# TOWN BOARD WORK SESSION

February 28, 2022 - 5:30 PM

1st Floor Conference Room, 301 Walnut Street, Windsor, CO 80550

***GOAL* of this Work Session is to have the Town Board receive information on topics of Town business from the Town Manager, Town Attorney and Town staff in order to exchange ideas and opinions regarding these topics.**

Members of the Public in attendance are asked to be recognized by the Mayor before participating in any discussions of the Town Board

## AGENDA

1. Discussion of Front Range Energy Carbon Capture Proposal - S. Ballstadt, Planning Director
2. Water Service Agreement between the Town of Windsor and Fort Collins-Loveland Water District - J. Thornhill, Community Development Director; L. Lesoing, Water Resource Administrator
3. Future Meetings Agenda

The Town of Windsor will make reasonable accommodations for access to Town services, programs, and activities and will make special communication arrangements for persons with disabilities. Please call (970) 674-2400 by noon on the Thursday prior to the meeting to make arrangements.

# MEMORANDUM

**Date:** February 28, 2022
**To:** Mayor and Town Board
**Via:** Shane Hale, Town Manager
**From:** Scott Ballstadt, Director of Planning
**Re:** Discussion of Front Range Energy Carbon Capture Proposal
**Item #:** 1.

**Background / Discussion:**

Front Range Energy (FRE), which operates the ethanol plant in Great Western Industrial Park, is proposing a project that would capture the CO2 emissions from the ethanol fermentation process and store the CO2 in subsurface geologic formations. FRE Vice President Dan Sanders Jr. and his team have provided the enclosed materials and will provide a general overview of the proposal at the meeting.

The Municipal Code does not currently address wells for carbon capture; therefore, staff is working with the Town Attorney to draft code language that would establish an administrative approval process. The current draft language is attached for discussion.

**CC:**

Ian D. McCargar, Town Attorney
John Thornhill, Director of Community Development

**ATTACHMENTS:**

- Front Range Energy narrative
- Front Range Energy slides
- Draft carbon capture well permit ordinance language

CSS Stratigraphic Test Well

**Overview:**

Front Range Energy (FRE) is a local Windsor, Colorado owned manufacturer of fuel ethanol and other high value co-products. FRE is proud to produce a renewable fuel, which displaces foreign sources of energy while enhancing our national security, cleans up tailpipe emissions, creates American and Colorado jobs, and supports our local, regional, and national economies.

To meet decarbonization targets and to continue to produce clean burning biofuels, Front Range Energy created Carbon Storage Solutions, LLC (CSS) --a wholly owned subsidiary of FRE-- to manage carbon dioxide emissions from the facility. To that end, CSS seeks to develop a project that will capture the $CO_2$ emissions derived from the ethanol fermentation process and sequester the $CO_2$ proximal to the FRE facility, creating a net-negative transportation fuel. This will be the first Class VI well to capture carbon emissions in Colorado. As part of the Project feasibility, CSS will need to drill and test a single stratigraphic test well to examine the feasibility of the subsurface formations for the geologic storage of carbon dioxide.

**Area of Impact:**

The stratigraphic test well will be located in the vicinity of the ethanol plant on property owned by FRE (see map). The FRE facility is located within the Great Western Industrial Park.

Upon gaining all approvals, CSS and their contractors will create a well pad location and access way on FRE property. A drilling rig will be brought to location to drill to a depth of approximately 9,500 feet below the land surface. The well will be drilled and managed according to all rules and regulations set forth by the Colorado Oil and Gas Conservation Commission. During the drilling operations, rock, water, and geophysical well logs will be collected from the wellbore to determine the overall project feasibility of geologic sequestration at the site. The data collection plan follows the guidance and best practices defined by the Environmental Protection Agency for carbon storage feasibility assessment. Once testing is complete the well will be cased, and temporarily suspended according to COGCC regulations, while the CO2 storage assessment is completed.

