fort Collins

Cablecast on FCTV
Channel 14 on Connexion
Channel 14 and 881 on Comcast

Carrie Daggett
City Enterprise Attorney

Kelly DiMartino
Executive Director

Delynn Coldiron
Secretary

WATER UTILITY ENTERPRISE BOARD MEETING

This meeting will be conducted during the Other Business section of the regular meeting.

- A) CALL MEETING TO ORDER
- B) ROLL CALL
- C) ITEMS FOR DISCUSSION

1. Resolution No. 012 Acting Ex-Officio as the Board of the City's Water Utility Enterprise, Authorizing the Mayor, Acting Ex-Officio as the President of the Board, to Execute Agreements with the Northern Integrated Supply Project Water Activity Enterprise for the City to Become a Participant in the Northern Integrated Supply Project and to Store Water Attributable to Some of the City's Own Water Rights in Glade Reservoir.

The purpose of this item is to authorize the Mayor to execute agreements with the Northern Integrated Supply Project Water Activity Enterprise. The City has been working since the late 1980s to enlarge Halligan Reservoir, previously owned by the North Poudre Irrigation Company ("NPIC"), to meet the City's needs for additional water supply and storage. The City began seeking regulatory approval with the U.S. Army Corps of Engineers ("Corps") in 2006 to enlarge Halligan Reservoir as part of the Halligan Water Supply Project ("Halligan Project"). Throughout, City staff continued to evaluate water storage alternatives on a variety of factors (cost, supply impacts, water quality impacts, environmental impacts) as regulatory landscape, costs, and opportunities evolved.

In light of developments over the last 18 months, including the availability of allotment units in the Northern Integrated Supply Project ("NISP"), updated project and operating costs, and significant permitting uncertainties for the Halligan Reservoir project, the City's participation in NISP appears more certain than the enlargement of Halligan Reservoir through the Halligan Project. Participation in NISP is projected to result in lower overall rate increases, and, depending on the level of participation, may provide additional storage to help with longer-term City goals including climate adaptation, housing, and economic development.

Staff has been working with the Northern Colorado Water Conservancy District (“Northern”) to understand the impacts of joining NISP and negotiate potential participation. Key to this evaluation, and the associated benefits to the City, is the ability to bring some City water rights to the project. Through this effort, agreements have been drafted that allow the City to buy into NISP with the ability to store water attributable to some of the City’s own water in Glade Reservoir.

To pursue these agreements in earnest, staff believe it is also necessary to notify the Corps of the City’s intention to join NISP and subsequently withdraw the application to the Corps for a permit under Section 404 of the Clean Water Act for the Halligan Project.

D) OTHER BUSINESS

E) ADJOURNMENT

Upon request, the City of Fort Collins will provide language access services for individuals who have limited English proficiency, or auxiliary aids and services for individuals with disabilities, to access City services, programs and activities. Contact 970.221.6515 (V/TDD: Dial 711 for Relay Colorado) for assistance. Please provide advance notice. Requests for interpretation at a meeting should be made by noon the day before.

A petición, la Ciudad de Fort Collins proporcionará servicios de acceso a idiomas para personas que no dominan el idioma inglés, o ayudas y servicios auxiliares para personas con discapacidad, para que puedan acceder a los servicios, programas y actividades de la Ciudad. Para asistencia, llame al 970.221.6515 (V/TDD: Marque 711 para Relay Colorado). Por favor proporcione aviso previo cuando sea posible. Las solicitudes de interpretación en una reunión deben realizarse antes del mediodía del día anterior.

October 20, 2026

AGENDA ITEM SUMMARY

Utility Enterprise Board



STAFF

Nicole Poncelet-Johnson, One Water Executive Director
Joe Wimmer, Utilities Finance Director
Darren Parkin, Halligan Project Manager

SUBJECT

Resolution No. 012 Acting Ex-Officio as the Board of the City's Water Utility Enterprise, Authorizing the Mayor, Acting Ex-Officio as the President of the Board, to Execute Agreements with the Northern Integrated Supply Project Water Activity Enterprise for the City to Become a Participant in the Northern Integrated Supply Project and to Store Water Attributable to Some of the City's Own Water Rights in Glade Reservoir.

EXECUTIVE SUMMARY

The purpose of this item is to authorize the Mayor to execute agreements with the Northern Integrated Supply Project Water Activity Enterprise. The City has been working since the late 1980s to enlarge Halligan Reservoir, previously owned by the North Poudre Irrigation Company ("NPIC"), to meet the City's needs for additional water supply and storage. The City began seeking regulatory approval with the U.S. Army Corps of Engineers ("Corps") in 2006 to enlarge Halligan Reservoir as part of the Halligan Water Supply Project ("Halligan Project"). Throughout, City staff continued to evaluate water storage alternatives on a variety of factors (cost, supply impacts, water quality impacts, environmental impacts) as regulatory landscape, costs, and opportunities evolved.

In light of developments over the last 18 months, including the availability of allotment units in the Northern Integrated Supply Project ("NISP"), updated project and operating costs, and significant permitting uncertainties for the Halligan Reservoir project, the City's participation in NISP appears more certain than the enlargement of Halligan Reservoir through the Halligan Project. Participation in NISP is projected to result in lower overall rate increases, and, depending on the level of participation, may provide additional storage to help with longer-term City goals including climate adaptation, housing, and economic development.

Staff has been working with the Northern Colorado Water Conservancy District ("Northern") to understand the impacts of joining NISP and negotiate potential participation. Key to this evaluation, and the associated benefits to the City, is the ability to bring some City water rights to the project. Through this effort, agreements have been drafted that allow the City to buy into NISP with the ability to store water attributable to some of the City's own water in Glade Reservoir.

To pursue these agreements in earnest, staff believe it is also necessary to notify the Corps of the City's intention to join NISP and subsequently withdraw the application to the Corps for a permit under Section 404 of the Clean Water Act for the Halligan Project.

STAFF RECOMMENDATION

Staff recommends adoption of the Resolution.

BACKGROUND / DISCUSSION

Need For Additional Storage

As has been discussed with Council for a number of years, the Water Utility needs at least 8,200 acre-feet (AF) of additional water storage to store its senior water rights to help the City mitigate the effects of severe drought and meet anticipated future demands through buildout of the Water Utility service area (currently projected for 2065).

Halligan Project

To meet water storage needs, the City has been actively pursuing Halligan Reservoir expansion over many decades through the Halligan Project. The City secured ownership of the dam back in 2004 by executing a purchase option acquired in 1993 from NPIC for the purpose of expanding the reservoir.

The essence of the Halligan Project is that the City would build a larger dam just downstream of the current dam to raise the water level and enlarge the existing reservoir on the North Fork of the Poudre River by an additional 8,200 AF. The City would own the dam and the enlarged capacity and use it to store water diverted under the City's senior water rights. NPIC would continue to own and use the historical/existing capacity in the enlarged reservoir to irrigate agricultural lands north of Fort Collins. The City would be wholly responsible for the long-term operation, maintenance and capital projects for the enlarged reservoir for both the City and NPIC.

The City officially began the federal permitting process in 2006 along with other partners (at the time the reservoir was envisioned to be even larger). The key required approval is a permit under Section 404 of the Clean Water Act. The Corps issued the final environmental impact statement in October 2023. Over the course of this period, with the handful of changes to the Halligan Project, staff reviewed and analyzed other water storage options as part of the federal process and to verify that the Halligan Project was the right project for utility ratepayers and the City. Until recently, staff consistently viewed the Halligan Project as the best water storage option from various perspectives (e.g., economic, environmental, legal, etc.).

Halligan Permitting Outlook

The City completed all permitting requirements in 2026 and anticipated receiving the 404 permit from the Corps in August 2026. However, starting last year, the Corps hinted that the enlargement of Halligan Reservoir may not be identified as the least environmentally damaging practicable alternative ("LEDPA"), especially given participation in NISP appeared to be feasible as some NISP participants signaled they were leaving that project. Noting a few uncertainties with NISP, City staff continued with the permitting process for the Halligan Project while participating in discussions with Northern regarding the viability of the City joining NISP and storing water attributable to some of the City's senior water rights in Glade Reservoir. In June 2026, the Corps requested the City provide evidence by July that NISP was not the LEDPA, which the City provided. In early August the Corps extended its review of the Halligan Project permit application until February 1, 2027.

At a subsequent meeting with the Corps on August 11, 2026, the Corps indicated the enlargement of Halligan Reservoir was not viewed as the LEDPA as compared to other water storage alternatives and the City had three options with the Halligan Project permit application:

- Option 1 Request a final permit decision, likely prompting an official denial from the Corps
- Option 2 Withdraw the application, pausing enlargement of the reservoir.

Option 3 Proceed with Corps' delay; complete supplemental EIS analyzing City participation in NISP, likely prompting an official denial from the Corps

The Corps' new position makes the Halligan Project's legal/regulatory path much more difficult and uncertain due to the discretion courts generally give to federal permitting agencies. Staff recommend Option 2 (withdrawing the application) as it may make it easier to restart the permitting process in case the City is unable to secure a final allotment contract to join NISP. Hence, staff is including a resolution to withdraw the application.

Additionally, the City of Greeley ("Greeley") has appealed the Halligan Project's Clean Water Act Section 401 water quality certification to the Water Quality Control Commission ("Commission") on July 30, 2026. Greeley believes the construction and operation of an enlarged Halligan Reservoir would impact the water quality of Greeley's Seaman Reservoir and subsequently the raw water that enters Greeley's water treatment plant. All required downstream impacts were modeled and addressed in the Halligan Project's mitigation plan which demonstrated that there were no adverse water quality impacts from Halligan on Seaman Reservoir or the downstream reaches of the North Fork. In fact, there was a quantifiable net benefit to water quality and water temperature as well as improved flows. While City staff are confident that the Halligan Project's Section 401 water quality certification would prevail in front of the Commission, Greeley's request generated additional uncertainty for the Corps related to its decision on the Halligan Project 404 permit application. The appeal proceedings are ongoing with a hearing in front of the Commission scheduled for August 2027.

NISP

Over the past two years, understanding the level of fiscal and resource commitment necessary to build an enlarged Halligan Reservoir, City staff explored other water storage options, including NISP, to verify the City was investing in the best storage project for the future of the Water Utility, its ratepayers, and the City.

NISP is an off-channel water storage project comprised of two large reservoirs: Glade Reservoir near the mouth of the Poudre Canyon and Galeton Reservoir northeast of Greeley. In 2022, the Corps issued a 404 permit for NISP. The NISP Enterprise, a water activity enterprise owned by Northern, will own, operate, and maintain NISP on behalf of many municipal participants. Glade Reservoir is favorably located in the Poudre Watershed and able to store water diverted under the City's water rights with minimal upstream impacts (as is the case with the Halligan Project) and downstream impacts.

By participating in NISP with specific terms addressing the City's water rights storage, the City can utilize NISP's water rights or elect to store water using its own water rights in Glade Reservoir, offering flexibility for the City to address various conditions in the future.

The City has worked to negotiate better outcomes for the Poudre River throughout the duration of the NISP permitting process and presently participates in the NISP Adaptive Management regional stakeholder committee. As a NISP participant, the City will continue to advocate for the health of the river and financially support a proportional share of the Poudre River Improvement Fund and required NISP environmental mitigation projects. Staff will continue to work with project and community partners on future restoration and protection priorities for the river, aligning with other planned City investments, where feasible and reasonable.

Based on several factors, staff has concluded that participation in NISP at 5.8% of the Glade component (9,860 AF of storage) is now the preferred option. While no option can provide 100% certainty, some form of NISP participation in the Glade Reservoir portion of the project currently appears more certain from a legal/regulatory perspective than the Halligan Project. The City's analysis also shows participation would result in lower rate forecasts and may provide additional yield to help with other City goals including drought mitigation and various other climate adaptations, regional water security, housing, and economic development. Due to the permitting challenges facing Halligan, the need for regulatory and infrastructure coordination, and NISP appearing to proceed toward construction, now would be the time to join NISP.

