



## **TOWN BOARD WORK SESSION**

February 23, 2015 – 6:00 p.m.

Windsor Town Hall – Town Board Chambers

301 Walnut Street, Windsor, CO 80550

The Town of Windsor will make reasonable accommodations for access to Town services, programs, and activities and will make special communication arrangements for persons with disabilities. Please call (970) 674-2400 by noon on the Thursday prior to the meeting to make arrangements.

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**GOAL of this Work Session is to have the Town Board receive information on topics of Town business from the Town Manager, Town Attorney and Town staff in order to exchange ideas and opinions regarding these topics.**

**Members of the public in attendance who have a question related to an agenda item are requested to allow the Town Board to discuss the topic and then be recognized by the Mayor prior to asking their question.**

### **AGENDA**

1. Lassy Project – J. Michaels
2. Oil/Gas Wellhead Road Impact (15 minutes to review and get scheduled) – J. Plummer
3. Oil & Gas Royalty Funds for School District Purposes – K. Arnold
4. Future Meetings Agenda



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## MEMORANDUM

**Date:** February 23, 2015  
**To:** Mayor and Town Board  
**Via:** Kelly Arnold, Town Manager  
**From:** John Michaels, Chief of Police  
**Re:** LASSY Project

Laura Ownbey will be presenting information regarding the LASSY Project. This is a free service that gives parents the ability to notify selected individuals in the community that their child is missing. This is a voluntary notification system that helps get the word out to the community that a child might need help and also helps to locate them.

The Police Department is part of the process and we will be notified as needed to begin our investigation and search if necessary. This is a program that has been adopted by several police departments in our state and it would be beneficial to have available in our community also.

Ms. Ownbey will describe how the program came to be and how it is now progressing in our state and across the nation.

This is an informational item for the Town Board so you would be aware that this project is available in our Town.



## MEMORANDUM

**Date:** February 23, 2015  
**To:** Mayor and Town Board  
**Via:** Kelly Arnold, Town Manager  
**From:** Joseph P. Plummer, AICP, Director of Planning  
**Subject:** Road Impact Fee for Oil and Gas Wells  
**Item #:** Work Session 2

**Background:**

In 2007 Duncan and Associates in association with the transportation planning firm of Felsburg, Holt and Ullevig prepared an update to the Town's Road Impact Fee Study. This Study was undertaken to review the Town's Road Impact Fee Ordinance to determine if it was meeting the goal of collecting adequate road impact fees to offset the cost of road construction that was attributed to growth.

The review (and ultimate implementation) of the 2007 Study resulted in adjustments being made to the road impact fees associated with the land use categories shown on Table 1 of the enclosed memorandum from Duncan and Associates. Since a "nexus" is required to be met in order to charge an impact fee, these adjustments to each respective land use category provided the necessary nexus between length of vehicle miles traveled by each land use category and the net cost associated with each vehicle mile traveled within Windsor.

Since this Study was updated in 2007 and because the Town was not experiencing the development of oil and gas wells that has been seen during the past few years, Table 1 of the Study did not include a land use category for oil and gas wells. During the recent time period that oil and gas development has been occurring and because oil and gas rigs cause wear and tear on our streets, staff has been researching how a nexus could be established to legally impose a road impact fee on oil and gas well development.

This year, with the consulting services of Duncan and Associates, the City of Greeley revised its Impact Fee Ordinance which included a nexus for establishing a road impact fee on oil and gas well development. Staff subsequently retained the services of Duncan and Associates to prepare a similar study that would provide Windsor with a similar nexus to impose a road impact fee on oil and gas well development. The result of this study – which uses the methodology shown in Figure 1 of the enclosed memorandum – is that a road impact fee of \$1,032 may be legally imposed on every new oil or gas well that will be developed in the future.

**Recommendation:** The Town Board to provide direction on next steps on the implementation of a road impact fee for oil and gas wells.

**Enclosure:** Memorandum from Duncan and Associates

February 4, 2015

Joseph P. Plummer, AICP, Director  
 Town of Windsor Planning  
 301 Walnut Street  
 Windsor, CO 80550

**RE: Road Impact Fee for Oil and Gas Wells**

This memorandum calculates a road impact fee for oil and gas wells, consistent with the Town of Windsor’s road impact fee ordinance, as well as with the 2007 study on which the current fees are based.

Windsor’s fees were adopted at 84% of the amounts calculated in the 2007 study, as shown in Table 1. The fee for oil and gas should be adjusted by the same percentage.