The surrounding area is comprised primarily of industrial sites including the Haliburton Sand Facility to the south, rail lines border the western and northern edge that service the Great Western industrial park area. The east and southeast of the site are comprised of agricultural areas.

**Figure 1.**

*Front Range Energy's facility in the Great Western Industrial Park, with anticipated pad location in yellow.*

**Figure 2**

*Front Range Energy's location relative to the Town of Windsor.*

**Timeline:**
The timeline for the drilling and testing of the stratigraphic test well is estimated to be 14 days and is anticipated to begin after completing the COGCC permitting process. During these days, the area will see a temporary increase in truck traffic and other activity. Increased activity at the site will be similar to that of standard oil and gas drilling operations within the region.

Shall the site prove a suitable location for the subsurface storage of $CO_2$ . the project will proceed with, and be contingent upon, approval of the Environmental Protection Agency's Class VI well permitting process. The target date for project initiation is late 2023.

**Carbon Storage Solutions (CSS) & Front Range Energy (FRE) are seeking local jurisdiction approval from the Town of Windsor to proceed with the COGCC process to drill the test well. At a later date, and after confirming feasibility of the project, CSS will request a conditional use grant and site plan amendment for long term operations of the carbon capture well.**

# Carbon Storage Project Stratigraphic test well



CARBON SOLUTIONS

# Introduction to a Stratigraphic Test Well

- What is a stratigraphic test well?
  - A conventional well used for subsurface and geologic characterization
  - Designed and completed using long-proven methodology
  - Permitted/approved by the State
- Why drill an exploratory test well?
  - Its purpose is to characterize the subsurface in an area with limited data

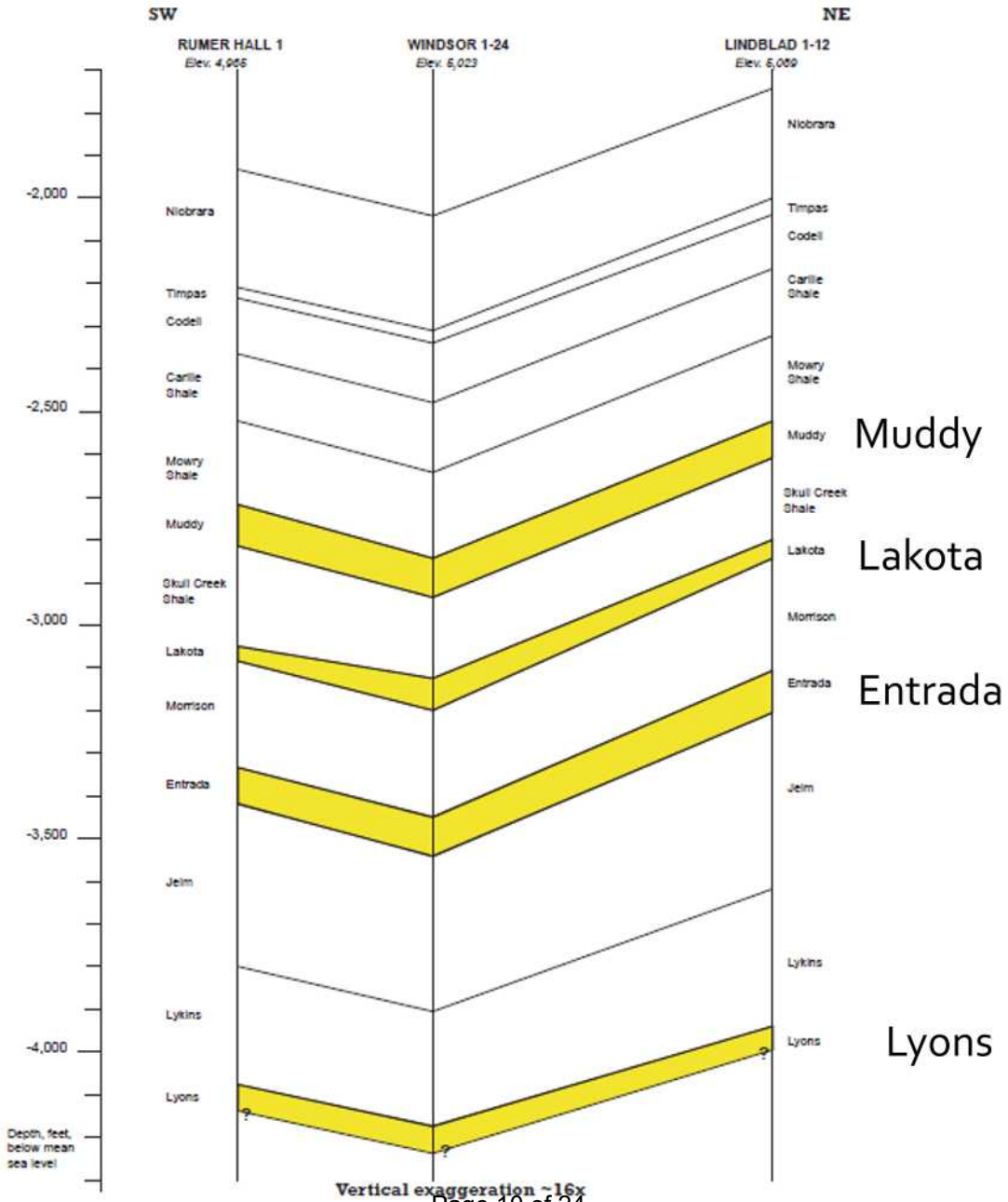
# Introduction to a Stratigraphic Test Well

