



COLORADO
**Colorado Water
Conservation Board**
Department of Natural Resources

1313 Sherman Street, Room 718
Denver, CO 80203
P (303) 866-3441
F (303) 866-4474

Jared Polis, Governor
Dan Gibbs, DNR Executive Director
Lauren Ris, CWCB Director

TO: Colorado Water Conservation Board Members

FROM: Zachary Salin, P.E., Project Manager
Kirk Russell, P.E., Finance Section Chief

DATE: November 19-20, 2025 Board Meeting

AGENDA ITEM: 22a. Projects Bill Loans
City of Fort Collins
Halligan Water Supply Project

Staff Recommendation

Staff recommends the Board include this Water Project Loan request of \$151,500,000 (\$150,000,000 for Project costs and \$1,500,000 for the 1% service fee) submitted by the City of Fort Collins, acting by and through its water activity enterprise for costs related to the Halligan Water Supply Project in the 2026 CWCB Projects Bill for consideration by the Bill sponsors, from the Severance Tax Perpetual Base Fund.

Introduction

The City of Fort Collins (City) is applying for a loan for the Halligan Water Supply Project (Project). The City is seeking to fund expansion of the existing Halligan Reservoir (Reservoir) which the City has also contracted to purchase. This Project will result in approximately 8,200 AF of new water storage which will be used by the City to meet its projected 2065 municipal and industrial demands. The principal component of the Project consists of a new 1,000 foot long, 144 feet high roller-compacted concrete dam located approximately 200 feet downstream of the current dam, including outlet works, stilling basin, and other appurtenant structures. Additionally the Project includes partial removal of the existing dam following construction of the new dam, a Hypolimnetic Oxygenation system to improve downstream water quality, a new river crossing below the dam, reconstruction of the North Poudre Canal Diversion with a bypass channel and fish passage, and construction of fish and boat passage around Fort Collins' intake diversion structure located at Gateway Park.

The total Project cost is estimated to be \$287,700,000. See attached Project Data Sheet for a location map and Project summary. The CWCB Finance Committee approved the advancement of this Loan request to the full Board for consideration on September 16, 2025.



Borrower - City of Fort Collins

The City of Fort Collins is a home rule municipality, organized in 1864, located in Larimer County with a population of approximately 170,000. The City lies within the South Platte Basin in Water Division 1. The City is applying for this loan acting by and through its water activity enterprise, Fort Collins Utilities (Enterprise).

The Enterprise was established pursuant to the City Charter and codified in the Code of the City. The City Council serves as the Board of the Enterprise, which has the authority to fund the provision of facilities and services for the Enterprise, to incur debt, to sign contracts, and to set rates and fees for services. The Enterprise serves 28,705 residential taps and 2,967 commercial taps. Each year the Enterprise delivers approximately 24,000 AF of treated water to customers as well as approximately 7,500 acre-feet of raw water to irrigate Fort Collins' parks, golf courses, cemetery, and other green belt areas as well as to other raw water obligations. The Enterprise is one of several water providers within Fort Collins' municipal boundaries and generally provides water service to the central portion of the Fort Collins community. Various water districts provide water service to the other portions of the Fort Collins community.

Background

The purpose of the Project is to expand the storage capacity of Halligan Reservoir, which will provide 8,200 AF of new municipal water supply to serve approximately 170,000 people in the City. The Reservoir expansion is an important water supply project that will help the City meet its projected municipal and industrial water demands through 2065.

The Reservoir, which is wholly owned by the North Poudre Irrigation Company (NPIC), was constructed in 1910 and currently holds 6,400 AF of water decreed for irrigation for the benefit of NPIC shareholders. The City owns approximately 35.78% of NPIC shares. The agreement between the City and NPIC to purchase Halligan Reservoir dates to 1993. The first annual loan payment from the City to NPIC for the purchase occurred in 2004, with the final payment scheduled for 2030. Upon completion of the purchase, the City will take over ownership of the Reservoir, while NPIC will maintain control over the existing 6,400 AF for its operations. Water to be stored in the expanded Reservoir pool will primarily come from the City's water rights that were historically used to irrigate now-developed lands in the Fort Collins area. Those water rights have already been changed to municipal uses through Water Court.

