

## RESOLUTION NO. 63-07

### A RESOLUTION OF THE CITY OF GRAND JUNCTION IN SUPPORT OF A COMPREHENSIVE STATEWIDE ENERGY PLAN AND MITIGATION OF THE IMPACTS OF OIL AND GAS DEVELOPMENT:

**Whereas**, Western Colorado and Garfield County hold significant oil, coal and natural gas reserves that are currently at the center of extensive exploration, research, drilling and pipeline construction; and,

**Whereas**, these natural resources represent a valuable economic opportunity to the oil and gas companies, associated businesses and communities of the region; and,

**Whereas**, the supply of natural gas is limited and the technology for oil shale is still developing; and,

**Whereas**, there is tremendous pressure from national policy and fuel markets to develop these resources quickly; and,

**Whereas**, although the oil and gas industry is a welcome addition to our regional economy and community, the development of finite oil and gas resources have had and will continue to have profound fiscal, social and environmental impacts on the health and welfare of the communities in our region; and,

**Whereas**, our region already has first-hand experience with the negative impacts of a “boom and bust” related to energy development in the early 1980’s.

### **NOW, THEREFORE, LET IT BE RESOLVED THAT:**

The City of Grand Junction supports policies at the local, state and federal levels to fully capture the benefits and mitigate the impacts from the extraction and development of oil, natural gas and coal resources.

**Let it be further resolved**, that the City of Grand Junction supports the following actions and policy changes:

1. **Developing a long-term, comprehensive State Energy Plan** that considers the costs and benefits of non-renewable fossil fuel energy production to the benefit of citizens beyond a short-term production boom. Furthermore, a comprehensive state energy plan should consider placing equal importance and investment in the development of renewable energy (solar, wind, hydro, bio-fuels) production and energy efficiency programs.
2. **Increasing local input and mitigation power in the oil and gas review process** since the land use implications of oil and gas development can have significant impacts on neighboring properties, county roads, demand for services and the health and safety of county residents.
3. **Improving the balance of representatives on the Colorado Oil and Gas Conservation Commission (COGCC)** to include non-industry perspectives and such as human services, environmental health and local governments.

4. **Balancing the interest of surface and mineral owners** by increasing bonding requirements of oil and gas developers to better protect surface owners from and mitigate for surface disturbances from drilling and accessing drilling sites. The State should also create a process for resolving surface and mineral owner disputes.
5. **Establishing a County auditing program** to ensure that the industry accurately reports production and pays the appropriate taxes (in contrast to real estate taxation, where the County Assessor informs a home owner what their home is worth and how much tax they must pay, the Oil and Gas industry informs the County Assessor what their product is worth and how much tax they will be paying the County).
6. **Updating the Energy Impact Fund formula** so that a greater percentage of these funds go directly to impacted counties and communities.
7. **Increasing the limit of the Environmental Response Fund** above its current level so more funding is available to investigate, prevent, monitor and mitigate conditions that cause or threaten to cause, significant adverse environmental impacts related to oil and gas operations rather than excess funding going into the State's General Fund.
8. **Adjusting the severance tax** (on oil, natural gas and coal) and/or eliminating the property tax deduction for severance tax payments to better reflect that value of the severed resource, the impact to public infrastructure (roads, schools, water, air, public health) within the State of Colorado and local communities and to prepare for the time when these non-renewable resources are exhausted. (The severance tax in Colorado ranges from two percent on gross income from mineral extraction of less than \$25,000.00 to a flat fee of \$10,750.00 plus five percent of gross income above \$300,000.00. Under current law, companies may deduct their property taxes from severance tax payments. As a result, the effective severance tax rate is 1.8 percent – the lowest among surrounding states. The severance tax rate in Wyoming and New Mexico is six percent.)
9. **Creating a Permanent Trust Fund** at the local and/or state level to address the long term impacts of the oil and gas development. (For example, Wyoming, which has fewer students than Denver alone, has about \$1 billion in its trust fund for schools while Colorado has \$300 million.)
10. **Protecting the waters of Western Colorado from adverse impacts of Stormwater Discharge** by supporting the current practice of having the Colorado Water Quality Commission regulate storm water discharges from oil and gas operations that affect one acre or more of land instead of the Colorado Oil and Gas Conservation Commission and by providing adequate funding for state and county level inspectors.

INTRODUCED, READ AND PASSED THIS 18<sup>th</sup> DAY OF APRIL, 2007

By: City of Grand Junction

/S/: James J. Doody  
Mayor

Attest:

/s/ Stephanie Tuin  
City Clerk