# Stratigraphic Test Well Geologic Assessment Goals

*Primary goal is to assess the study site for the feasibility of storing $CO_2$*

- To do this we'll analyze the physical characteristics of reservoirs and seals by collecting:
  - Petrophysical well logs
  - Core
  - Formation fluids
  - Well tests as needed
- This approach is necessary for most CCUS projects

# Stratigraphic Test Well Geologic Assessment Goals

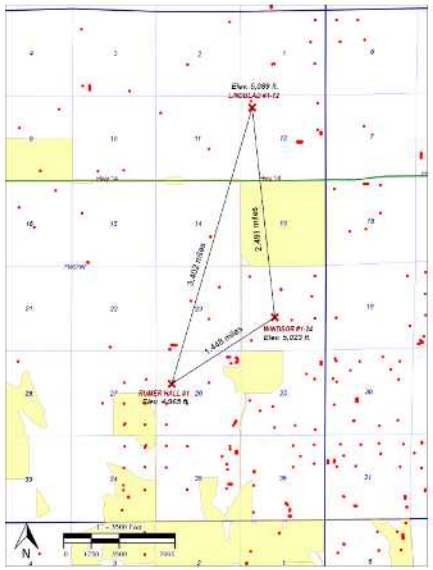



Muddy

Lakota

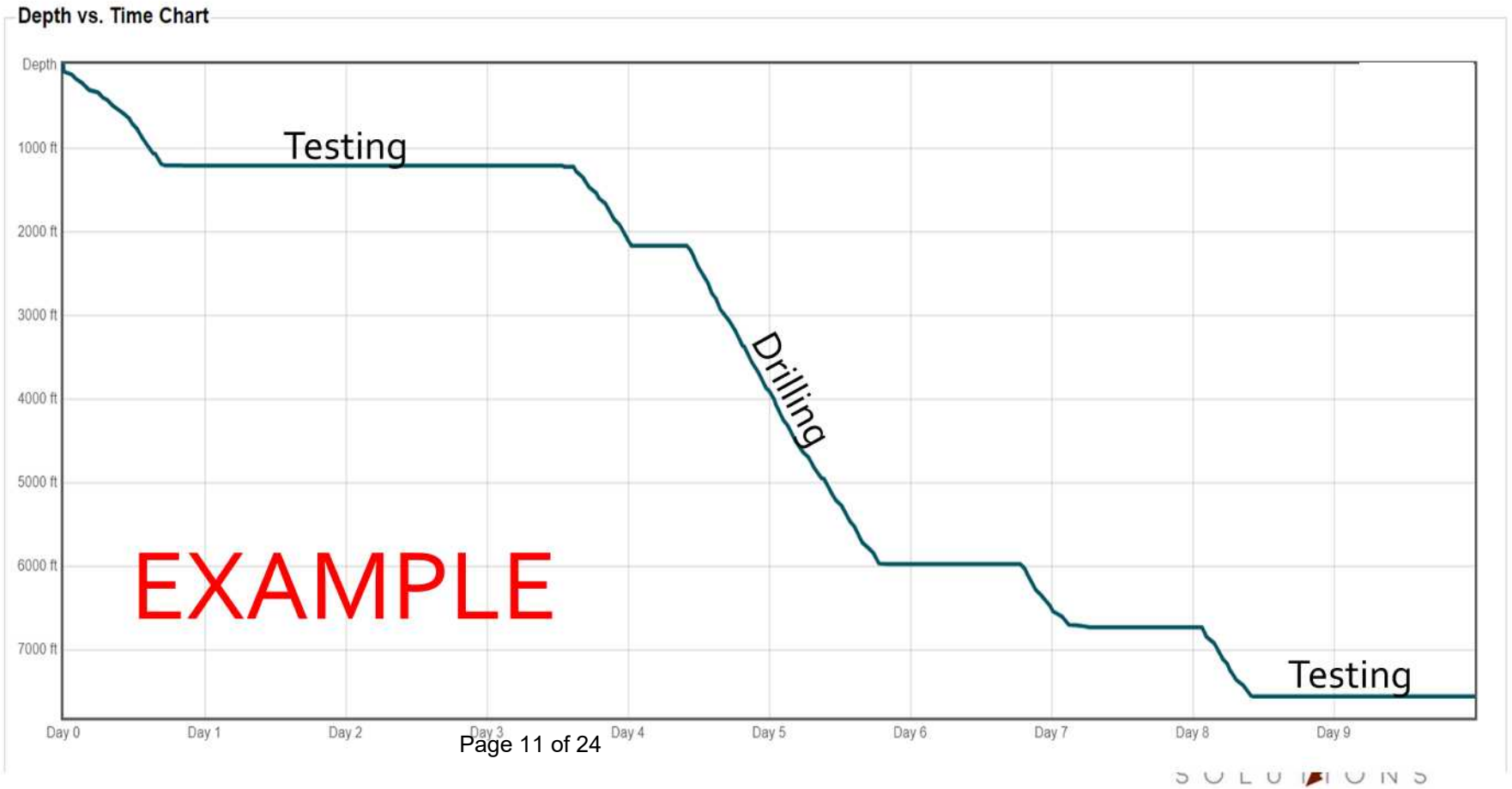
Entrada

Lyons



# Stratigraphic Test Well Timeline

- Anticipated timeline
  - 14 days
    - Drilling, testing



**Sec. XX-XX-XXX* – Wells Used For Geologic Sequestration of Carbon Dioxide**.

(a) For purposes of this Section, "Class VI Well" shall mean any underground facility and all related above-ground facilities used for the purpose of sequestering carbon dioxide captured from an industrial or energy-related source, and injected into deep subsurface rock formations for long-term storage.

(b) Any person proposing to establish a Class VI Well shall file a written application with the Town's Community Development Department on forms approved by the Director of Planning. At a minimum, the application shall provide the specific location of the Class VI Well head, a depiction of all surface facilities (including roads) serving the Class VI Well head, the name and address of the Class VI Well operator, and affirmation that all required federal and state regulatory permits have either been obtained or have been applied for.

(c) As a condition of Class VI Well Permit issuance under this Section, the Class VI Well operator shall provide copies of all required federal and state regulatory permits issued for the Class VI Well and related facilities.

(d) Upon the Director of Community Development (or designee)'s determination that the foregoing information has been satisfactorily provided, the Director of Community Development (or designee) shall issue a Class VI Well Permit. The Class VI Permit shall remain valid for so long as all required federal and state regulatory permits remain in good standing.