The City's participation in NISP requires annual financial participation through interim agreements in advance of a final allotment contract which includes the long-term financing terms. The twenty-second interim agreement for 2026 participation involves \$766,154 for the City's requested share of the project. The twenty-third interim agreement for 2027 participation is scheduled for distribution and signing early next year at an anticipated amount of \$1,500,000 for the City.

Both the City and City's Water Utility Enterprise will be parties to the agreements with the NISP Enterprise, and thus, a similar resolution will be presented to City Council seeking authorization for the City Manager to sign the agreements for the City.

CITY FINANCIAL IMPACTS

Projected total project cost estimates (including construction, operating, and financing) were developed to compare the ratepayer impacts between both projects.

As seen in the tables below, the NISP 9,860 acre-feet option is more affordable than the Halligan Project. For 2027 budget planning, staff recommend continuing with the existing rate recommendations to secure the projects' financial viability and maintain consistency with the City's overall financial planning and 2027 budget document. Should the City pivot to participate in NISP pursuant to Council direction following rate adoption, revised 2028 rate adjustments would be proposed.

40-year costs (life of NISP debt)		
Expense Type	Halligan Project	NISP, City 5.8%; 9,860 acre-feet (Extra Storage)
Debt Service	\$ 413,092,337	\$ 261,414,672
Operating, Repair & Replacement	\$ 69,542,731	\$ 29,969,097
Add'l Infrastructure, Treatment, Water	\$ 67,402,554	\$ 28,708,160
Environmental	\$ 15,000,000	\$ 5,158,407
35% Halligan Dam Rehabilitation	\$ -	\$ 35,126,716
Total	\$ 565,037,621	\$ 360,377,052

The \$881,802.98 appropriation for Fort Collins' participation in the NISP twenty-second interim agreement is proposed to be transferred from the unexpended and unencumbered budget of the Halligan Project. Within the Halligan capital project budget, \$18,433,773 remains unexpended and available for a transfer of appropriation. Repurposing the unspent capital project budget is accounted for within the Utilities financial modeling and rate forecast to support future NISP costs and other water capital projects. A total of \$115,648.98 is included in the appropriation amount for a one-time payment for participation analysis expenses incurred by Northern regarding water yield and storage modeling.

BOARD / COMMISSION / COMMITTEE RECOMMENDATION

Utilities staff presented to the Water Commission in executive session on September 17, 2026. Staff will publicly present to the same commission on October 15, 2026, in addition to the Land Conservation and Stewardship Board on October 14, 2026, and the Natural Resources Advisory Board on October 21, 2026.

PUBLIC OUTREACH

Due to sensitivities around permitting completion, and negotiations with Northern, there has been very limited public outreach. The City is planning to host a public meeting in the fall for Halligan Reservoir neighbors, the Livermore, Colorado community and the general public.

ATTACHMENTS / LINKS

1. Presentation
2. Resolution No. 012

Water Storage Agreements, Appropriation of Project Funds, and Withdrawal of Permit Application



Nicole Poncelet-Johnson, One Water Executive Director
Joe Wimmer, Utilities Finance Deputy Director
Darren Parkin, Halligan Project Manager

Oct. 20, 2026

Summary Recommendations for Council

Staff will present a summary of the in-depth analysis and permitting challenges supporting a pivot from the Halligan Water Supply Project (Halligan) to the Northern Integrated Supply Project (NISP) to meet future water storage and supply needs within the City's water service area. Summary level resolutions and ordinance include:

- **Resolution authorizing the City to enter into interim agreements to participate in NISP with the ability to store the City's Own Water Rights in Glade Reservoir**
- **Resolution to withdraw the 404 Permit Application for the Halligan Water Supply Project**
- **Ordinance transferring unexpended appropriation from the Halligan Capital Project to the Water Fund Operating Budget to support entering into the 2026 NISP Interim Agreement and related consulting support**



Halligan Water Supply
Project

Permitting Challenges

NISP Status

Risk &
Recommendation



Halligan Water Supply Project

Background and Status

Project Overview



- 1980s: City began working on an expanded Halligan previously owned by North Poudre Irrigation Company (NPIC)
- 2006: Began federal permitting to store City water rights and increase the reliability and resiliency of the City's water supply, especially in times of prolonged drought
- Build new dam and expanded reservoir to store ~8,200 acre-feet (AF) of additional water
- Increase height of water level in reservoir by 26 feet, and expand reservoir wet area by 138 acres
- Project mitigation requirements and commitments to improve ecology along the North Fork of the Poudre River



Purpose and Need for Additional Water Storage

Purpose

- Firm yield water storage for Fort Collins Utilities' water service area

Need

- Projected municipal and industrial growth by 2065
- Resiliency and drought mitigation
- Adequate storage for full utilization of water rights



Halligan Current Status

- Halligan remains at 60% design
- Portion of environmental mitigation completed:
 - 295 acres of Preble's meadow jumping mouse habitat
 - North Fork mitigation bank including 1,220 feet of stream and over 19 acres of wetland credits
- Received approval through Larimer County's 1041 process
- Secured Colorado Water Conservation Board loan for \$151.5 million
- Received approval from the Colorado Department of Public Health and Environment (CDPHE) for the water quality certification under Section 401 of the federal Clean Water Act
- Completed all Section 404 requirements of the federal Clean Water Act

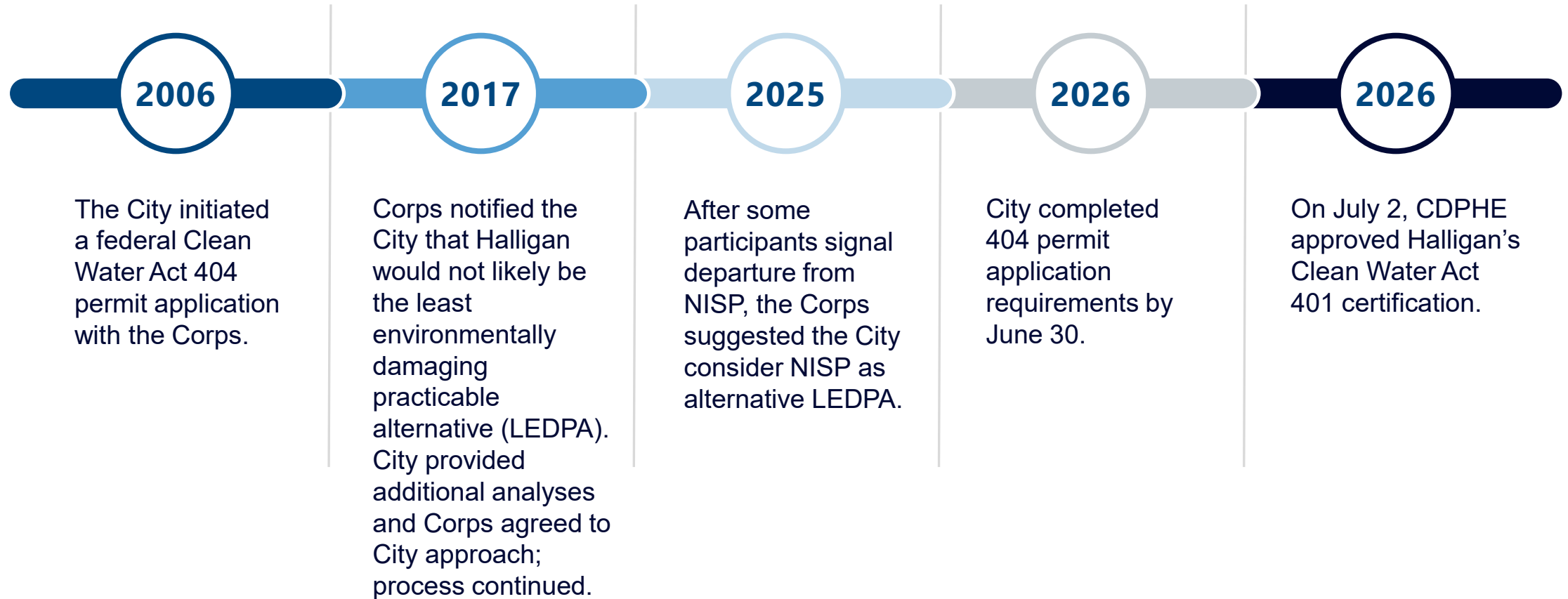




Permitting Challenges

Significant Changes Impacting Halligan's Viability

Permitting Overview



Recent Federal Permitting Challenges

JUNE 2, 2026



- › Corps asks City to justify why NISP is not the LEDPA
- › City responded

JULY 31, 2026



- › Corps officially extends its review of the permit application to Feb. 1, 2027

JULY 30, 2026



- › City of Greeley appealed the Halligan Project's 401 certification to the Water Quality Control Commission

AUG. 11, 2026



- › Meeting with Corps; Corps notified staff that a 404 permit for the enlargement of Halligan Reservoir is "not legally defensible"
- › Corps also raised permitting process concerns stemming from Greeley's appeal of the 401

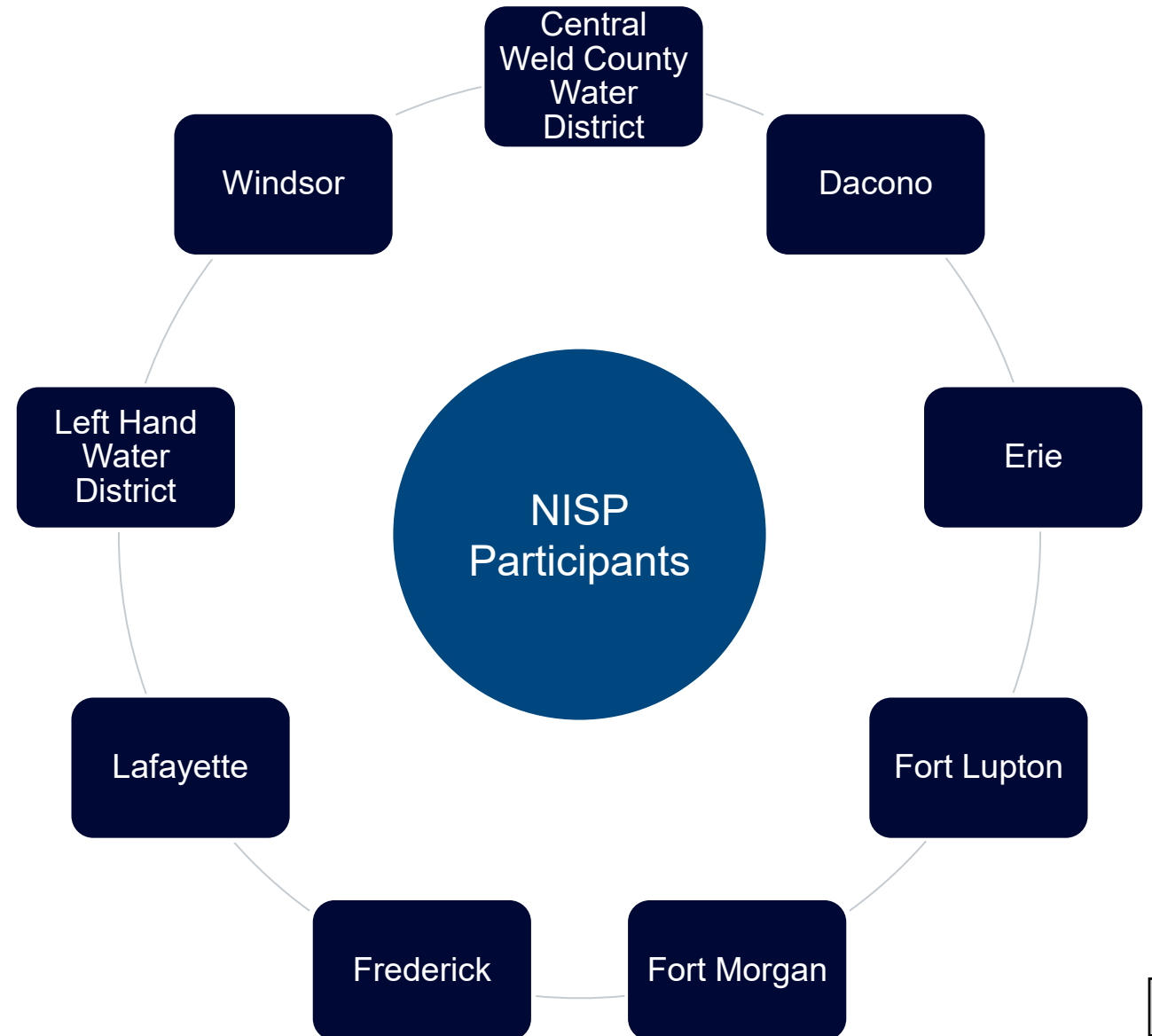
1. Request a final permit decision, likely prompting an official denial from the Corps.
2. **Withdraw the application, pausing enlargement of the reservoir.**
3. Proceed with Corps' delay; complete supplemental EIS analyzing City participation in NISP, likely prompting an official denial from the Corps.