**Table 1. Calculated and Adopted Road Impact Fees**

Land Use	Unit	Calculated Fee	Adopted Fee	Adoption Percent
Single-Family Detached	Dwelling	\$2,520	\$2,115	84%
Multi-Family	Dwelling	\$1,767	\$1,483	84%
Mobile Home Park	Site	\$1,315	\$1,103	84%
Hotel/Motel	Room	\$1,815	\$1,524	84%
Retail/Commercial				
Shopping Center/General Retail	1000 sq. ft.	\$4,141	\$3,476	84%
Auto Sales/Service	1000 sq. ft.	\$3,289	\$2,760	84%
Bank	1000 sq. ft.	\$4,967	\$4,169	84%
Bldg Materials/Hardware/Nursery	1000 sq. ft.	\$7,927	\$6,653	84%
Convenience Store	1000 sq. ft.	\$8,812	\$7,396	84%
Discount Store	1000 sq. ft.	\$6,030	\$5,061	84%
Furniture Store	1000 sq. ft.	\$906	\$761	84%
Movie Theater	1000 sq. ft.	\$7,017	\$5,889	84%
Restaurant, Fast Food	1000 sq. ft.	\$11,107	\$9,322	84%
Restaurant, Sit-Down	1000 sq. ft.	\$4,637	\$3,892	84%
Office/Institutional				
Office, General	1000 sq. ft.	\$3,384	\$2,840	84%
Office, Medical	1000 sq. ft.	\$7,237	\$6,074	84%
Hospital	1000 sq. ft.	\$4,400	\$3,693	84%
Nursing Home	1000 sq. ft.	\$1,526	\$1,280	84%
Place of Worship	1000 sq. ft.	\$2,282	\$1,915	84%
Day Care Center	1000 sq. ft.	\$2,380	\$1,997	84%
Elementary/Secondary School	1000 sq. ft.	\$413	\$346	84%
Industrial				
General Light Industrial	1000 sq. ft.	\$2,144	\$1,799	84%
General Heavy Industrial	1000 sq. ft.	\$460	\$386	84%
Warehouse	1000 sq. ft.	\$1,523	\$1,279	84%
Mini-Warehouse	1000 sq. ft.	\$768	\$645	84%

Source: Calculated fees from Duncan Associates, 2007 Road Impact Fee Update for the Town of Windsor, Colorado, January 14, 2008, Table 18; adopted fees from Town Code.

Windsor’s road impact fee formula is basically the product of daily vehicle-miles of travel (VMT) generated by the land use and the net cost per VMT. The detailed formula is provided in Figure 1.

**Figure 1. Road Impact Fee Formula**

<b>FEE</b>	<b>=</b>	<b>VMT x NET COST/VMT</b>
<u>Where:</u>		
VMT	=	TRIPS x % NEW x LENGTH
TRIPS	=	½ trip ends generated by development during average weekday
% NEW	=	Percentage of primary trips as opposed to pass-by or diverted-linked trips
LENGTH	=	Average length of a trip on major roadway system
NET COST/VMC	=	COST/VMT - CREDIT/VMT
COST/VMT	=	COST/VMC x VMC/VMT
COST/VMC	=	Average cost to create a new VMC based on planned improvements
VMC/VMT	=	The system-wide ratio of capacity to demand in the major road system (assumed 1:1)
CREDIT/VMT	=	Credit per VMT, based on net present value of other revenues generated by new development and used for capacity-expanding road improvements in the benefit area

Source: Duncan Associates, 2007 Road Impact Fee Update for the Town of Windsor, Colorado, January 14, 2008, Figure 2;

VMT is the product of the trip generation rate, the percentage of primary trips, and the average trip length in miles. Data compiled by the City of Loveland indicate that after construction, oil and gas wells generate approximately 4 trip end per day for oil and gas removal, routine inspections and maintenance and repair. The number of trip ends needs to be divided by two in order to avoid double-counting trips, resulting in an estimate of 2 trips per day per wellhead. Because none of these trips will be pass-by trips, the percentage of new trips is 100%. The average trip length on Windsor’s major road system for industrial uses calculated in the 2007 study is 6.75 miles, and this should be appropriate for oil and gas. The product of the three factors (2 trips x 100% new trips x 6.75 miles) is 13.50 VMT per day per wellhead.

The net cost per VMT calculated in the 2007 study is \$91. The fees based on the 2007 study were adopted at 84% of the calculated amounts, as shown above. Multiplying the VMT by the net cost per VMT and the adoption percentage (13.50 VMT x \$91 per VMT x 84% adoption percentage) yields a recommended fee of \$1,032 per wellhead, as summarized in Table 2 on the following page.

**Table 2. Oil and Gas Road Impact Fee**

Daily Trip Rate (1/2 Trip Ends)	2.00
x Percent Primary Trips	100%
Daily Primary Trips	2.00
x Average Trip Length (miles)	6.75
Daily Vehicle-Miles of Travel (VMT)	13.50
x Net Cost per Daily VMT	\$91
Net Cost per Wellhead	\$1,229
x Adoption Rate	84%
Road Fee per Wellhead	\$1,032

*Source:* Trip rate is 1/2 daily trips per wellhead for oil and gas removal, routine inspections and maintenance and repair from City of Loveland, Development Services Department, memorandum for August 19, 2014 City Council meeting, agenda item 14; other factors from Duncan Associates, *2007 Road Impact Fee Update for the Town of Windsor, Colorado*, January 14, 2008, Table 18.

In summary, our recommended fee for oil and gas wells is \$1,032 per wellhead.

