



DATE: April 30, 2019

TO: Commerce City Planning Commission

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SUBJECT: Oil & Gas Transportation Impact Study, FHU Reference No. 118280-01
Study Overview for May 7, 2019 Planning Commission Study Session

Background

The City currently collects road impact fees on new residential, commercial, office and industrial developments using a fee schedule applied to those uses. Oil and gas development is not currently included in the impact fee schedule. Several other area jurisdictions, including Adams County, have recently implemented or studied transportation impact fees for oil and gas development. In assessing impacts and defensible fees for oil and gas two unique characteristics of the industry need to be considered:

- The impact on roads is primarily attributed to the weight of trucks, not merely the number of vehicles.
- Much of the impact occurs during the early development phase for oil and gas wells and pads.

The City engaged Felsburg Holt & Ullevig in late 2018 to conduct an Oil & Gas Transportation Impact Study with project management by the Public Works and Community Development departments. Study objectives include:

- Estimate general magnitude of oil and gas truck traffic per pad and well
- Identify impacts of oil and gas traffic on Commerce City roads
- Calculate an oil and gas impact fee per pad and per well to allow the City to offset impacts to the City road system
- Incorporate reductions for pipelines that replace truck trips

Purpose of Study Session

The purpose of the May 7 study session is to provide the Planning Commission with an overview of the study process and methodology. A similar study session is also planned with City Council. In addition, an industry stakeholder meeting is planned to discuss the study process and methodology with representatives from the Colorado Oil & Gas Association, Colorado Petroleum Council, and the oil and gas operators active in Commerce City.

After comments from the study sessions and stakeholder meetings are received, FHU will prepare a study report presenting the supportable level of transportation impact fees for oil and gas development in the City. Staff will then coordinate with the Planning Commission and City Council on the public hearing and adoption process.

Key Study Parameters, Assumptions and Methods

- Study Area: Oil and gas wells in the current City limits generally north of 88th Avenue will be considered. Impacts will be considered on City maintained roads within the City limits. Impacts on roads within the City's growth boundary will be calculated for informative purposes.
- Oil and Gas Development Scenario: In order to derive the average road impact of oil and gas development, a test scenario is developed placing pads and wells at potential locations throughout the Study Area. A test scenario has been developed with 18 pads and an average of 23 wells/pad.
- Trip Generation: Trip generation rates for oil and gas pads and wells were developed by FHU based on a compilation of available national and local data refined by FHU through the course of several similar studies. Trip generation is compiled for different activities during both the development and production phases. Information is developed for both number of trips expected and the types of vehicles including their typical weights and axle loading.
- Trip Distribution: Trips are assigned to the City's and surrounding roadway network based on shortest routes and anticipated locations of fresh water sources, equipment sources, material sources, produced water disposal sites, and product collection sites.
- Road Impacts and Mitigation Types: The average road impact is calculated and required mitigation costs are calculated per pad and per well for activities including:
 - Additional asphalt overlay to offset impacts
 - Expedited reconstruction due to faster expiration of service life
 - Enhanced maintenance for gravel roads
 - Paving of gravel roads
 - Road and shoulder widening

Considerations for Impact Fee Schedule

The study will provide:

- A recommendation to City Council for defensible fees
- A fee per pad and fee per well
- Include a full no-pipeline fee and reduced fees to account for reductions in truck trips due to fresh water, water disposal, and product pipelines
- May allow operators to conduct independent fee calculations