

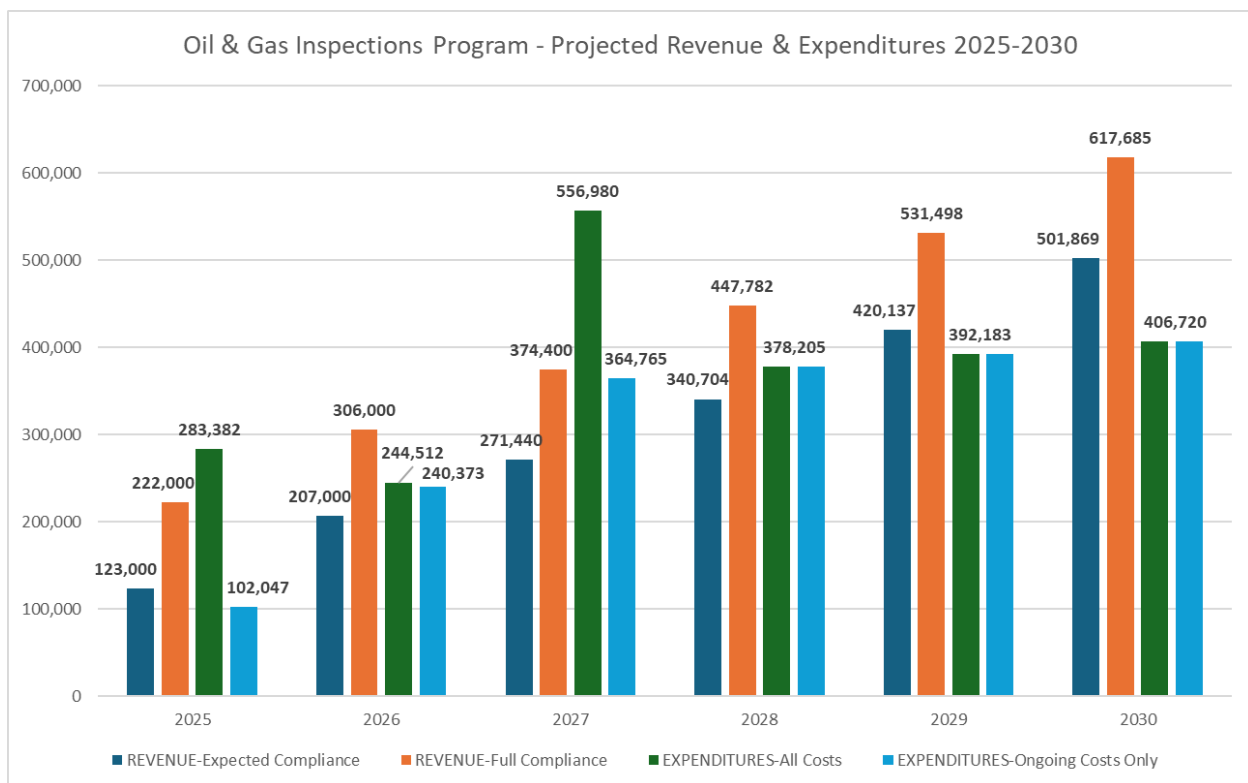
## Revenue and Expenditure Projections for the Oil & Gas Inspections Program – Updated 9-17-2024

Proposed fees for the program:

- \$1,500 per drilling/producing well per year
- \$3,000 per pad site (with producing wells) per year

Based on the proposed fees and the number of wells and sites currently and anticipated in the coming years, revenue projections are included below from 2025-2030. Please note that there are two revenue projections provided – one showing revenue at a full compliance level (i.e. all companies paying the required program fees) and one showing expected compliance based on the experience in other jurisdictions. We are exploring options with legal counsel that would help to ensure a high level of compliance as it relates to fee collection for this program.

Also shown below are the projected expenditures for the program from 2025-2030. There are two expenditure totals provided – one showing all expenditures projected in the year (both one-time and ongoing costs) and the other showing only ongoing expenditures expected to occur in the year. The projected expenditures assume that one Inspector FTE will be added to the program in 2025, an Energy Planner FTE will be added in 2026, and a second Inspector FTE will be added in 2027. These staffing projections are based on the anticipated workload for this program.