Sincerely,  
DUNCAN ASSOCIATES



Clancy Mullen  
Vice President



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## MEMORANDUM

**Date:** February 23, 2015  
**To:** Mayor and Town Board  
**From:** Kelly Arnold, Town Manager  
**Re:** Oil/Gas Royalty Funds for School District Purposes  
**Item #:** Work Session - 3

### **Background / Discussion:**

In early 2014, the Town Board formally discussed at two work sessions about a concept from Mayor Vazquez to share Town oil/gas royalty funds from Town leased mineral rights. One of the work sessions was held with all three School Districts in Windsor to discuss their potential funding challenges. The conclusion of these work sessions were never formally documented by any Town Board action (resolution for example).

At least four Town Board members want to continue this discussion to determine if there is interest in the Town Board to develop a program or policy for sharing the Town oil/gas royalty funds with School Districts, particularly with the emphasis to the Windsor-Severance RE-4 School District.

### **Financial Impact:**

The Town has received the following in royalty checks in the past year and a half:

#### TOTALS all funds from 2013-2015 (to date)

- Kern Royalties: **\$303,246**
- Sewer Fund: **\$26,168**
- Capital Improvement Fund Royalties: **\$1,544,320**

#### 2015 (to date) Oil and Gas Royalties

- Kern Royalties: **\$66,251**
- Sewer Fund: **\$0**
- Capital Improvement Fund Royalties: **\$81,159**

#### 2014 Oil and Gas Royalties

- Kern Royalties: **\$236,995**
- Sewer Fund: **\$9,408**
- Capital Improvement Fund Royalties: **\$1,353,952**

#### 2013 Oil and Gas Royalties

- Kern Royalties: **\$0**
- Sewer Fund: **\$16,760**
- Capital Improvement Fund Royalties: **\$109,209**

To date, the Town mineral royalty revenue has been placed in the Capital Improvement Fund, Sewer Fund, and in the Kern Fund based upon the property that has been leased. The funds have been generally considered “one-time” revenues and have been designated for Capital projects with the emphasis on street maintenance, sewer treatment plant improvements, or improvements to the Kern Reservoir.

All of the Capital Improvement Fund could be considered to be eligible for funding assistance in a wide variety of ways by the royalty revenue. Most importantly, these funds could assist towards the paying cash for the new Public Services facility that is tentatively scheduled for construction start of early 2017.

**Additional Information**

One item of information requested by the Town Board was a student count by School District of Windsor students. Here is this information from Stephanie Watson of Weld RE4 School District.

Students with Severance address 655

Weld RE-4 students attending Poudre School District 196  
(97 of their students at Weld RE-4)

Weld RE-4 students attending Thompson School District 22  
(184 of their students at Weld RE-4)

Weld RE-4 resident students:

Total Students	5,126
Less out of district	655

Total 4,471

Contact will be made to Resurrection Christian School to determine the number of Windsor student residents attending that school.

Finally, I asked the Severance Town Manager about their royalties and intended use. To date, no significant funds have been collected (\$50,000 per year), but they do anticipate that some recent leases will start to be collected that will increase their revenues. It is the Severance Board’s current policy to use the funds towards capital improvement projects such as street improvements.

**Recommendation:**

Staff felt that for the most part the Town Board had settled on an informal policy of taking requests from School Districts on an as need basis. If the informal policy needs to be formalized, staff can take direction and develop a resolution. Or if a different policy direction is determined by the Board, staff can develop this policy also in a resolution for consideration.



## FUTURE TOWN BOARD MEETINGS

Work Sessions & Regular Meetings will be held in the Board Chambers unless otherwise noted.

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March 2, 2015 6:00 p.m. Cedar Room/CRC	Town Board Work Session Metropolitan District Policy Discussion Comprehensive Plan Orientation by Consultant with Planning Commission
March 9, 2015 5:30 p.m./1 <sup>st</sup> floor conference room	Board/Manager/Attorney Monthly Meeting
March 9, 2015 7:00 p.m.	Town Board Meeting Kern Board Meeting
March 16, 2015 6:00 p.m.	Town Board Work Session Joint meeting with Fire District, School District & Library District
March 23, 2015 6:00 p.m.	Town Board Work Session Development Review Discussion of Commercial/Industrial Preference vs. Residential
March 23, 2015 7:00 p.m.	Town Board Meeting
March 30, 2015	Fifth Monday
April 6, 2015 6:00 p.m.	Town Board Work Session
April 13, 2015 5:30 p.m./1 <sup>st</sup> floor conference room	Board/Manager/Attorney Monthly Meeting
April 13, 2015 7:00 p.m.	Town Board Meeting
April 20, 2015 6:00 p.m.	Town Board Work Session
April 27, 2015 6:00 p.m.	Town Board Work Session
April 27, 2015 7:00 p.m.	Town Board Meeting
May 4, 2015 6:00 p.m.	Town Board Work Session
May 11, 2015 5:30 p.m./1 <sup>st</sup> floor conference room	Board/Manager/Attorney Monthly Meeting
May 11, 2015 7:00 p.m.	Town Board Meeting Kern Board Meeting
May 18, 2015	Town Board Work Session

6:00 p.m.

May 25, 2015

Memorial Day

**Additional Events**

None.

**Future Work Session Topics**

Town Board Compensation