



## PUBLIC HEARING AGENDA ITEM

<b>DATE OF PUBLIC HEARING:</b> September 3, 2019
<b>SUBJECT:</b> Adoption of Oil and Gas Permit Review Fees, Oil and Gas Inspection Fee and Authorization to Hire Additional Oil and Gas Inspector
<b>FROM:</b> Katie Keefe
<b>AGENCY/DEPARTMENT:</b> Community and Economic Development
<b>HEARD AT STUDY SESSION ON:</b> August 13, 2019
<b>AUTHORIZATION TO MOVE FORWARD:</b> <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
<b>RECOMMENDED ACTION:</b> That the Board of County Commissioners adopts the proposed oil and gas fees and authorize the hiring of an additional full-time oil and gas inspector

### **BACKGROUND:**

Earlier this year, the Colorado legislature passed Senate Bill 181. This legislation gave local governments additional authorities to regulate and inspect oil and gas operations. One of those additional authorities is the ability to impose inspection fees for inspection of oil and gas facilities. While Adams County has had an inspection program, including one full-time inspector, since January 2017, the County has not charged operators for inspections and the cost for the inspection program has been born by the County. Staff is recommending that the Board of County Commissioners adopt an inspection fee to cover the expenses of the inspection program.

Given the new authority granted by Senate Bill 181 and the anticipated continued growth of oil and gas development in Adams County, staff is recommending that the inspection program be expanded to include an additional full-time inspector. The County's current inspector has averaged approximately 30 well inspections per month. With the addition of a second inspector, it is estimated that 60 wells can be inspected each month or 720 wells per year. The County currently has approximately 740 wells that should be covered by an inspection program. With the addition of another full-time inspector, the County could reasonably anticipate inspecting most wells on a yearly basis.

The proposed inspection fee is \$325 per well. This proposed fee is based upon the assumption that two full-time inspectors could perform 720 inspections per year. The fee is then based upon

recovering the County's actual costs for the inspection program, including staff and equipment. A breakdown of costs included in the analysis of the fee amount is attached.

Staff intends to bill operators on a yearly basis for actual inspections performed.

In addition to the inspection fee, the fee schedule needs to be revised to reflect the new oil and gas regulation scheme and adopt a fee for review of the Oil and Gas Facility Fee Permit.

Staff is also asking for authority to hire the additional oil and gas inspector with the expectation that the costs associated with that position will be covered by the new inspection fee.

**AGENCIES, DEPARTMENTS OR OTHER OFFICES INVOLVED:**

Finance Department

County Attorney's Office

**ATTACHED DOCUMENTS:**

-Financial Analysis for Oil and Gas Facility Inspection Fee

-Resolution Amending Fee Schedule to include Oil and Gas Facility Permit review fees and Inspection Fee

**FISCAL IMPACT:**

Please check if there is no fiscal impact ☐. If there is fiscal impact, please fully complete the section below.

**Fund: 1****Cost Center: 1191**

	Object Account	Subledger	Amount
Current Budgeted Revenue:			
Additional Revenue not included in Current Budget:			
<b>Total Revenues:</b>			

	Object Account	Subledger	Amount
Current Budgeted Operating Expenditure:			
Add'l Operating Expenditure not included in Current Budget:			
Current Budgeted Capital Expenditure:			
Add'l Capital Expenditure not included in Current Budget:			
<b>Total Expenditures:</b>			

New FTEs requested: ☒ YES ☐ NO

Future Amendment Needed: ☒ YES ☐ NO

**Additional Note:**