NISP Status & Comparison

Data and Analysis Driving Decisions

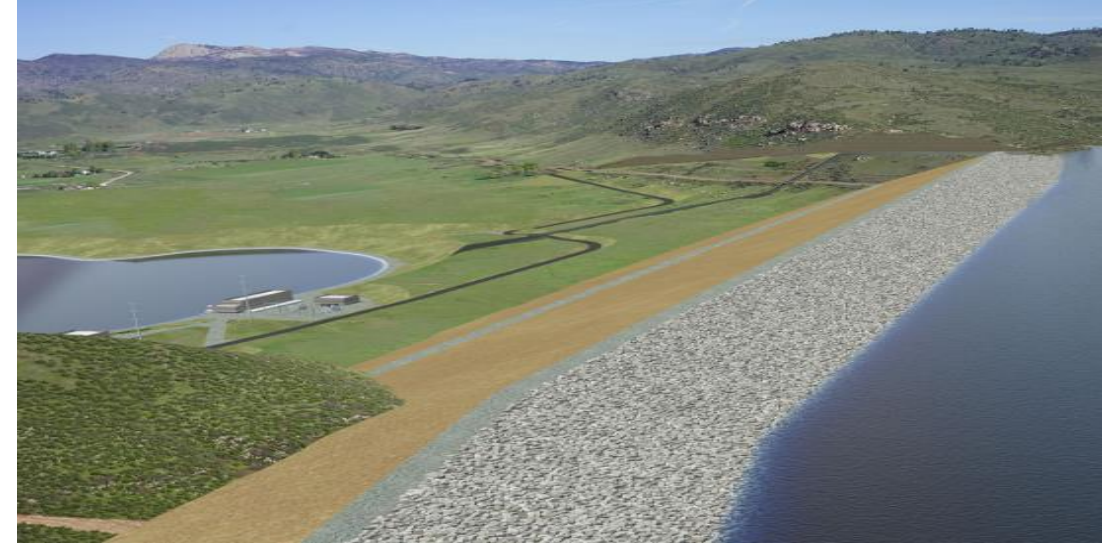
- Moving forward with Glade component
- Request for Proposals released this summer with contractor proposal expected in November for the Glade component and U.S. Highway 287
- Galeton component to be negotiated with interested participants in the future
- Partnership currently includes nine water providers



Halligan Project and Glade Component Scopes

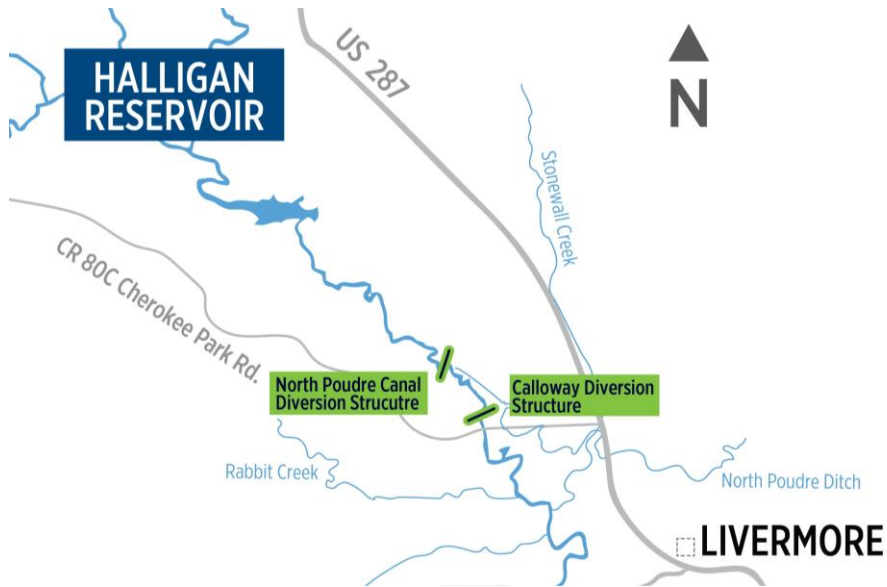


- Halligan expansion from 6,408 to 14,608 AF
- City will own the dam, additional **8,200 AF** of capacity, O&M, NPIC continues to own its storage (6,408 AF)
- **Not fully permitted, risk of environmental litigation**



- Glade: 170,000 AF reservoir, need 8,500 AF; negotiating for maximum recommended storage of **9,860 AF**
- Owned by Northern Water NISP enterprise, operated by Northern Water
- **Fully permitted and environmental litigation settled**

Mitigation Plan Commitments



Halligan Project

- Halligan is an on-channel reservoir on the North Fork of the Poudre River; collects Fort Collins water rights annually
- Mitigation flows (3-5 cubic feet per second) between Halligan and Milton-Seaman Reservoirs
- Fish passage and enhancements (2 total, one on North Fork and one on mainstem)
- Peak Flow Bypass Program (3 days of maximum peak flows in the North Fork)
- Limited adaptive management but regional collaboration
- Wildlife habitat conservation (Roberts Ranch 295 acres Preble's meadow jumping mouse habitat)
- Stream and wetland mitigation credits (7,285 stream credits and 19.37 wetland credits)



NISP

- Glade is an off-channel reservoir; NISP collects Grey Mountain water right during above-average flows of the Poudre River
- Mitigation flows (18-25 CFS) on main stem of Poudre River from Glade to Timnath Canal
- Fish passage and enhancements (5 total, planning on 3 in or near Fort Collins)
- Peak Flow Operations Program (3-day bypass maximum peak flows in Poudre River in most years)
- Adaptive management and regional collaboration (including regional water quality monitoring)
- Wildlife habitat conservation (1,380 acres habitat conservation around Glade, Hwy. 287 underpass)
- Wetland mitigation (34 wetland credits)

Halligan Budget to Date

Budgeted Funds	\$76,668,946
Expenditures	(\$50,329,413)
Encumbered	(\$7,905,761)
Available Funds	\$18,433,773

- Budget life-to-date: January 1999 to October 2026
- Project encumbrances include \$7.3 million in completed and potentially recoverable mitigation credits

40-year costs (life of debt service)

Expense Type	Halligan Project	Glade, Fort Collins 5.8%; 9,860 AF (Max. Recommended Storage)
Debt Service	\$ 413,092,337	\$ 261,414,672
Operating, Repair & Replacement	\$ 69,542,731	\$ 29,969,097
Add'l Infrastructure, Treatment, Water	\$ 67,402,554	\$ 28,708,160
Environmental Mitigation	\$ 15,000,000	\$ 5,158,407
35% Halligan Dam Rehabilitation	\$ -	\$ 35,126,716
Total	\$ 565,037,621	\$ 360,377,052
Difference to Halligan		\$ (204,660,569)

Cost and Rate Forecast: Annual Rate Increases in Water Fund

	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Halligan	15.0%	15.0%	15.0%	10.0%	10.0%	7.5%	3.0%	3.0%	3.0%	3.0%
NISP (9,860 AF)	15.0%	8.0%	8.0%	8.0%	5.5%	5.0%	5.0%	3.0%	3.0%	3.0%

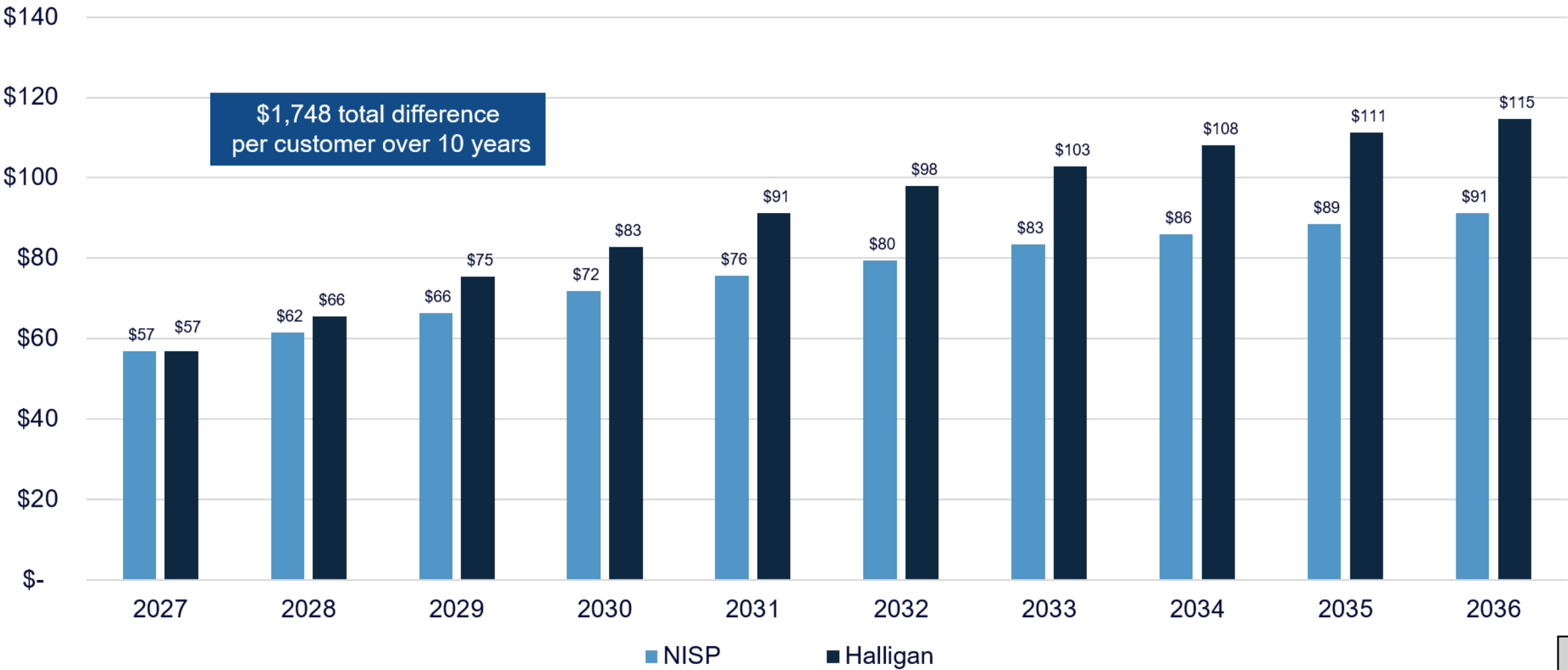
Note: Rates assume continuation of minimum level of capital replacement spending

