

RESOLUTION NO. 18-32

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CASTLE PINES, COLORADO OPPOSING "PROPOSITION 112", A REQUIREMENT THAT NEW OIL AND NATURAL GAS DEVELOPMENT NOT ON FEDERAL LAND BE LOCATED AT LEAST 2,500 FEET FROM AN "OCCUPIED STRUCTURE" OR "VULNERABLE AREA"

WHEREAS, local government services are essential to the citizens of Castle Pines, Colorado; and

WHEREAS, on Nov. 6, 2018, state voters have the opportunity to vote on Proposition 112, aimed at changing the Colorado Revised Statutes to increase a statewide minimum distance requirement for new oil and gas development on non-federal land to at least 2,500 feet from any occupied structure and vulnerable area; and

WHEREAS, "occupied structures" means any building intended for human occupancy, including homes, hospitals, and schools; and

WHEREAS, a "vulnerable area" includes playgrounds, permanent sports field, amphitheaters, public parks, public open space, public and community drinking water sources, irrigation canals, reservoirs, lakes, rivers, perennial or intermittent streams, and creeks, as well as any additional areas designated by state or local government; and

WHEREAS, "new oil and gas development" is defined as the exploration for, and the drilling, production, and processing of gas and liquid hydrocarbons, and includes gas flowlines, the treatment of waste associated with oil and gas development, and renewed production from a well that had previously been plugged or abandoned; and

WHEREAS, current state regulations already prohibit oil and natural gas wells and production facilities from being located closer than 500 feet from a home or other occupied building and 1,000 feet from high-occupancy buildings such as schools, health-care institutions, correctional facilities, child care centers, and neighborhoods with at least 22 buildings; and

WHEREAS, companies that extract mineral resources, including oil and natural gas, pay state severance taxes, federal mineral lease dollars, local property taxes, and may also pay income taxes, sales taxes and use taxes; and

WHEREAS, if approved by voters, Proposition 112 will reduce the availability of surface land on which new oil and gas production can occur and, as a result, reduce future state and local revenue generated by and collected from oil and gas producers *in the form of state and local tax collections*; and

WHEREAS, to the extent that Proposition 112 reduces development, there will be less oil and gas employment; less demand for associated services, reduced

rent and royalty income to mineral owners, and reduced profits for operators; and

WHEREAS, the initial fiscal note prepared by Colorado Legislative Council Staff found that this measure "is expected to decrease state revenue in the future from severance taxes, royalty payments from development on state land, and lease revenue from development" and "will reduce property tax collections at the local level." See <https://leg.colorado.gov/ballots/increased-setback-requirement-oil-and-natural-gas-development>; and

WHEREAS, severance tax revenue received by the state funds both general operating expenses of and specific programs in the Department of Natural Resources, including water supply project grants, low-income energy assistance, control of invasive species and a variety of other programs, which will be affected by a decrease in severance taxes and resulting reduction in the amount of funds available for these uses; and

WHEREAS, federal mineral lease dollars and severance tax dollars fund secondary education, Department of Local Affairs (DOLA) grants and Federal Mineral Lease District grants to local municipalities and special districts; and

WHEREAS, a decrease in property tax income will reduce the amount of funds currently and historically available to cities and counties to fund the types and level of services provided in the interests of its citizens' health, safety and welfare; and

WHEREAS, the Castle Pines City Council finds that Proposition 112 is extremely broad and deeply flawed, in part because:

- The potential protections that might be created by Proposition 112 pale in comparison to negative impacts of the loss of revenue and jobs in Colorado;
- Proposition 112 creates an arbitrary "one size fits all" approach without evidence that it achieves the desired outcome and effectively shuts down the oil and gas industry in the State of Colorado;
- This proposition 112 opines on a radically complex matter that should be more properly addressed through a public rule making process before the Colorado Oil and Gas Conservation (COGCC) which has the expertise to properly evaluate what setbacks are necessary that are more "fit for purpose."

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF CASTLE PINES, COLORADO, THAT:

The City Council hereby opposes Proposition 112 and strongly urges a vote of NO this November.

INTRODUCED, READ AND ADOPTED AT A REGULAR MEETING OF THE CITY COUNCIL OF THE CITY OF CASTLE PINES by a vote of ____ in favor, ____ against and ____ absent this 9th day of October, 2018.

Tera Stave Radloff, Mayor

ATTEST:

Tobi Basile, City Clerk

Approved as to form:

Linda C. Michow, City Attorney