The Project will consist of a new dam (approximately 1,000 feet long and up to 144 feet tall) constructed of a combination of roller compacted concrete and cast in place concrete. The new dam will be located approximately 200 feet downstream of the existing dam. Additionally, the project will include demolition of the existing dam and offsite improvements such as road improvements (including improvements to State Highway 287), stream crossings, and diversion structures. The surface area for the Reservoir once the Project is complete will increase from 253 acres to 391 acres, and the normal high water surface elevation will increase by approximately 25 feet. The Reservoir's primary outlet works will also include micro hydropower generation.

The Project will inundate upstream Instream Flow water rights held by CWCB. In the Halligan Fish and Wildlife Mitigation and Enhancement Plan (FWMEP), the City committed to making mitigation releases for delivery to and through the Halligan Qualified Stream Reach located on the North Fork. The City will release and deliver water stored in the Halligan Project in the amounts and timing necessary to satisfy the measures for the Mitigation Releases identified in the Halligan FWMEP, for exclusive use by the CWCB as Protected Mitigation Releases, and would re-divert the water downstream of the Halligan Qualified Stream Reach.

The current total Project cost is estimated at \$287,700,000, with approximately \$242,000,000 in remaining costs. Thus far the Enterprise has spent approximately \$46,000,000 on Project costs. The City is seeking additional Project funding sources to complete the Project design and construction. Additional funding sources the City plans to utilize include this loan, the City's Water Fund, and revenue bonds. Revenue bonds may be acquired from the Colorado Water Resources & Power Development Authority's (CWRPDA) Water Revenue Bonds Program or the private bond market. Revenue for repayment of Project debt will come from pledged enterprise revenues, primarily generated from the sale of water.

Loan Feasibility Study

The City of Fort Collins prepared the Loan Feasibility Study titled, "Halligan Water Supply Project Loan Feasibility Study" dated August 2025. The feasibility study was prepared in accordance with CWCB guidelines and includes preliminary engineering, an analysis of alternatives and costs. The City and Enterprise provided financial statements for calendar years 2022-2024.

Water Rights

The City's water rights reportedly associated with the Project are shown in Table 1. The water rights listed below include storage rights held by the City, fractional storage rights in other reservoirs used for exchange, as well as share ownership in a number of ditch companies with direct flow rights. The City's shares of ditch company direct flow rights listed below have been decreed for storage in the Project after appropriative exchange.

TABLE 1: WATER RIGHTS ASSOCIATED WITH THE PROJECT

Name (WDID)	Amount (cfs or AF)	Appropriation Date	Adjudication Date	Case No.
Storage Rights				
Halligan Enlargement (303712)	16,250 AF	12/10/2013	—	13CW3185
Half of 1/8th Portion of Grey Mountain Water Right (303400)	13,750 AF	5/2/1980	12/31/1980	80CW355
Rigden Storage Reservoir (0303326)	1,900 AF	3/24/2014	12/31/2013, 12/31/2014	14CW3158
Direct Flow Rights*				
Arthur Ditch (300918)	39.4459 cfs	6/1/1861, 7/1/1866, 6/1/1868, 6/1/1869, 4/1/1871, 7/20/1872, 9/1/1873	4/11/1882, 6/7/1907	CA320, CA1584, 92CW129, 05CW323
New Mercer Ditch (300913)	35.6869 cfs	3/15/1868, 9/1/1869, 10/10/1871, 7/1/1872, 2/15/1880	8/28/1912, 4/11/1882	CA320, CA3040
Larimer No. 2 Irrigation Company (300914)	94.97 cfs	4/1/1873	4/11/1882	CA 320
Larimer County Canal (300911)	35.596 cfs	3/15/1868, 4/1/1878, 4/25/1881, 9/28/1914	4/11/1882, 12/18/1945	CA2406, CA2818, CA0320, CA5362, 11CW265

* Direct flow rights are expressed as Fort Collins' pro-rata ownership share of the overall total right(s).

Based on an average of diversions between 2020-2025, the Company provides approximately 24,000 AF of treated water to shareholders as well as 7,500 AF of raw water for irrigation and other uses.

Project Description

The purpose of this Project is to provide additional system firm yield for Fort Collins in order to satisfy an additional need of approximately 7,900 AF per year to meet its projected 2065 municipal and industrial demands while maintaining its current water quality.

Alternative 1 - No Action: Includes a combination of non-structural measures that Fort Collins could implement to improve its water supply position, namely re-operating Joe Wright Reservoir, acquiring additional North Poudre Irrigation Company Shares, and implementation of mandatory drought restrictions. As evaluated by the US Army Corps of Engineers, the No-Action Alternative does not meet the purpose and need for the Project and would leave the City with a delivery shortfall of 4,900 AF and a storage shortfall of 600 AF in a 1-in-50-year drought scenario. Accordingly, this option was not selected.