NISP (9,860 AF) + Capital	15.0%	9.0%	9.0%	9.0%	5.5%	5.0%	5.0%	3.0%	3.0%	3.0%
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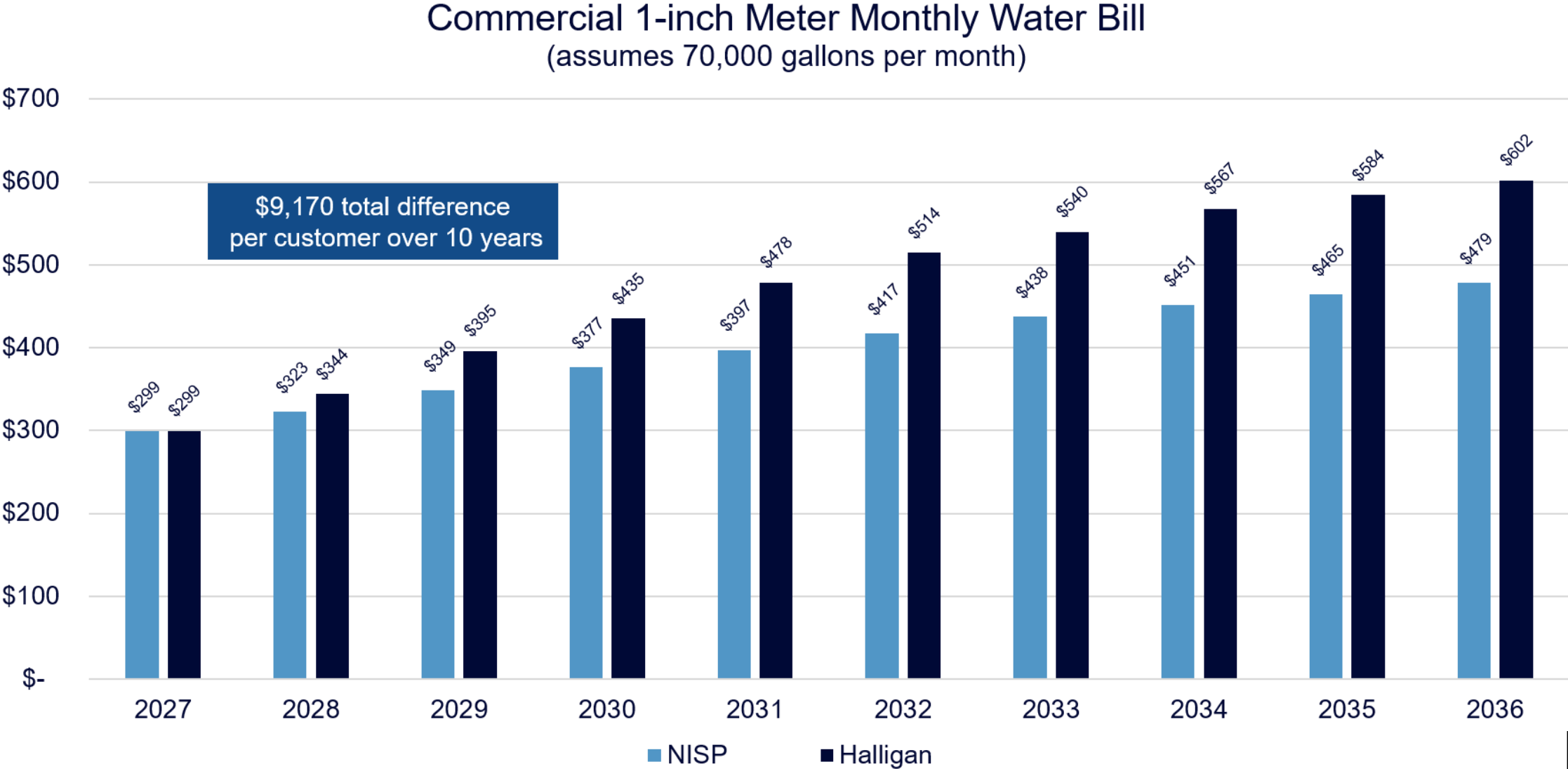
+1% increase 2028-2030 = \$1.5 million additional toward water main replacement; ~0.75 mile per year

Residential Customer Bill Comparison by Project

Average Residential Monthly Water Bill
(assumes 7,000 gallons per month)



Commercial Customer Bill Comparison by Project



Cost to Become a NISP Participant

- NISP members participate through annual Interim Agreements
- City's cost to participate in 2026 Interim Agreement for 9,860 AF is \$766,154
- Consulting fees to support analysis of City's participation estimated at \$115,649
- Similar Interim Agreement expected in 2027 at an estimated cost of \$1.5M due Q1, until a final allotment contract is signed (est. late 2027)
- Transfer of appropriation from unexpended Halligan Project budget

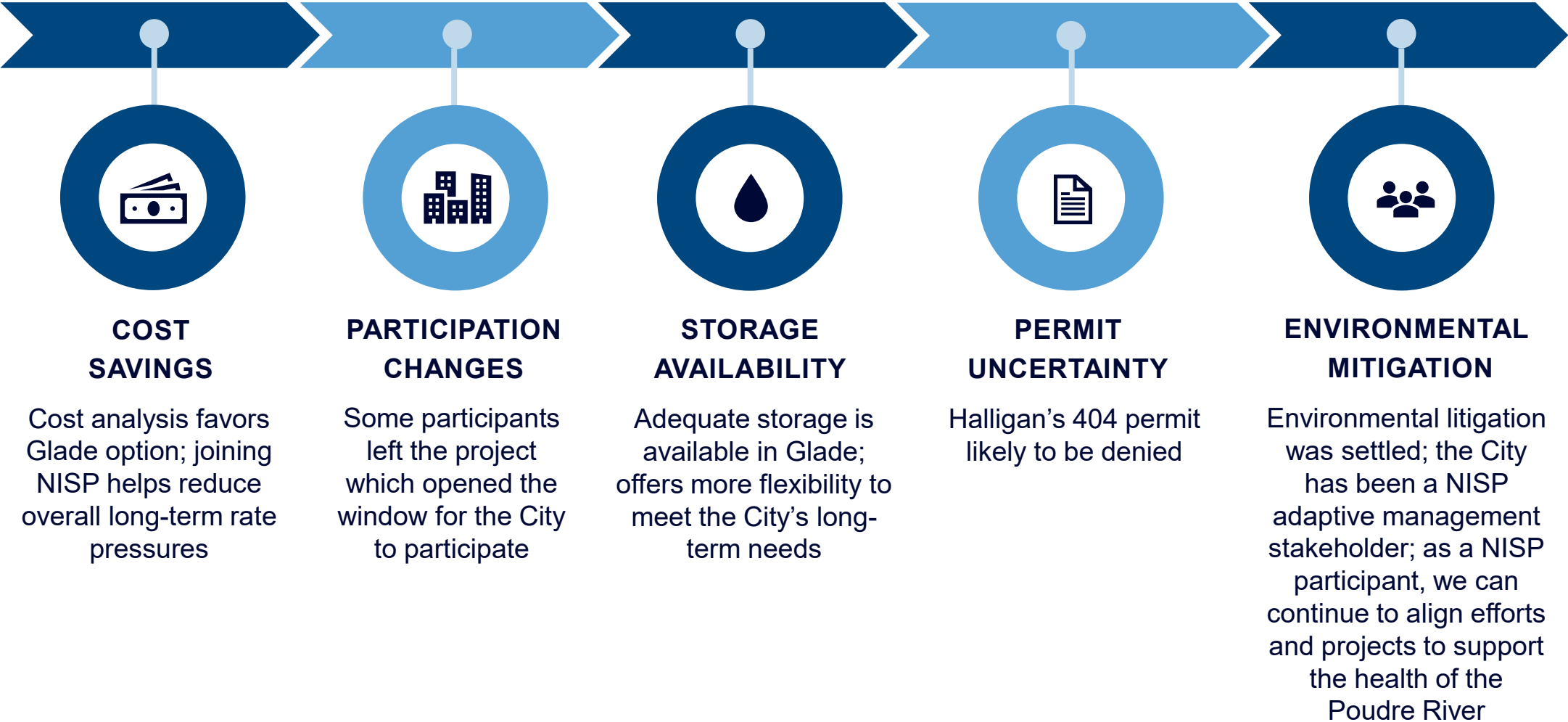




Risk & Recommendation

Category	Halligan Project	NISP
Federal Permitting		
State Permitting		
Environmental Litigation		
Other Litigation		
Project Delays		
Rising Construction Cost		
Financial		
Operational Control		

Review of Factors That Have Changed



Based on the in-depth analysis completed by staff and the current permitting challenges facing the Halligan Project, staff recommended Council approve the following resolutions and ordinance upon first reading:

- **Resolution 2026-119, Authorizing the City Manager to Withdraw the Application to the U.S. Army Corps of Engineers for a Permit Under Section 404 of the Clean Water Act for the Halligan Water Supply Project**
- **Resolution 2026-120, Authorizing the City Manager to Execute Agreements with the Northern Colorado Water Conservancy District for the City to Become a Participant in the Northern Integrated Supply Project and to Store Water Attributable to Some of the City's Own Water Rights in Glade Reservoir**
- **Ordinance No. 148, 2026, Transferring Unexpended and Unencumbered Appropriation of the Halligan Capital Project to the Water Fund Operating (lapsing) Budget for Participation in the NISP Twenty-Second Interim Agreement and Payment of Additional Participation Analysis Expenses Incurred by the Northern Colorado Water Conservancy District**

RESOLUTION NO. 012
OF THE COUNCIL OF THE CITY OF FORT COLLINS,
ACTING EX-OFFICIO AS THE BOARD OF THE CITY'S WATER UTILITY
ENTERPRISE, AUTHORIZING THE MAYOR, ACTING EX-OFFICIO AS THE
PRESIDENT OF THE BOARD, TO EXECUTE AGREEMENTS WITH THE NORTHERN
INTEGRATED SUPPLY PROJECT WATER ACTIVITY ENTERPRISE FOR THE CITY
TO BECOME A PARTICIPANT IN THE NORTHERN INTEGRATED SUPPLY
PROJECT AND TO STORE WATER ATTRIBUTABLE TO SOME OF THE CITY'S
OWN WATER RIGHTS IN GLADE RESERVOIR

A. The City owns and operates a water utility that provides water service to customers in its service area and delivers water pursuant to various other contractual arrangements.

B. The City has determined that it needs additional water supplies and water storage for various reasons, including for drought protection, climate resilience, and to meet projected demands.

C. The City previously determined that the enlargement of Halligan Reservoir could meet the City's needs for additional water supplies and water storage. Beginning in the late 1980s, the City began to work on a project for the enlargement of the existing Halligan Reservoir ("Halligan Enlargement Project"), which includes the enlargement of the reservoir as well as related sub-projects and tasks. See, e.g., City Council Resolution 87-161; Water Utility Enterprise Resolution No. 1.

D. The enlargement of Halligan Reservoir would require a permit under Section 404 of the Clean Water Act ("404 Permit") from the U.S. Army Corps of Engineers ("Corps"). The City thus filed an application to the Corps for a 404 Permit in 2006. The Corps labeled its project stemming from the application as the "Halligan Water Supply Project," which includes an evaluation of the City's purpose and need, alternatives to meet that purpose and need, and the environmental impacts of the various alternatives. The Halligan Water Supply Project remains in the federal permitting process.

E. It has become increasingly questionable whether the Corps will issue a 404 Permit for the enlargement of Halligan Reservoir as currently contemplated in the Halligan Water Supply Project permitting proceedings pending before the Corps. Moreover, rising construction and permitting costs have made the enlargement of Halligan Reservoir increasingly difficult from a financial perspective.

F. The City has thus explored alternative means to meet the City's needs for additional water supplies and water storage. This has included exploring potential participation in the project of the Northern Colorado Water Conservancy District ("Northern Water") known as the Northern Integrated Supply Project ("NISP"), which includes Glade Reservoir.

