

Memorandum

To: Honorable Mayor Shetter and members of the Burleson City Council

From: Aaron Russell, P.E., Director of Public Works

Date: May 18, 2009

Subject: Removed from the table to consider MO-09-058, amending of the 2008-2009 City of Burleson Fee Schedule by approving new fees associated with Ordinance B-790-09, Article VII of Chapter 14 Oil and Gas, Regulating the Drilling and Production of Gas Wells in the city, and authorizing the creation of a Gas Well Development Division of Public Works.

Council Action Requested:

1. Remove from the table.
2. Approve MO-09-058 amending the 2008-2009 City of Burleson Fee Schedule to include new fees associated with Ordinance B-790-09, the revised Oil and Gas ordinance, authorizing the creation of a Gas Well Development Division of Public Works and additional General Fund appropriation of \$97,621 to be included in the year-end budget amendment ordinance.

Background Information:

During this meeting, the City Council will consider Ordinance B-790-09, a procedural ordinance regarding the Oil and Gas Ordinance. If the ordinance is adopted, it will require the implementation of a pad site inspection fee to be charged to gas well Operators on an annual basis.

This fee will be used to offset the costs associated with continued inspections of gas well pad sites throughout their duration in the city. The fee will be set at \$5,000 per pad site and will be due on June 1 of every year until such time that all wells on a given site have been abandoned and the site is no longer operating as a gas well pad site.

Funds collected through this fee will be used to offset the cost of administration of Ordinance B-790-09. Current gas well development activities are administered through several departments, the majority coming from the Public Works Department

engineering and gas well inspections staff. Funding is collectively provided for staff and activities through either the general or utility fund. Staff is recommending development of a division and budget to support all gas well development. Positions funded within the proposed budget would be: seventy-five percent of one civil engineer, Gas Well Development Supervisor, and the Gas Well development Inspector. In addition, activities and expenditures such as: studies, technical consultants, certain testing procedures, and staff training and development would be allocated from the division's budget. Additional staff would consist of adding one Gas Well Development Inspector. All other staff is existing personnel. The additional appropriations needed for the 2008-2009 General Fund budget will be \$97,621. Currently, 70% of the Gas Well Inspector's salary and benefits as well as equipment and fuel costs (\$53,392) are funded out of the Water & Sewer Fund. The formation of the Gas Well Development Division will result in a Water & Sewer Fund budget reduction of \$53,392 as all costs associated with gas well inspections will be funded out of the General Fund. Please refer to attachment No. 2 for the details of the needed appropriations. Attachment No. 3 provides line item detail of the proposed 2009-2010 budget totaling \$281,959.

With the approval and implementation of the Oil and Gas Ordinance B-790-09, funding sources for the division will be collected through annual inspection fees associated with each of the fifty-four pad sites currently located within the City of Burleson and five anticipated new sites. Staff projects annual revenues from inspection fees to be \$295,000 from existing sites with added inspection fees for each subsequent pad site developed in the city limits. This new revenue fully offsets the new expenses proposed. In fact, because of existing funding in the General Fund, the new revenue results in a net benefit to the General Fund of \$110,299.

With the development of the proposed division, staff will be able to accomplish a significant number of additional site visits and the City will realize additional safety measures through added inspection abilities. Additionally, funding and activities associated with gas well development can be administered and identified for budgeting and logistical assessment.

Board/Citizen Input:

The annual inspection fee was discussed with Operators at the Operator's forum regarding the Ordinance changes on March 10, 2009. There were some discussions about the fee, the amount, and whether it would be per pad site or per wellhead. However, there was no strong opposition from the Operators.

Financial Considerations:

Staff projects an annual revenue increase of approximately \$295,000 through the Oil and Gas Development Ordinance which is intended to fund the Public Works Gas Well Development Division.

Revenues will be deposited in the General Fund, (Account # 001-0000-383-3000).

Attachments:

1. Amended Engineering section of the 2008-09 Fee Schedule
2. Proposed Gas Well Development Division 2008-2009 additional appropriations
3. Proposed Gas Well Development Division 2009-2010 Budget

Staff Contacts:

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Attachment No. 1

CITY OF BURLESON FEE SCHEDULE
FISCAL YEAR 2008-2009

FEE NAME

12. Interpretation request for new or unlisted uses in zoning ordinance (City refunds \$350 if no ordinance amendment is necessary)	\$500
13. Community Facility Policy Waiver	\$200
14. Request for waiver to landscape requirements	\$250
15. Request for waiver to Masonry Ordinance requirements (new construction only)	\$250
16. Oil and Gas Well Permit	\$5,000
17. Road Damage Remediation Fee	*Assessment per lane mile x Access lane miles per site x OCI (Overall Condition Indicator)
18. Gas Well Pad Site Annual Inspection Fee	\$5000 per pad site (Due June 1 annually)
19. Old Town Development Plan Review (includes site plan review fee)	\$400
20. Waiver or modification to the Old Town Design Standard (new construction only)	\$250