Alternative 2 - Gravel Pit Storage: An alternative contemplated in the Final Environmental Impact Statement (FEIS) is construction of several gravel pit reservoirs. By utilizing below grade storage at a number of gravel pits as well as above grade storage at a portion of the gravel pits using 20-foot tall berms, the City could generate the required storage volume. New conveyance, transfer, and pre-treatment facilities would be constructed to allow the City to operate the cluster of up to eight gravel pits as a single unit. Some of the contemplated gravel pits have not been excavated, the installation of berms for above grade storage would trigger review by the State Engineer's Office - Dam Safety Branch, and all of the gravel pits would require the installation of slurry walls to confine the water within the gravel pits. This alternative was examined under the FEIS and was eliminated, therefore this option was not selected.

Selected Alternative 3 - New Dam and Halligan Enlargement: The proposed Project to construct the Halligan Water Supply Project would create 8,200 AF of new storage by constructing a new roller-compacted concrete dam approximately 200 feet downstream of the current Halligan Dam. The new dam will be approximately 1,000 feet long and 144 feet tall. Additionally, this alternative includes partial removal of the existing dam following construction of the new dam, a new river crossing below the dam, reconstruction of the North Poudre Canal Diversion with a bypass channel and fish passage, and construction of fish and boat passage around Fort Collins' intake diversion.

TABLE 2: ESTIMATED PROJECT COST

Description	Project Cost	Remaining
Design		
Conceptual Design	\$28,500,000	\$0
Preliminary Design	\$10,000,000	\$2,250,000
Final Design	\$6,500,000	\$6,500,000
Subtotal	\$45,000,000	\$8,750,000
Construction		
General	\$400,000	\$400,000
Right-of-Way and Land Acquisition	\$12,000,000	\$2,500,000
Project Construction	\$137,000,000	\$137,000,000
Environmental Mitigation	\$21,000,000	\$21,000,000
Escalation and Contingency	\$72,300,000	\$72,300,000
Subtotal	\$242,700,000	\$233,200,000
TOTAL	\$287,700,000	\$241,950,000

Permitting: At the July 2023 CWCB Board Meeting, the Project’s FWMEP was adopted by the Board as the official State position on the mitigation actions required. In October 2023 the Project completed a FEIS and is currently awaiting a Record of Decision to be issued by the U.S Army Corps. Permitting efforts for the U.S. Army Corps Section 404 permit and the Colorado Department of Public Health and Environment 401 Water Quality Certification are ongoing, with approval expected in summer 2026. In March 2025 Larimer County approved a 1041 permit authorizing the Project with conditions regarding design review, construction and environmental mitigation.

Currently the City owns or has acquired easements for all but two of the parcels necessary for the Project. Easements for the final two parcels are planned to be finalized in early 2026. The City is also in the process of negotiating with neighboring landowners for additional access to the west dam abutment and test quarry locations.

Schedule: Design and construction efforts will utilize a Construction Manager/General Contractor (CM/GC) project delivery method, with selection of the CM/GC planned in early 2026. A Notice to Proceed for construction is currently expected in Fall of 2026. Construction is expected to last approximately 30 months.

Financial Analysis

The City plans to maintain a minimum debt service coverage of 1.25x. In addition to retaining the reserve payment for the CWCB loan during the first 10 years of repayment, the Enterprise will maintain a minimum reserve of 25% of annual operating expenses. The Enterprise plans to begin raising rates for repayment of the Project loan debt in year 3 of Project construction.

Table 3 provides a summary of the Project’s financial aspects. The City qualifies for a middle-income municipal interest rate of 3.95% for a 30-year term. All interest rate evaluations are per CWCB Financial Policy #7 (Lending Rate Determination).

TABLE 3: FINANCIAL SUMMARY

Item	Amount
Project Cost	\$287,700,000
CWCB Loan Amount	\$150,000,000
CWCB Loan Amount (Including 1% Service Fee)	\$151,500,000
Revenue Bonds	\$71,600,000
City of Fort Collins Water Fund (Future)	\$20,288,000
City of Fort Collins Water Fund (Expended)	\$46,000,000
CWCB Annual Loan Payment	\$8,708,149
CWCB Annual Loan Obligation (1 st Ten Years)	\$9,578,964
Number of Taps	31,672
Current Annual Fee per Tap	\$835
Est. Future Annual Fee Increase per Tap	\$302
Cost per AF of new storage	\$35,000

Creditworthiness: The City currently has one active loan in repayment with NPIC for purchase of the Project site, and no other debt. Details are provided in Table 4. Financial ratios for the Company are shown in Table 5.