G. The City has determined that its potential participation in NISP could meet the City's needs for additional water supplies and water storage at a reasonable cost if the City is also able to store water attributable to some of the City's own water rights in Glade Reservoir. At this time, the City desires to be able to store in Glade Reservoir water attributable to the water rights represented by the City's shares in the so-called "Southside Ditches" companies (Arthur Irrigation Company, Larimer County Canal No. 2 Irrigating Company, New Mercer Ditch Company, and Warren Lake Reservoir Company), which were changed in Water Court Case No. 1992CW129 and Case No. 2005CW323, Division 1.

H. The City has worked to negotiate better outcomes for the Poudre River throughout the duration of the NISP permitting process and presently participates in the NISP adaptive management regional stakeholder committee. As a NISP participant, the City would continue to advocate for the health of the river and financially support a proportional share of the Poudre River Improvement Fund and required NISP environmental mitigation projects, many of which are located along the main stem of the Poudre River through town.

I. The City (both the City and its Water Utility Enterprise) and the Northern Integrated Supply Project Water Activity Enterprise, a government-owned business within the meaning of Article X, § 20(2)(d) of the Colorado Constitution, organized pursuant to C.R.S. §§ 37-45.1-101 et seq., owned by the Northern Colorado Water Conservancy District ("NISP Enterprise"), have thus negotiated the *Twenty-Second Interim Agreement with the Northern Integrated Supply Project Water Activity Enterprise for Participation in the Northern Integrated Supply Project* ("Interim Participation Agreement"), a copy of which is attached hereto and incorporated by this reference as Exhibit A. By the Interim Participation Agreement, the City will become a NISP participant through December 31, 2026, by agreeing to various terms and making various payments, in order to move NISP forward towards construction.

J. The City (both the City and its Water Utility Enterprise) and the NISP Enterprise have also negotiated a *Memorandum of Agreement* ("Storage Agreement"), a copy of which is attached hereto and incorporated by this reference as Exhibit B. By the Storage Agreement, the City and the NISP Enterprise agree to pursue the City's ability to store its Southside Ditches water in Glade Reservoir. The Storage Agreement will become an appendix to the Interim Participation Agreement, such that they are effectively part of the same agreement.

K. The City and other NISP participants intend to subsequently execute permanent allotment contracts for their NISP participation as NISP proceeds towards construction. Such permanent allotment contracts will address the City's and other NISP participants' permanent obligations and rights in and to NISP, including financial obligations and the City's ability to store its Southside Ditches water in Glade Reservoir.

L. At the time of completing the permanent allotment contracts, the City may terminate the Halligan Enlargement Project and wrap up any outstanding obligations and tasks for that project.

In light of the foregoing recitals, which the Council hereby makes and adopts as determinations and findings, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF FORT COLLINS, ACTING EX-OFFICIO AS THE BOARD OF THE CITY'S WATER UTILITY ENTERPRISE, as follows:

Section 1. Contingent upon the final adoption of Ordinance No. 148, 2026 and its effective date, the Mayor, acting ex-officio as the President of the Board of the Water Utility Enterprise, is hereby authorized to execute the Interim Participation Agreement in the form of Exhibit A, attached hereto and incorporated by this reference, with such modifications and additional terms and conditions as the City Manager, in consultation with the City Attorney, determines to be necessary and appropriate to protect the interests of the City or effectuate the purposes of this Resolution.

Section 2. Contingent upon the final adoption of Ordinance No. 148, 2026 and its effective date, the Mayor, acting ex-officio as the President of the Board of the City's Water Utility Enterprise, is hereby authorized to execute the Storage Agreement in the form of Exhibit B, attached hereto and incorporated by this reference, with such modifications and additional terms and conditions as the City Manager, in consultation with the City Attorney, determines to be necessary and appropriate to protect the interests of the City or effectuate the purposes of this Resolution.

Passed and adopted at a regular meeting of the Council of the City of Fort Collins, acting ex-officio as the Board of the City's Water Utility Enterprise on October 20, 2026.

Mayor, Ex-Officio President

ATTEST:

City Clerk

Effective Date: October 20, 2026

Approving Attorney: Eric Potyondy

Exhibits: Exhibit A – Twenty-Second Interim Agreement with the Northern Integrated Supply Project Water Activity Enterprise for Participation in the Northern Integrated Supply Project
 Exhibit B – Memorandum of Agreement

TWENTY-SECOND INTERIM AGREEMENT WITH THE
NORTHERN INTEGRATED SUPPLY PROJECT WATER ACTIVITY ENTERPRISE,
FOR PARTICIPATION IN THE
NORTHERN INTEGRATED SUPPLY PROJECT

This Agreement is made and entered into as of _____, 2026, by and between the **Northern Integrated Supply Project Water Activity Enterprise**, a government-owned business within the meaning of Article X, § 20(2)(d) of the Colorado Constitution, organized pursuant to C.R.S. §§ 37-45.1-101 et seq., owned by the Northern Colorado Water Conservancy District (“District”), and whose address is 220 Water Avenue, Berthoud, Colorado 80513 (the “NISP Enterprise”), **the City of Fort Collins, Colorado, and the City of Fort Collins Water Utility Enterprise**, whose address is 300 Laporte Avenue, Fort Collins, 80521 (together, “Participant”).

Recitals

- A. The NISP Enterprise is developing a water project (the “Project”) for the purpose of developing a new reliable water supply for the beneficial use of the Participant and other entities.
- B. Overall Project costs will be divided among the entities that participate in the Project.
- C. The First, Second, and Fourth Phases of the Project, and years one through six of the Third Phase, have been completed.
- D. The Third Phase, Years 7 through 21 (hereinafter referred to as “Phase 3A”), will consist of further agency consultation, permitting work with the U.S. Army Corps of Engineers and other agencies, compliance with the National Environmental Policy Act and other requirements for federal permitting, field work, and analysis for permitting, modeling, and other activities related to designing and permitting the Project.
- E. The Fifth Phase of the Project consists of the Glade Reservoir final design advancement, Highway 287 relocation final design and CM/GC design involvement, and completion of the Galeton Dam preliminary design.
- F. The Sixth Phase involves continued NISP conveyance delivery refinement, South Platte Water Conservation Project negotiations, analysis of direct use of South Platte water, land and easement definition and purchase, and advancement of time-sensitive mitigation activities.
- G. The Seventh Phase involves the development of a NISP Allotment Contract, financial project planning, legal defense of the Project permits and approvals, and overall project administration.
- H. The Eighth Phase involves early pipeline construction, procurement of electrical materials for the Highway 287 relocation, and advancement of the option agreement for the Timnath Inlet Canal.

- I. It is necessary that the NISP Enterprise pursue Phases 3A, 5, 6, 7, and 8 of the Project at this time in order to be able to complete the Project on the time schedule desired by the participants.
- J. Pursuing these Phases 3A, 5, 6, 7, and 8 of the Project on behalf of the participants will require continued funding from the participants.
- K. Fort Collins created the City of Fort Collins Water Utility Enterprise to comply with the provisions of Section 20, Article X of the Colorado Constitution and Article 45.1 of Title 37 of the Colorado Revised Statutes to permit Fort Collins, acting through its water utility enterprise, to issue revenue bonds and enter into multi-year fiscal obligations in connection with operating its water utility. The Fort Collins Water Utility Enterprise is made a party to this Agreement for the purpose of entering into any multi-year fiscal obligation required under this Agreement.

Agreement

- 1. The Participant agrees to participate in Phases 3A, 5, 6, 7, and 8 of the Project, under and pursuant to the terms and conditions of this Agreement. The Participant acknowledges that it shares a common interest in development of the Project and that privileged material may be shared with the Participant from time to time. A description of Phase 3A, Phase 5, Phase 6, Phase 7 and Phase 8 is included in **Exhibit A**. Participation in this Agreement in no way obligates the Participant to participate in subsequent phases of the Project or to continue involvement in the Project in any manner.
- 2. Certain other participants previously executed “NISP Phase 1 Agreements” with the NISP Enterprise, which among other things addressed previously incurred costs separate from those covered by this Agreement. Participant will not execute a NISP Phase 1 Agreement. However, the Parties agree that certain other provisions of the NISP Phase 1 Agreement that defined participants’ rights and obligations in NISP should apply to the Participant. Accordingly, terms modeled after these provisions are provided in Appendix 1, are incorporated herein by reference, and are referred to in this Agreement in lieu of references to the NISP Phase 1 Agreements.
- 3. For the purposes of cost allocation in Phase 3A, Phase 5, Phase 6, Phase 7, and Phase 8 for the period May 1–December 31, 2026, the cost is based upon the Participant’s base requested capacity (expressed in acre-feet) divided by the total requested base Project yield (see attached **Exhibit B**). The Participant’s base requested capacity in the Project is 1,200 NISP Units,¹ meaning its allocation of costs for the period May 1–December 31, 2026 equates to a total of \$766,154, which is equal on a per-acre-foot basis to the cost previously

¹ Participant’s intent is to request a capacity in the Project that corresponds to 9,860 acre-feet of storage capacity in Glade Reservoir. The Parties acknowledge that the amount of acre-feet of storage capacity in Glade Reservoir per NISP Unit may be subject to change depending on the total level of participation in the Project and that Participant’s number of NISP Units may be subject to adjustment to align with Participant’s intended storage capacity in Glade Reservoir.

charged to and paid by all other participants. Attached hereto as **Exhibit B** is a table showing the currently anticipated permitted capacity in the Project and the pro rata share of the costs of the Project for the period May 1–December 31, 2026, for each Participant based on the cost allocation above. The Participant may request an increase in base requested capacity, subject to NISP Enterprise Board approval and payment of costs on a per unit basis consistent with this Agreement. The Participant may request to reduce its base requested capacity in accordance with the terms provided in Appendix 1, which are incorporated herein by reference.

4. The Participant agrees to provide to the NISP Enterprise funds for its pro rata share of the anticipated May 1–December 31, 2026, costs necessary for Phase 3A, Phase 5, Phase 6, Phase 7, and Phase 8 of the Project as described in Paragraph 2. The Participant will pay the NISP Enterprise its pro rata share of May 1–December 31, 2026, costs on or before 30 days after receipt of an invoice. The NISP Enterprise will invoice the Participant for this payment. These estimated costs will not be increased or exceeded without the prior written approval of the Participant. Participant funds that are not expended during Phase 3A, Phase 5, Phase 6, Phase 7, and Phase 8 (regardless of whether they are expended in 2026 or a subsequent year) will, after all said phases are complete, be rebated back to each participant pro rata based on each participant's contribution of funds to the Project in Phase 3A, Phase 5, Phase 6, Phase 7, and Phase 8. Alternatively, the NISP Enterprise may apply unspent funds to other phases of the Project and/or future Interim Agreements with the prior permission of the Participant.
5. In the event that the Participant fails to make the payment set forth above at the specified time, the NISP Enterprise shall have the right to terminate this Agreement and cease all work on the Project for the benefit of the Participant. The NISP Enterprise shall give the Participant thirty (30) days' advance written notice of its intention to terminate this Agreement and cease work on the Project for the Participant's benefit under this Paragraph. The Participant shall have until the end of said 30-day period in which to make all past due payments in full in order to cure its default hereunder.
6. In the event that the Participant fails to execute a subsequent Interim Agreement when this Agreement expires, and Participant also has not executed an allotment contract establishing the terms of its continued participation in the Project, the NISP Enterprise shall cease work on the Project for the Participant's benefit as provided herein. Regardless of the reason for termination of the Participant's participation in the Project, the Participant remains responsible for its pro rata share of the May 1–December 31, 2026, costs of Phase 3A, Phase 5, Phase 6, Phase 7, and Phase 8 of the Project under this Agreement, and the Participant shall not be entitled to any return of funds, except in circumstances under which Paragraph 8 applies.
7. The NISP Enterprise agrees to diligently pursue Phase 3A, Phase 5, Phase 6, Phase 7, and Phase 8 of the Project in good faith to the extent that funds therefor are provided by the Participant under this Agreement and by other participants under similar agreements. By entering into this Agreement and accepting payments from the Participant, the NISP Enterprise does not obligate itself to, nor does the NISP Enterprise warrant that it will,

proceed with the Project beyond Phase 8 or that it will construct or operate the Project. At the end of the Eighth Phase, the NISP Enterprise will determine after consultation with the participants whether to proceed with the Project. The NISP Enterprise agrees that, if the participants provide all required funding, if the NISP Enterprise has the ability, and if the NISP Enterprise reasonably determines that the Project is feasible and practical, it will pursue the construction and operation of the Project if requested to do so by a sufficient number of participants to fully fund the Project, together with any other funds held or obtained by the NISP Enterprise. In the event that the NISP Enterprise decides not to proceed with the Project, it will so notify the Participant and this Agreement will immediately and automatically terminate upon the giving of such notice.