(e) No Class VI Well shall be established without site plan approval or an amendment to an existing site plan, if any, in accordance with this Code.

DRAFT

* Suggestion: 16-5-60??

# MEMORANDUM

**Date:** February 28, 2022
**To:** Mayor and Town Board
**Via:** Shane Hale, Town Manager
**From:** J. Thornhill, Director Community Development and L. Lesoing, Water Resource Administrator
**Re:** Water Service Agreement between Town of Windsor and Fort Collins-Loveland Water District
**Item #:** 2.

**Background / Discussion:**

The Town of Windsor receives treated water from three providers: North Weld County Water District, Fort Collins-Loveland Water District (FCLWD) and the City of Greeley. The Town has contracted with FCLWD for treated water service for many years, the most recent contractual agreement between the parties was entered into on March 10, 2008. The current agreement will expire on March 10, 2023; and both parties have expressed their mutual desire to extend the contract for treated water service as well as provide emergency demand from FCLWD's storage tanks located along Crossroads Boulevard just west of the Wal-Mart distribution facility.

The Town will continue to annually receive 110,000,000 gallons of treatment from FCLWD at a rate of 250 gallons per minute (GPM). The new agreement allows for emergency delivery of water for a period not to exceed 48 hours. During emergency conditions FCLWD will provide a flow of up to 2,000 GPM, not to exceed 720,000 gallons in a 48-hour period. In addition to the current point of delivery along Colorado Highway 392, a new bi-directional valve will be installed near the intersection of New Liberty Road and Colorado Boulevard.

Maintenance on the FCLWD side of the master meter will be performed by FCLWD and, maintenance on the Windsor side will be done by the Town.

The agreement will remain in effect until March 1, 2038; and may be renewed for an additional five year period.

By entering into this agreement the Town will avoid having to build its own elevated storage tank in the Raindance area to provide fire flows.

The agreement was approved by the FCLWD Board of Directors on January 12, 2022, and by the Town of Windsor Water and Sewer Board at its February 9, 2022, meeting.

**Financial Impact:**

$1,225,337.57 for the emergency supply storage

**Relationship to Strategic Plan:**

Sustainable Infrastructure - Provide a safe and reliable water supply for the current and future community

**ATTACHMENTS:**

- Water Service Agreement

# WATER PURCHASE AGREEMENT

This Water Purchase Agreement (the "Agreement") is made and entered into this _____ day of _____, 2022, by and between the Town of Windsor, Colorado, a Colorado home rule municipality, hereinafter referred to as the "Town" and Fort Collins-Loveland Water District hereinafter referred to as the "District".

## RECITALS

WHEREAS, the District provides water services to customers in the Northern Colorado area; and

WHEREAS, the Town has contracted with the District for domestic water service for many years, the most recent contractual agreement between the parties having been entered into on March 10, 2008; and

WHEREAS, the current Agreement will expire on or about March 10, 2023; and

WHEREAS, the parties have expressed their mutual desire to extend their contractual relationship under the terms set forth herein; and

WHEREAS, the parties have agreed that the Town will invest in water tank storage capacity to serve emergency demand in accordance with this Agreement; and

WHEREAS, by the terms and provisions of this Agreement the Town and the District desire to set forth their understanding with regard to the District's provision of contractual water services to the Town.

NOW THEREFORE, in consideration of the mutual promises and covenants contained herein and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged the parties covenant and agree as follows:

1. Preamble. The parties acknowledge that the recitals set forth above are true and correct and those recitals are hereby incorporated into the body of this Agreement.

2. Prior Agreement. Upon the approval of the within Agreement by the District and the Town all prior agreements between the parties including, specifically, that certain Water Purchase Agreement dated March 10, 2008, and any extensions thereof, shall be considered void and without effect and the provisions of the within Agreement shall thereafter control the relationship of the parties.