Engineering

1. Driveway Approach	
A. Permit	\$25
B. First Reinspection	\$30
C. Subsequent Reinspections	\$60
2. Blue-line Printing	\$.60/SQ. FT.
3. Mylar Film Reproduction	\$1.20/SQ. FT.
4. Developers Contract Fee	4% Of Value of Contract
5. Closing Abandoning of Right-of-Way Easement	\$550 \$250
6. Sign Installation	\$250
7. Plan Review (In Excess of 2 Reviews)	\$200
8. Water/Wastewater Master Plan	\$75
9. Digital Maps	\$500/Set or \$100/CD
10. Expedited Utility Plan Review	\$250
11. Printed Maps (based on \$0.60 per square foot)	
8 1/2 x 11	\$0.40
11 x 17	\$0.80
17 x 22	\$1.50

Attachment No. 2

2008 - 2009 Gas Well Development Mid-Year Budget

Account Number	Account Description	Detail	Budget	Currently Funded in General Fund
XXX-XXXX-XXX.10-01	Salaries	Civil Engineer Gas Well Development Inspections Supervisor	\$ 70,436.00	\$34,424.00
XXX-XXXX-XXX.12-01	Overtime - Regular	Gas Well Development Inspector Overtime for Inspectors responding to complaints, responding to emergency events, attending public meetings, etc...	\$ 2,475.00	
XXX-XXXX-XXX.13-01	Longevity Pay			
XXX-XXXX-XXX.16-01	Cell Phone Allowance	Cell Phone allowance \$600 X 2	\$ 540.00	
XXX-XXXX-XXX.20-01	FICA Taxes	Salaries X 6.2%	\$ 4,367.00	\$2,134.00
XXX-XXXX-XXX.20-02	Medicare Taxes	Salaries X 1.45%	\$ 1,022.00	\$499.00
XXX-XXXX-XXX.20-03	Unemployment Taxes	Salaries X 1.1%	\$ 775.00	\$379.00
XXX-XXXX-XXX.21-01	TMRS	Salaries X 11.48%	\$ 8,087.00	\$3,952.00
XXX-XXXX-XXX.22-01	Workers Compensation Insurance	CE - \$211.50, Sup - \$207, Insp - \$207	\$ 282.00	\$95.00
XXX-XXXX-XXX.22-02	Health Insurance	2 X \$5960, 1 X 4470	\$ 7,376.00	\$2,011.00
XXX-XXXX-XXX.22-04	Dental Insurance	3 X \$284	\$ 383.00	\$128.00
XXX-XXXX-XXX.22-05	Life Insurance	3 X \$38	\$ 51.00	\$ 17.00
XXX-XXXX-XXX.32-02	Engineering Services		\$ 3,375.00	
XXX-XXXX-XXX.32-04	Geotechnical Services		\$ 2,250.00	
XXX-XXXX-XXX.34-03	Computer Replacement		\$ 779.00	\$ 127.00
XXX-XXXX-XXX.40-02	Equipment Rental		\$ 337.00	
XXX-XXXX-XXX.40-04	Equipment Lease		\$ 225.00	
XXX-XXXX-XXX.41-01	Building Maintenance & Repair		\$ 7,500.00	
XXX-XXXX-XXX.42-04	Computer Software Maint. & Repair		\$ 1,350.00	
XXX-XXXX-XXX.42-08	Equipment Maintenance & Repair		\$ 1,951.00	

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XXX-XXXX-XXX.50-01	Memberships and Licenses	\$	225.00	
XXX-XXXX-XXX.50-02	Subscriptions/Books/Pubs	\$	90.00	
XXX-XXXX-XXX.50-03	Personnel Development Activity	\$	1,350.00	
XXX-XXXX-XXX.50-05	Miscellaneous Personnel Expense	\$	225.00	
XXX-XXXX-XXX.55-07	Laboratory Charges	\$	225.00	
XXX-XXXX-XXX.55-09	Medical Supplies and Services	\$	45.00	
XXX-XXXX-XXX.60-01	Office Supplies and Materials	\$	180.00	
XXX-XXXX-XXX.66-07	Postage	\$	90.00	
XXX-XXXX-XXX.60-11	Minor Tools & Materials	\$	12,000.00	
XXX-XXXX-XXX.60-13	Uniforms	\$	270.00	
XXX-XXXX-XXX.60-14	Protective Clothing & Materials	\$	225.00	
XXX-XXXX-XXX.60-23	Laboratory Supplies	\$	90.00	
XXX-XXXX-XXX.64-03	Fuel	\$	3,470.00	
XXX-XXXX-XXX.66-08	Minor Computer Equipment	\$	2,500.00	
XXX-XXXX-XXX.66-09	Minor Computer Software	\$	875.00	
XXX-XXXX-XXX.66-12	Minor Other Furnishings	\$	3,500.00	
XXX-XXXX-XXX.82-01	Contribution to Equip. Repl. Fund	\$	2,467.00	
		\$	141,388.00	\$43,766.00