8. In the event of termination of the Project, the Participant shall not be entitled to any return of funds paid to the NISP Enterprise for the Project, unless payments by participants exceed the NISP Enterprise's costs as of the date the Project is terminated, in which case a pro rata refund will be made. In the event of such termination, the Participant shall be entitled to receive copies of any work products developed by the NISP Enterprise or its consultants on behalf of the Participant, and the NISP Enterprise Board shall, in its sole discretion: (i) convey to the Participant, as a tenant in common with all other participants who have not been terminated under Paragraph 5 above, a pro rata interest in all real and personal property acquired by the NISP Enterprise for the Project with funds provided under this Agreement or similar agreements with other participants; or (ii) disburse to the Participants the proceeds of any sale of assets in proportion to each Participant's cost allocation. The Parties agree that this Paragraph does not apply to, and shall not alter, the terms and conditions in the NISP Phase 1 Agreements between the NISP Enterprise and certain other project Participants applicable to "NISP Phase 1 Assets," as that term is defined in the NISP Phase 1 Agreements.
9. The Participant shall have the right to assign this Agreement and the Participant's rights hereunder, with the written consent of the NISP Enterprise, which consent shall not be unreasonably withheld, to any entity that is eligible to receive water deliverable through the Project, that is financially able to perform this Agreement, and that is approved to receive a transfer of a NISP Allotment from Participant under the terms for transfers in Appendix 1, which are incorporated herein by reference.
10. In the event that this Agreement is terminated for any reason, the Participant shall not be entitled to any return of any funds paid to the NISP Enterprise for the Project except as provided in Paragraphs 4 and 8 above for those participants who have not been terminated under Paragraph 5 above, and the NISP Enterprise shall have no further obligations to the Participant.
11. Notwithstanding any other provision of this Agreement to the contrary, the Participant's maximum financial obligation under this Agreement shall be payment of the amount set forth in Paragraph 3 above. The Participant shall have the right to terminate this Agreement at any time. In the event of such termination, each of the parties hereto shall be immediately released from all obligations recited herein as if this Agreement had not been entered into.

12. In the event that additional costs must be incurred for Phase 3A, Phase 5, Phase 6, Phase 7, and Phase 8 in the period May 1–December 31, 2026, beyond the total amount described in Exhibit B, the parties may amend this Agreement in writing to provide for further payment by the Participant of costs for 2026. However, the Participant is not obligated under this Agreement to pay any costs for Phase 3A, Phase 5, Phase 6, Phase 7, and Phase 8 beyond the costs stated in Paragraph 2 above and Exhibit B.
13. Simultaneously upon execution of this Agreement, the NISP Enterprise and Participant also are executing a “Memorandum of Agreement” concerning diversions into, storage in, and releases from Glade Reservoir of water attributable to certain water rights owned by Participant (“MOA”). Upon signature, the MOA will be attached hereto as **Appendix 2**. The parties agree that this Agreement and the MOA have been executed as essential components of the other such that each shall become effective only upon full execution of the other.
14. This Agreement shall be interpreted under the laws of the State of Colorado. Venue for any disputes concerning this Agreement shall be in the Weld County, Colorado, District Court.
15. Nothing in this Agreement shall be construed to waive the protections and immunities afforded the NISP Enterprise and the Participant under the Colorado Governmental Immunity Act, C.R.S. § 24-10-101 et seq., and any similar or successor statutes of the State of Colorado.
16. Any and all obligations of the NISP Enterprise that may arise under this Agreement, whether financial or otherwise, shall be payable solely from the revenues, income, rents, and receipts earned by the NISP Enterprise. Nothing herein shall be deemed to prevent the NISP Enterprise from making any payments from any other legally available source. In no event shall the NISP Enterprise be required to spend any money from taxes in violation of Section 20(4) of Article X of the Colorado Constitution in the performance of its obligations under this Agreement or which would cause the NISP Enterprise to lose its enterprise status as such status is defined in the Colorado Constitution. In addition, neither the NISP Enterprise nor the District shall be required to expend any funds or impair any assets of the District in the performance of any of the NISP Enterprise’s obligations under this Agreement. The obligations of the NISP Enterprise under this Agreement do not constitute a debt or indebtedness of the NISP Enterprise or the District within the meaning of any constitutional, charter, or statutory provision or limitation, and shall not be considered or held to be a general obligation of the NISP Enterprise or the District.
17. Except for the obligation to pay money, neither party shall be liable to the other party for any delay or inability to perform its obligations hereunder by reason of acts of God, acts of the public enemy, riot, civil commotion, insurrection, acts or failure to act of governmental authorities, war, pandemic, or any other cause or causes beyond the party's reasonable control.
18. This Agreement, together with the MOA described in Paragraph 13 above and attached as **Appendix 2**, is the entire agreement between the NISP Enterprise and the Participant

regarding participation in Phase 3A, Phase 5, Phase 6, Phase 7, and Phase 8 of the Project and each shall be modified by the parties only by a duly executed written instrument approved by the Participant and the NISP Enterprise's Board of Directors.

19. This Agreement is subject to approval by the NISP Enterprise's Board of Directors and shall become binding on the NISP Enterprise only upon such approval.

**THE CITY OF FORT COLLINS,
COLORADO, a Colorado municipal
corporation**

Dated: _____

By: _____
Kelly DiMartino, City Manager

ATTEST:

City Clerk's Office

Printed Name: _____

Title: _____

APPROVED AS TO FORM:

Eric Potyondy, Senior Assistant City Attorney

**CITY OF FORT COLLINS WATER
UTILITY ENTERPRISE**

Dated: _____

By: _____
Emily Francis, Mayor
Ex-Officio President

ATTEST:

City Clerk's Office

Printed Name: _____

Title: _____

APPROVED AS TO FORM:

Eric Potyondy, Senior Assistant City Attorney

**NORTHERN INTEGRATED SUPPLY
PROJECT WATER ACTIVITY
ENTERPRISE**

Date: _____

By: _____
Brad Wind, General Manager

EXHIBIT A
DESCRIPTION OF PHASE 3A, PHASE 5, PHASE 6, PHASE 7, and PHASE 8
NORTHERN INTEGRATED SUPPLY PROJECT

Phase 3A consists of a continuation of further agency consultation, permitting work with the U.S. Army Corps of Engineers and others agencies, compliance with the National Environmental Policy Act and other requirements for federal permitting, field work, and analysis for permitting, modeling, and other activities related to designing and permitting the Project.

Phase 5 will consist of the Glade Reservoir final design advancement, and Highway 287 relocation final design and CM/GC design involvement, and completion of the Galeton Dam preliminary design.

Phase 6 involves the following additional 2026 activities:

- NISP conveyance will continue to be refined including evaluation of Participant flow requirements, pipeline sizing and route refinement, design advancement, and conveyance cost estimating.
- South Platte Water Conservation Project negotiations will be advanced with the affected ditch companies.
- Direct use of the South Platte water will be analyzed.
- Land and easement requirements will be more specifically identified and acquired.
- Mitigation plans will continue to be advanced, and time sensitive mitigation activities may be pursued.

Phase 7 involves, in addition to overall project administration, the following 2026 activities:

- Allotment contract development
- Project financial planning
- Legal defense of the Project permits and approvals.

Phase 8 involves the following 2026 activities:

- Potential early pipeline construction
- Procurement of overhead electric materials and construction of the relocation of overhead powerlines for the HW 287 relocation.
- Advancement of the option agreement for of the Timnath Inlet Canal.

EXHIBIT B
PARTICIPANT YIELD AND COSTS
PHASE 3A, PHASE 5, PHASE 6, PHASE 7, and PHASE 8

NISP Twenty Second Interim Agreement Budget Allocation

[date to be inserted]

Participant	NISP Units	Percent of Project*	2026 Contribution**
Central Weld Co. W.D.	250	1.21%	\$159,615
Dacono	1,250	6.04%	\$798,077
Erie	4,500	21.74%	\$2,873,077
Fort Collins	1,200	5.80%	\$766,154
Fort Lupton	100	0.48%	\$63,846
Fort Morgan	2,700	13.04%	\$1,723,846
Frederick	2,600	12.56%	\$1,660,000
Lafayette	1,800	8.70%	\$1,149,231
Lefthand W.D.	3,000	14.49%	\$1,915,385
Windsor	3,300	15.94%	\$2,106,923
Total	20,700	100.00%	\$13,216,154

* Rounded to the nearest hundredth

** Rounded to the nearest dollar

APPENDIX 1

The following term is modeled after a portion of Section 1 of the NISP Phase 1 Agreements:

- A. **“NISP Unit,”** for purposes of this Agreement, means a pro rata right, equal to the amount of Participant’s acre-feet of water yield of base requested capacity indicated in Paragraph 3 of this Agreement divided by the total amount of base requested capacity for all NISP Participants, to the benefits and yield of NISP, which may include water supply, delivery, and storage, subject to any terms and conditions included in subsequent agreements related to future phases of NISP or otherwise in the final allotment contract between the parties. The NISP Enterprise and the Participants agree that "NISP Unit" may be defined in greater detail in subsequent agreements related to future phases of NISP or otherwise in the final allotment contracts for NISP.

The following term is modeled after Section 2.2 of the NISP Phase 1 Agreements:

- B. NISP Allotment. The NISP Enterprise hereby allots to Participant 1,200 NISP Units. Unless this NISP Allotment is terminated or modified under the terms of this Agreement, the Participant shall have a right to its NISP Units under any subsequent interim agreements or allotment contracts on the same terms and conditions as other similarly situated NISP Participants.

The following term is modeled after Section 2.3 of the NISP Phase 1 Agreements:

- C. NISP Allotment Termination. This NISP Allotment shall terminate in the event any of the following shall occur: (1) the undersigned Participant does not participate in future NISP funding or financing agreements on the same terms and conditions as other similarly situated participants,² (2) the undersigned Participant does not enter into, or provide funding required under, future Annual Interim Agreements on the same terms and conditions as other NISP participants, (3) the undersigned Participant and the NISP Enterprise do not enter into a final NISP allotment contract on the same terms and conditions as other participants, (4) a withdrawal or reduction in further NISP participation pursuant to Paragraph D below (provided that, in the case of a reduction in further NISP participation, the NISP Allotment shall be terminated to the extent of the reduction, (5) termination of the Project for any reason, or (6) the undersigned participant violates the rules and regulations of the Enterprise, as may be established or amended from time to time.

The following terms are modeled after Section 8 of the NISP Phase 1 Agreements:

- D. Withdrawal from Agreement or Withdrawal from or Reduction in Further NISP Participation. Participant may withdraw from further participation in NISP, or may reduce further

² For purposes of this Agreement, “on the same terms and conditions as other similarly situated participants” means agreement to pay any given NISP funding obligation at the same dollars per NISP Unit ratio as the other NISP Allottees.

participation in NISP, as provided in this Section D. Participant also may transfer its NISP Units, in whole or in part, as provided in Section E below.