TABLE 4: EXISTING DEBT

Lender	Original Balance	Current Balance	Annual Payment	Maturity Date
NPIC	\$2,476,446	\$275,997	\$110,611**	12/1/2030

** The annual payment decreases in subsequent years as the loan nears maturity.

TABLE 5: FINANCIAL RATIOS

Financial Ratio	Past Years	Future w/ Project
Operating Ratio (revenues/expenses) weak: <100% typical: 100% - 120% strong: >120%	136% (strong) \$37.9M/\$27.9M	121% (strong) \$45.0M/\$37.4M
Debt Service Coverage Ratio (revenues-expenses)/debt service weak: <100% typical: 100% - 125% strong: >125%	9,103% (strong) <u>(\$37.9M-\$35.5M)</u> \$110K	180% (strong) <u>(\$45.0M-\$27.8M)</u> \$9.58M
Cash Reserves to Current Expenses weak: <50% typical: 50% - 100% strong: >100%	46% (weak) \$12.9M/\$27.9M	19% (weak) \$7.0M/\$37.4M***
Debt per Tap (31,672 taps) weak: >\$3,500 typical: \$300 - \$3,500 strong: <\$300	\$8.71 (strong) \$276K/31,672	\$4,783 (weak) \$151.5M/31,672
Average Monthly Water Bill weak: >\$90 typical: \$30 - \$90 strong: <\$30	\$70 (typical)	\$75 (typical)

*** CWCB understands the additional City contribution of \$20.28M will occur over the remaining design and construction timeline and not in a single year.

Collateral: Security for this loan will be a pledge of Enterprise revenues backed by a rate covenant as evidenced by annual financial reporting. This security is in compliance with the CWCB Financial Policy #5 (Collateral).

cc: Nicole Poncelet-Johnson, One Water Executive Director, Fort Collins Utilities
Jennifer Mele, Colorado Attorney General's Office

Attachments: Water Project Loan Program - Project Data Sheet

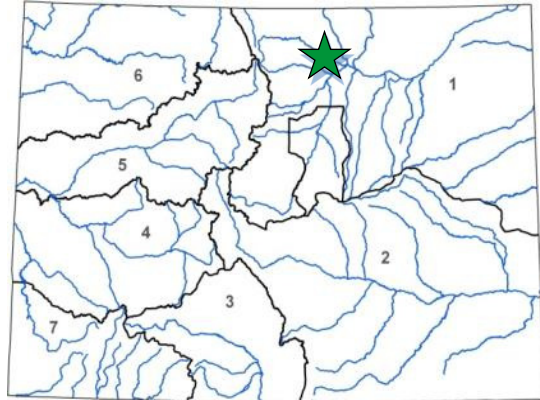


Halligan Water Supply Project

City of Fort Collins

November 2025 Board Meeting

LOAN DETAILS	
Project Cost:	\$287,700,000
CWCB Loan (with 1% Service Fee):	\$151,500,000
Loan Term and Interest Rate:	30 years @ 3.95%
Funding Source:	Severance Tax Perpetual Base Fund
BORROWER TYPE - TBD	
Agriculture	Municipal Commercial
0%	0% Low - 100% Mid - 0% High 0%
PROJECT DETAILS	
Project Type:	Reservoir Enlargement
Storage Created:	8,200 AF
Average Annual Diversions:	31,500 AF



LOCATION	
County:	Larimer
Water Source:	Cache la Poudre River
Drainage Basin:	South Platte
Division:	1 District: 3

The City of Fort Collins (City) is a home rule municipality founded in 1883 in Larimer County. The City provides water to approximately 170,000 people served by approximately 35,000 taps.

The expansion of Halligan Reservoir is an important water supply project which will increase the City's water storage. The current capacity of Halligan Reservoir is approximately 6,400 AF, which will be increased to approximately 14,600 AF by constructing a new dam approximately 200 feet downstream from the existing dam. In addition to the requested CWCB Water Project Loan, the City has indicated the Project will be funded by the City's Water Fund and revenue bonds. Construction is anticipated to begin in fall 2026 or spring 2027.