	2025	2026	2027	2028	2029	2030	TOTAL
REVENUE-Expected Compliance	123,000	207,000	271,440	340,704	420,137	501,869	1,864,150
REVENUE-Full Compliance	222,000	306,000	374,400	447,782	531,498	617,685	2,499,366
EXPENDITURES-All Costs	283,382	244,512	556,980	378,205	392,183	406,720	2,261,982
EXPENDITURES-Ongoing Costs Only	102,047	240,373	364,765	378,205	392,183	406,720	1,884,293
Financial Impact-Expected Compliance	-160,382	-37,512	-285,540	-37,501	27,954	95,149	-397,832
Financial Impact-Full Compliance	-61,382	61,488	-182,580	69,577	139,315	210,965	237,384

The anticipated costs per year are outlined in more detail below:

Year 1 Costs (2025)

Senior Inspector FTE (start date 3/1)	89,644	
Ongoing Operational	12,403	
One-Time Operational	181,335	Vehicle, FLIR camera, computer, one-time training
	<u>283,382</u>	

Year 2 Costs (2026)

Senior Inspector FTE	111,876
Planner II FTE	112,141
Ongoing Operational	16,356
One-Time Operational	4,139
	<u>244,512</u>

Year 3 Costs (2027)

Senior Inspector FTE	116,351	
Inspector FTE	103,028	
Planner II FTE	116,627	
Ongoing Operational	28,759	
One-Time Operational	192,215	Vehicle, FLIR camera, computer, one-time training
	<u>556,980</u>	

Year 4 Costs (2028)

Senior Inspector FTE	121,005
Inspector FTE	107,149
Planner II FTE	121,292
Ongoing Operational	28,759
One-Time Operational	0
	<u>378,205</u>

Year 5 Costs (2029)

Senior Inspector FTE	125,845
Inspector FTE	111,435
Planner II FTE	126,143
Ongoing Operational	28,759
One-Time Operational	0
	<u>392,183</u>

Year 6 Costs (2030)

Senior Inspector FTE	130,879
Inspector FTE	115,893
Planner II FTE	131,189
Ongoing Operational	28,759
One-Time Operational	0
	<u>406,720</u>

The specific one-time and ongoing costs for this program are itemized below:

<u>Ongoing Costs</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>
Overtime	1,000	1,000	2,000	2,000	2,000	2,000
Operating Supplies	2,450	2,950	5,400	5,400	5,400	5,400
Gas & Oil	3,000	3,000	6,000	6,000	6,000	6,000
Travel & Transportation	1,000	1,500	2,500	2,500	2,500	2,500
Wireless Air Charges	1,200	2,400	3,600	3,600	3,600	3,600
Training & Education	3,000	4,000	7,000	7,000	7,000	7,000
Operating Software Rental	753	1,506	2,259	2,259	2,259	2,259
<b>TOTAL</b>	<b>12,403</b>	<b>16,356</b>	<b>28,759</b>	<b>28,759</b>	<b>28,759</b>	<b>28,759</b>

<u>One-Time Costs</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>
Operating Supplies	4,250	300	4,505	-	-	-
Training & Education	4,300	-	4,558	-	-	-
Operating Comp Hardware	3,641	3,641	3,859	-	-	-
Operating Telcom Hardware	198	198	210	-	-	-
FLIR Camera	121,055	-	128,318	-	-	-
Vehicle	47,891	-	50,764	-	-	-
<b>TOTAL</b>	<b>181,335</b>	<b>4,139</b>	<b>192,215</b>	<b>-</b>	<b>-</b>	<b>-</b>

<u>IG Rents (estimated)</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>
FLIR Camera	16,141	16,141	33,250	33,250	33,250	33,250
Vehicle	6,385	6,385	13,154	13,154	13,154	13,154
	<b>22,526</b>	<b>22,526</b>	<b>46,404</b>	<b>46,404</b>	<b>46,404</b>	<b>46,404</b>

The following assumptions were made in developing the above revenue and expenditure projections:

- Program will start July 1, 2025. Fees will be assessed based on a 7/1-6/30 billing cycle, so a full year of fees will be charged in the first year.
- A 4% increase in fees is added each year starting in 2027.
- Accela configuration work needed to support this new program will be largely covered by the funds already available in 4145100190-54360.
- FLIR cameras will need to be replaced every 10 years.
- Vehicles will need to be replaced every 8 years.
- Intragovernmental (IG) Rents (which is the annual transfer from Fund 10 to Fund 70 for fixed assets) are not shown in the expenditure charts but are estimated on the itemized cost list.
- Staffing/FTE assumptions:
  - One Inspector FTE is added to the program in 2025; one Planner II FTE is added in 2026; and a second Inspector FTE is added in 2027.
  - A 4% increase in salaries/benefits is added each year for all FTEs.
  - Current PWD baseline budget will absorb the cost of the position reclassification from Energy Specialist to Energy Program Manager (estimated around \$20K in the first year).
  - The projected 0.5 FTE in administrative work associated with this program will be absorbed by existing PWD staff.
  - New FTEs will share workstations with other employees in the Lima office; therefore, no office configuration work will be needed to make room for the new FTEs.
- The above charts show only the new costs added as a result of this program. This does not represent the fully-loaded costs of this program nor does it factor in the cost of existing resources that will support this program, such as the Energy Program Manager, Planning Division Manager, PWD Director, administrative staff, etc.