- D.1 Except as otherwise provided in Section D.2 below, Participant may withdraw from NISP, or reduce its overall participation in NISP, by giving the Enterprise and all other NISP Participants written notice of such withdrawal or reduction in overall NISP participation not less than 180 days prior to the withdrawal or reduction date. Notwithstanding the foregoing, Participant shall not be entitled to any return of funds paid to the NISP Enterprise consistent with this Agreement, unless an equal amount is provided to the NISP Enterprise by another entity as replacement for such funds.
- D.2 Withdrawal from NISP, or reduction in overall NISP participation, shall not excuse Participant's performance of obligations imposed upon Participant by any judgment which has been entered by a court of competent jurisdiction or regulation to which the NISP Enterprise or Participant is subject and that arises from or is related to activities of this Agreement conducted during the period when Participant participated in NISP.

The following terms are modeled after Section 9 of the NISP Phase 1 Agreements:

E. Withdrawal from Agreement or Withdrawal from or Reduction in Further NISP Participation.

- E.1 Additional entities may become NISP Participants if the NISP Enterprise, in its discretion, approves the transfer of existing or allotment of new NISP Units to such entity, provided, however, that the total number of NISP Units shall not be increased without the consent of each NISP Participant.³
- E.2 Transfer of NISP Allotment.
 - E.2.i The NISP Enterprise Board shall approve a requested transfer of NISP Units constituting all or a portion of a NISP Allotment from a NISP Participant to one or more other NISP Participants that have a NISP Allotment as of the time of the transfer if the NISP Enterprise Board determines that (1) the NISP Participant receiving the additional NISP Units has an existing or future need for additional NISP Units for use within the District, (2) the NISP Participant receiving the additional NISP Units has sufficient financial capacity, and (3) the transfer will not create a material risk under applicable law; provided, however, that approval of a transfer is subject to delivery capacity limitations.
 - E.2.ii At any time after all final federal permitting approvals for NISP are issued and any litigation challenging such approvals is no longer

³ For purposes of this provision, an increase in the total number of NISP Units means an increase above 40,000 NISP Units. The addition of Fort Collins to participate in NISP does not result in an increase in the total number of NISP Units above 40,000 NISP Units.

pending or appealable, a NISP Participant may request a transfer of NISP Units constituting all or a portion of a NISP Allotment to a municipality or a district formed under Colorado law that is not an existing NISP Participant at the time of the proposed transfer. The NISP Enterprise shall approve such a requested transfer if the NISP Enterprise Board determines that (1) the entity receiving the NISP Units has an existing or future need for said NISP Units for use within the District, (2) the NISP Participant receiving the NISP Units has sufficient financial capacity, (3) the transfer will not create a material risk under applicable law, and (4) the entity has not transferred or entered into an agreement to transfer water out of the Northern Colorado Water Conservancy District. Any such transfer shall also be subject to delivery capacity limitations. The NISP Enterprise Board may deny a proposed transfer under this Section E.2.ii if it finds that, based on extraordinary circumstances, the proposed transfer would not be in the best interests of the NISP Enterprise or the Northern Colorado Water Conservancy District.

- E.2.iii. A transfer of NISP Units under this Section E also shall result in the transfer of all rights and obligations under this Agreement that correspond to the transferred NISP Units. Notwithstanding the foregoing, a NISP Participant that transfers NISP Units under this Section E is not entitled to any return of funds paid to the NISP Enterprise consistent with this Agreement that corresponds to the amount of NISP Units transferred unless an equal amount of money is provided to the NISP Enterprise by the transferee as replacement for such funds. The transferring NISP Participant may also assign the corresponding funds to the transferee.

APPENDIX 2

[Insert MOA]

MEMORANDUM OF AGREEMENT

This Memorandum of Agreement (“Agreement”) is entered into on _____, 2026, by and between the following parties: the City of Fort Collins, Colorado; the City of Fort Collins Water Utility Enterprise; and the Northern Integrated Supply Project Water Activity Enterprise.

RECITALS

- A. Fort Collins is becoming a participant in the Northern Integrated Supply Project (“NISP”) by executing the Twenty-Second Interim Participation Agreement. Fort Collins intends to subsequently become a NISP Allottee by executing a NISP Allotment Contract at the same time as all other NISP Allottees, which is anticipated to occur in 2027.
- B. This Agreement establishes the current mutual understanding between the Parties hereto under which Fort Collins SSD Water, as defined herein, will be diverted to, stored in, and released from Glade Reservoir by the NISP Enterprise.
- C. The Parties agree that this Agreement reflects the current mutual understanding and intent of the Parties but will be replaced by a final agreement at the time Fort Collins signs a NISP Allotment Contract. At that time, this Agreement will automatically terminate and be superseded by the NISP Allotment Contract and final agreement negotiated among the Parties for the diversion into, storage in, and release from Glade Reservoir of Fort Collins SSD Water.
- D. If Fort Collins determines to not sign a NISP Allotment Contract at such time as the other NISP Participants, then this Agreement will be automatically void and of no force and effect.
- E. Fort Collins created the City of Fort Collins Water Utility Enterprise to comply with the provisions of Section 20, Article X of the Colorado Constitution and Article 45.1 of Title 37 of the Colorado Revised Statutes to permit Fort Collins, acting through its water utility enterprise, to issue revenue bonds and enter into multi-year fiscal obligations in connection with operating its water utility. The Fort Collins Water Utility Enterprise is made a party to this Agreement for the purpose of entering into any multi-year fiscal obligation required under this Agreement.

AGREEMENT

1. **INCORPORATION OF RECITALS.** The foregoing recitals are hereby incorporated as if fully restated in their entirety.
2. **DEFINED TERMS.**
 - 2.1. “Fort Collins” is the City of Fort Collins, Colorado, a municipal corporation and its City of Fort Collins Water Utility Enterprise.
 - 2.2. “Fort Collins NISP Water” is NISP Water that is allocated to Fort Collins pursuant to Fort Collins’ NISP Allotment Contract.

- 2.3. “Fort Collins SSD Water” is water attributable to the water rights represented by certain shares in the Arthur Irrigation Company, Larimer County Canal No. 2 Irrigating Company, New Mercer Ditch Company, and Warren Lake Reservoir Company (commonly known collectively as the South Side Ditches (“SSD”) that were changed in the decrees entered by the Water Court for Water Division 1 in Case No. 1992CW129 and Case No. 2005CW323.
- 2.4. “Glade Reservoir” is the planned water storage reservoir known by that name and described in the U.S. Army Corps of Engineers Record of Decision for NISP, dated December 9, 2022.
- 2.5. “Glade Inlet Facilities” are the various facilities that will be used to divert water from the Cache la Poudre River for delivery into Glade Reservoir, including: facilities to divert water from the river; canals, pipelines, pumps, and tunnels to convey the water to Glade Reservoir; and any forebays.
- 2.6. “Glade Outlet Facilities” are the various facilities that will be used to deliver water from Glade Reservoir to NISP Participants, through conveyance facilities and the Cache la Poudre River. For the purposes of this Agreement, the Glade Outlet Facilities do not include any additional outlet facilities that may need to be constructed specifically for delivery to Fort Collins.
- 2.7. “Glade Facilities” are Glade Reservoir, Glade Inlet Facilities, and Glade Outlet Facilities, as those terms are defined in this Agreement.
- 2.8. “NISP” is the Northern Integrated Supply Project, a water storage and distribution project owned and operated by Northern Water acting through the NISP Enterprise.
- 2.9. “NISP Allottees” are entities that have executed NISP Allotment Contracts with the NISP Enterprise.
- 2.10. “NISP Enterprise” is the Northern Integrated Supply Project Water Activity Enterprise, a government-owned business within the meaning of Article X, § 20(2)(d) of the Colorado Constitution, organized pursuant to C.R.S. §§ 37-45.1-101 et seq., owned by Northern Water.
- 2.11. “NISP Water” is water attributable to the NISP Water Rights.
- 2.12. “NISP Water Rights” are:
- 2.12.1 The Glade Water Rights, meaning the divided seven eighths (7/8) interest in the Grey Mountain Dam and Reservoir water right and the Cache la Poudre Forebay Dam and Reservoir water right decreed in and, as of the date of this Agreement, subject to the following decrees entered by the Colorado District Court, Water Division No. 1: 80CW355 (Aug. 20, 1985),

89CW122 (Aug. 9, 1995), 01CW197 (Nov. 8, 2005), 03CW405 (Jul. 21, 2006), 11CW242 (Aug. 7, 2013), 18CW3216 (Aug. 10, 2022), and 19CW3165 (Sept. 21, 2020). For purposes of this Agreement, the Glade Water Rights do not include the divided one eighths (1/8) interest in the Grey Mountain Dam and Reservoir and Cache la Poudre Forebay Dam and Reservoir water rights owned by the Cache la Poudre Water Users Association; and

2.12.2 The Galeton Water Rights, meaning the surface water rights, water storage rights, and appropriative rights of exchange that comprise the South Platte Water Conservation Project (SPWCP) and that were decreed in and, as of the date of this Agreement, are subject to the following decrees entered by the Colorado District Court, Water Division No. 1: 92CW130 (consolidated) (Nov. 28, 2005), 11CW241 (Oct. 17, 2013), 16CW3194 (Jun. 5, 2018), 18CW3216 (Aug. 10, 2022), and 19CW3199 (Aug. 3, 2021).

2.13. “Northern Water” is the Northern Colorado Water Conservancy District, a quasi-municipal entity and political subdivision of the State of Colorado.

2.14. “Other Water” is water diverted at the Glade Inlet Facilities and stored in Glade Reservoir but not yielded from the Glade Water Right, the diversion and storage into Glade Reservoir of which is subject to approval by the NISP Enterprise Board.

3. **CONDITIONS PRECEDENT.**

3.1. **Confirmation of Existing Authorizations.** The NISP Enterprise and Fort Collins agree to jointly seek confirmation from all local, state, and federal agencies that have approved, authorized, permitted, certified, or consulted on the construction and/or operation of NISP that the diversion, storage, and release of Fort Collins SSD Water as described herein is allowable under such approvals, authorizations, permits, certifications, or consultations. Unless otherwise agreed by the Parties in writing, the NISP Enterprise shall invoice Fort Collins, and Fort Collins shall reimburse the NISP Enterprise, for the consultant costs and expenses the NISP Enterprise incurs to obtain such confirmations, including costs incurred before execution of this Agreement. If any local, state, or federal agency determines that alteration, modification, amendment, reopening, or reconsideration of an approval, authorization, permit, certification, consultation, or other clearance is required to cover the diversion, storage, and release of Fort Collins SSD Water (“Additional Approvals”), then the NISP Enterprise may terminate this Agreement upon its sole judgment that such Additional Approvals could adversely impact or delay the NISP Enterprise’s ability to construct or operate NISP. In such event, the NISP Enterprise shall give written notice of such termination to Fort Collins.

3.2. **Need for Additional Authorizations.** If any local, state, or federal agency determines that Additional Approvals are needed to divert, store, or release Fort Collins SSD Water as described herein, then the NISP Enterprise may determine in

its sole discretion whether to either terminate this Agreement as described in Paragraph 3.1 or to proceed with obtaining the Additional Approvals required. If the NISP Enterprise chooses to proceed, then the Parties will jointly seek such Additional Approvals and agree to confer regarding how to do so, including with respect to each Party's role in the required Additional Approvals process, with the understanding that, to the extent practicable, the NISP Enterprise will be the lead applicant or requesting party. Fort Collins acknowledges and agrees that diversion, storage, and release of Fort Collins SSD Water under the terms of this MOA shall be subject to any terms, conditions, or limitations included with any Additional Approvals obtained. Fort Collins may terminate this Agreement if, in its sole judgment, Fort Collins determines that such terms, conditions, or limitations are unacceptable, and/or if such Additional Approvals are challenged in a judicial action; provided, however, that Fort Collins will remain responsible for costs incurred up to the date of such termination to seek or obtain Additional Approvals. Unless otherwise agreed by the Parties in writing, the NISP Enterprise shall invoice Fort Collins, and Fort Collins shall reimburse the NISP Enterprise, for the costs the NISP Enterprise incurs to obtain Additional Approvals required to cover the diversion, storage, and release of Fort Collins SSD Water. In no event may Fort Collins proceed in seeking such Additional Approvals without the involvement of the NISP Enterprise, absent the NISP Enterprise's explicit consent otherwise.