Net Increase in Allocations	\$ 97,621.00
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Attachment No. 3

2009 - 2010 Gas Well Development Budget

Account Number	Account Description	Detail	Budget
XXX-XXXX-XXX.10-01	Salaries	Civil Engineer	
		Gas Well Development Inspections Supervisor	\$ 156,525.00
XXX-XXXX-XXX.12-01	Overtime - Regular	Gas Well Development Inspector Overtime for Inspectors responding to complaints, responding to emergency events, attending public meetings, etc...	\$ 5,500.00
XXX-XXXX-XXX.13-01	Longevity Pay		
XXX-XXXX-XXX.16-01	Cell Phone Allowance	Cell Phone allowance \$600 X 2	\$ 1,200.00
XXX-XXXX-XXX.20-01	FICA Taxes	Salaries X 6.2%	\$ 9,705.00
XXX-XXXX-XXX.20-02	Medicare Taxes	Salaries X 1.45%	\$ 2,270.00
XXX-XXXX-XXX.20-03	Unemployment Taxes	Salaries X 1.1%	\$ 1,722.00
XXX-XXXX-XXX.21-01	TMRS	Salaries X 11.48%	\$ 17,970.00
XXX-XXXX-XXX.22-01	Workers Comp Insurance	CE - \$211.50, Sup - \$207, Insp - \$207	\$ 626.00
XXX-XXXX-XXX.22-02	Health Insurance	2 X \$5960, 1 X 4470	\$ 16,390.00
XXX-XXXX-XXX.22-04	Dental Insurance	3 X \$284	\$ 852.00
XXX-XXXX-XXX.22-05	Life Insurance	3 X \$38	\$ 114.00
XXX-XXXX-XXX.32-02	Engineering Services		\$ 7,500.00
XXX-XXXX-XXX.32-04	Geotechnical Services		\$ 5,000.00
XXX-XXXX-XXX.34-03	Computer Replacement		\$ 1,732.00
XXX-XXXX-XXX.40-02	Equipment Rental		\$ 750.00
XXX-XXXX-XXX.40-04	Equipment Lease		\$ 500.00
XXX-XXXX-XXX.40-05	Building Lease		\$ 7,500.00
XXX-XXXX-XXX.42-04	Computer Software Maint. & Repair		\$ 3,000.00
XXX-XXXX-XXX.42-08	Equipment Maintenance &		\$ 4,336.00

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Repair			
XXX-XXXX-XXX.50-01	Memberships and Licenses	\$	500.00
XXX-XXXX-XXX.50-02	Subscriptions/Books/Pubs	\$	200.00
XXX-XXXX-XXX.50-03	Personnel Development Activity	\$	3,000.00
XXX-XXXX-XXX.50-05	Miscellaneous Personnel Expense	\$	500.00
XXX-XXXX-XXX.55-07	Laboratory Charges	\$	500.00
XXX-XXXX-XXX.55-09	Medical Supplies and Services	\$	100.00
XXX-XXXX-XXX.60-01	Office Supplies and Materials	\$	400.00
XXX-XXXX-XXX.66-07	Postage	\$	200.00
XXX-XXXX-XXX.60-11	Minor Tools & Materials	\$	12,000.00
XXX-XXXX-XXX.60-13	Uniforms	\$	600.00
XXX-XXXX-XXX.60-14	Protective Clothing & Materials	\$	500.00
XXX-XXXX-XXX.60-23	Laboratory Supplies	\$	200.00
XXX-XXXX-XXX.64-03	Fuel	\$	7,710.00
XXX-XXXX-XXX.66-08	Minor Computer Equipment	\$	2,500.00
XXX-XXXX-XXX.66-09	Minor Computer Software	\$	875.00
XXX-XXXX-XXX.66-12	Minor Other Furnishings	\$	3,500.00
XXX-XXXX-XXX.82-01	Contribution to Equip. Repl. Fund	\$	5,482.00
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		\$	281,959.00