- 3.3. **Documentation of Termination.** Upon termination of this Agreement by the NISP Enterprise or Fort Collins, the Parties shall coordinate and document termination .
- 3.4. **Current Mutual Understanding of the Parties.** This Agreement reflects the current mutual understanding and intent of the Parties. At such time as Fort Collins executes a NISP Allotment Contract, the Parties agree that this Agreement will automatically terminate and be superseded and replaced by a final agreement for the diversion, storage, and release of Fort Collins SSD Water to be executed at the same time as the execution of Fort Collins' NISP Allotment Contract. If Fort Collins does not execute a NISP Allotment Contract, then the Parties agree that this Agreement shall be automatically void and of no force and effect.

4. **DIVERSION OF FORT COLLINS SSD WATER INTO GLADE RESERVOIR.**

- 4.1. **Diversion of Fort Collins SSD Water Through Glade Inlet Facilities.** Fort Collins shall be entitled to the diversion and conveyance of Fort Collins SSD Water into and through the Glade Inlet Facilities by the NISP Enterprise for delivery into and storage in Glade Reservoir, subject to the terms and conditions of this Paragraph 4.
- 4.2. **Priority of NISP Water.** At times when the NISP Enterprise is using the full capacity of the Glade Inlet Facilities to divert NISP Water, Fort Collins will be entitled to the diversion of its pro rata share of NISP Water and shall not be entitled

to any diversion of the Fort Collins SSD Water into and through the Glade Inlet Facilities.

- 4.3. **Use of Excess Diversion Capacity.** At times when the NISP Enterprise is not using the full capacity of the Glade Inlet Facilities to divert NISP Water, Fort Collins may request that the NISP Enterprise divert Fort Collins SSD Water using such excess diversion capacity. The Parties agree that the right of NISP Allottees to divert Other Water using excess capacity in the Glade Inlet Facilities must be obtained by express authorization from the NISP Enterprise Board of Directors, and that the authorization included in this Agreement allows Fort Collins to do so only with respect to its Fort Collins SSD Water, subject to all of the terms herein. Fort Collins, and other NISP Allottees that have received express authorization to store Other Water in Glade Reservoir (if any), will have rights to such excess diversion capacity on a pro rata basis that corresponds to their pro rata allocation in NISP, provided that the subject water rights for such Other Water are in priority and Fort Collins, or the other authorized Allottees, have available storage capacity in Glade Reservoir. By way of illustration only, if there are 100 cfs of such excess diversion capacity and only Fort Collins (a 5% NISP participant for purposes of this illustration) requests that the NISP Enterprise use such excess diversion capacity to divert Fort Collins SSD Water, then the NISP Enterprise will use such 100 cfs of excess diversion capacity for Fort Collins, but if both Fort Collins (a 5% NISP participant for purposes of this illustration) and another authorized NISP Allottee (a hypothetical 15% NISP Allottee) request that it be used for their Other Water, then the NISP Enterprise will split such 100 cfs excess diversion capacity between them based on their pro rata allocation in NISP, with Fort Collins receiving 25 cfs and the other authorized NISP Allottee receiving 75 cfs. To the extent Fort Collins SSD Water is diverted using excess diversion capacity, Fort Collins shall pay the costs associated with such diversions as part of its obligations described in Paragraph 7.4.

5. **STORAGE OF FORT COLLINS SSD WATER IN GLADE RESERVOIR.**

- 5.1. **Storage of Fort Collins SSD Water.** Fort Collins shall be entitled to the percentage of the available storage capacity in Glade Reservoir that is equal to its pro rata allocation of storage pursuant to its NISP Allotment Contract. Fort Collins may, in its discretion and consistent with the terms of Paragraph 4 above, request that the NISP Enterprise divert Fort Collins SSD Water and/or Fort Collins NISP Water for storage in Fort Collins' pro rata allocation of storage in Glade Reservoir, which request shall not be unreasonably denied.
- 5.2. **NISP Water in Excess of Available Pro Rata Storage Capacity.** If the addition of Fort Collins NISP Water to Fort Collins' pro rata allocation of storage would cause the amount of water stored for Fort Collins to exceed its pro rata share of storage capacity in Glade Reservoir, then the excess NISP Water will instead be allocated under the terms of the NISP Allotment Contracts to other NISP Allottees with capacity to store NISP Water in Glade Reservoir.

- 5.3. **Fort Collins SSD Water in Excess of Available Pro Rata Storage Capacity.** If Fort Collins requests that the NISP Enterprise divert Fort Collins SSD Water for storage in Fort Collins' pro rata allocation of storage in Glade Reservoir and the addition of such Fort Collins SSD Water to Fort Collins' pro rata allocation of storage would cause the amount of water stored for Fort Collins to exceed its pro rata share of storage capacity in Glade Reservoir, then Fort Collins SSD Water will be accounted for as stored in Fort Collins' pro rata allocation of storage, and a like amount of Fort Collins NISP Water will be removed from Fort Collins' allocation and allocated under the terms of the NISP Allotment Contracts to other NISP Allottees with available capacity to store NISP Water in Glade Reservoir. Fort Collins may not store Fort Collins SSD Water in Glade Reservoir in an amount that exceeds its pro rata allocation of storage capacity therein. The right of Fort Collins or any other NISP Allottee to store water in Glade Reservoir in excess of its pro rata allocation of storage in Glade Reservoir must be obtained by express authorization from the NISP Enterprise Board of Directors.

6. **DELIVERY OF FORT COLLINS SSD WATER FROM GLADE RESERVOIR.**

- 6.1. **Delivery of Fort Collins SSD Water From Glade Outlet Facilities.** Fort Collins shall be entitled to the release of Fort Collins SSD Water out of the Glade Outlet Facilities. In the event orders of water by NISP Allottees exceed available delivery capacity at any point within the Glade Outlet Facilities, the available capacity at such point will be allocated among the NISP Allottees based on their respective pro rata allocations of capacity. Fort Collins can elect to use its pro rata allocation to deliver its SSD and/or NISP water during this event. The Parties agree to work together to investigate, plan, design, and implement the connection of the Glade Outlet Facilities to Fort Collins' own water conveyance and delivery infrastructure to meet Fort Collins' delivery requirements/needs. Construction of this infrastructure that connects to the Glade Outlet Facilities, and the costs therefor, will be borne by Fort Collins.

7. **OPERATIONS.**

- 7.1. **NISP Enterprise's Right to Operate.** The NISP Enterprise retains all rights to operate NISP and all associated responsibilities and obligations. Though Fort Collins shall be entitled to have its Fort Collins SSD Water diverted, stored, and released pursuant to this Agreement, nothing in this Agreement shall be interpreted as requiring or permitting Fort Collins or any other entity to operate or control NISP facilities.
- 7.2. **Standard Operating Procedures.** The Parties agree to develop Standard Operating Procedures ("SOPs") to further effectuate the use of the Glade Facilities to divert, store, and release the Fort Collins SSD Water. The SOPs shall include provisions ensuring that the diversion, storage, and release of Fort Collins SSD Water will not endanger public health and safety or compromise the NISP

Enterprise's ability to comply with and satisfy applicable law, regulation, or mitigation requirements. The Parties will, as necessary, cooperate in good faith to update the SOPs over time.

- 7.3. **Losses.** To the extent there are any losses in water volume from the Glade Facilities, the Fort Collins SSD Water shall bear a pro rata share of such losses based on the proportion of water in the Glade Facilities that is Fort Collins SSD Water.
- 7.4. **Costs.** Fort Collins shall pay the NISP Enterprise for all costs the NISP Enterprise incurs from use of the Glade Facilities to divert, store, and release Fort Collins SSD Water. Fort Collins acknowledges that costs are expected to be paid in advance based on the NISP Enterprise's annual estimates of anticipated expenses, to be drawn upon as costs are incurred. Details on the cost estimation, invoicing, and billing process will be the subject of future agreements or SOPs between the Parties. Fort Collins' obligation herein to pay costs associated with the use of the Glade Facilities to divert, store, and release Fort Collins SSD Water does not alter or eliminate any obligations of Fort Collins under the terms of the Twenty-Second Interim Participation Agreement.
- 7.5. **NISP Mitigation Requirements.** Fort Collins acknowledges and agrees that (1) it will bear a proportional share, based on its pro rata allocation in NISP, of NISP's responsibility to implement required mitigation measures, including the Conveyance Refinement (FW-04) described in the approved Fish and Wildlife Mitigation and Enhancement Plan (FWMEP) for NISP, and (2) the diversion, storage, and release of Fort Collins SSD Water using Glade Facilities shall not alter or diminish that proportional responsibility. The details regarding how Fort Collins will satisfy its proportional responsibility for NISP's required mitigation measures will, as appropriate, be defined in a final agreement for the diversion, storage, and release of Fort Collins SSD Water to be executed at the same time as execution of Fort Collins' NISP Allotment Contract.

8. **ADDITIONAL TERMS.**

- 8.1. **Effective Date.** This Agreement is effective as of the date stated above on the initial page.
- 8.2. **Term.** This Agreement is based on the Parties' mutual agreement at this time, but will terminate when Fort Collins signs its NISP Allotment Contract and will be replaced by the NISP Allotment Contract and a separate final agreement that addresses the diversion, storage, and release of Fort Collins SSD Water. The Parties also may agree to terminate this Agreement by mutual written agreement.
- 8.3. **Cooperation.** The Parties acknowledge that it is difficult to anticipate all of the activities, situations, regulatory and operational constraints, and other factors which may be relevant to each Party until a final NISP Allotment Contract is signed by all NISP Participants. Accordingly, the Parties agree that they will continue to work

together in good faith to reach a final agreement related to the diversion, storage, and release of Fort Collins SSD Water.

- 8.4. **Reallocation of Loans and Grants.** The Parties agree to take reasonable efforts to cooperatively explore the potential reallocation to NISP of grants or loans held or obtained by Fort Collins and previously contemplated for other water storage projects.
- 8.5. **Relationship of the Parties.** The Parties enter this Agreement as separate and independent entities and shall maintain such status at all times.
- 8.6. **No Third-Party Beneficiaries.** This Agreement is entered into between the Parties for the purposes set forth herein. It is the intent of the Parties that they are the only beneficiaries of this Agreement and the Parties are only benefitted to the extent provided under the express terms and conditions of this Agreement.
- 8.7. **Assignment.** No Party may assign any rights or delegate any duties under this Agreement without the written consent of all other Parties.

**THE CITY OF FORT COLLINS,
COLORADO, a Colorado municipal
corporation**

Dated: _____

By: _____
Kelly DiMartino, City Manager

ATTEST:

City Clerk's Office

Printed Name: _____

Title: _____

APPROVED AS TO FORM:

Eric Potyondy, Senior Assistant City Attorney

**CITY OF FORT COLLINS WATER
UTILITY ENTERPRISE,**

Dated: _____

By: _____
Emily Francis, Mayor
Ex-Officio President

ATTEST:

City Clerk's Office

Printed Name: _____

Title: _____

APPROVED AS TO FORM:

Eric Potyondy, Senior Assistant City Attorney

**NORTHERN INTEGRATED SUPPLY
PROJECT WATER ACTIVITY
ENTERPRISE**

Date: _____

By: _____
Brad Wind, General Manager