3. Water Supply (Non-Emergency Conditions). Commencing upon the approval of this Agreement by the governing bodies of both parties and continuing for the term hereinafter defined, the District shall supply treated potable water to the Town in the maximum amount of 110,000,000 gallons per year, subject to the provisions of additional flow through a second, emergency supply connection to the District's system as set forth herein. This water shall be delivered in accordance with the Town's use demands, except as herein provided, at a flow rate of 250 gallons per minute, but shall in no event exceed 360,000 gallons per day under non-emergency conditions.

4. Emergency Delivery. In the event of an emergency such as a fire flow demand, main break, telemetry failure or natural catastrophe, the Town may increase its daily rate of consumption for periods not to exceed 48 hours. During such emergency conditions, the District will provide an instantaneous flow rate of up to 2,000 gallons per minute, not to exceed 720,000 gallons in a 48-hour period. It is understood and agreed that such emergency consumption limited to 48-hour periods as aforesaid shall not affect the peak demand calculation hereinafter addressed as part of the ongoing rate analysis for water charges to be paid by the Town. Such additional emergency supply delivery shall be provided exclusively through the emergency supply point of delivery hereinafter set forth, and is subject to the availability of potable water and flow rates as determined in the sole discretion of the District. The District makes no warranty that sufficient water supply will be available for the Town's use during an emergency.

5. Service and Facilities. The District agrees that it shall undertake all reasonable measures to provide continuous service of treated potable water to the Town in accordance with applicable state and federal regulations. The District shall provide adequate facilities to deliver water to the Town at the points of delivery designated below, and such other delivery points as the parties may in the future jointly designate. Water provided by the District to the points of delivery to the Town will meet all applicable State and federal water quality requirements and limitations, and will include fluoride levels as determined by the District within such requirements and limitations. The District will be responsible for maintaining water quality on the District side of the points of delivery and for making any modifications to water quality desired by the District. The District shall ensure that its facilities connected to the District's system and which receive, transmit, distribute, store or otherwise provide water supplied by the District also comply with all applicable State and federal requirements, including backflow prevention.

6. Points of Delivery.

(a) Primary Point of Delivery. Except as is hereinafter provided, the primary water service delivered under this Agreement shall occur at the existing master meter located at Colorado State Highway 392. This meter and all associated equipment are owned by the District and during the term of this Agreement the master meter shall be read and maintained by the District. All charges to the Town for water delivered pursuant to Section 3 of this Agreement shall be generated from readings obtained from the master meter as aforesaid.

(b) Emergency Supply Point of Delivery. To facilitate the emergency supply called for in Section 4 above, it is understood and agreed that the Town shall be entitled to establish a second, emergency supply point of connection to the District's system at or near the intersection of New Liberty Road and Weld County Road 13. The Town shall construct and pay the full cost of such connection, including construction of a specialized bidirectional valve and vault. The specialized bidirectional valve shall allow water to flow both from the District to the Town and from the Town to the District to meet the potential emergency needs of either Party. The connection shall be constructed to the specifications of the District, and upon completion, inspection and acceptance by the District shall be owned, operated and maintained by the District. The delivery of water through this connection shall be by master meter and such meter shall be owned, maintained and read by the District. Prior to the activation of the emergency supply connection the Town and the District shall agree upon terms and conditions governing its operation. All charges to the Town for water delivered pursuant to Section 4 of this Agreement shall be generated from readings obtained from the master meter described in this subparagraph (b).

7. Non-Exclusive Provider. The District acknowledges that in addition to the water supply to the Town pursuant to this Agreement, the Town receives, and will continue to receive, water supplied under contracts with North Weld County Water District and the City of Greeley. Nothing herein shall preclude the Town from securing other sources of potable water supply, treatment and storage.

8. Control Valves and Vault. It is understood and agreed that the control valves and vaults on the transmission lines on the District side of the master meters at both points of delivery shall be owned, maintained and operated exclusively by the District. The District agrees not to install any control mechanisms on the Town side of the master meters. It is likewise understood and agreed that all facilities on the transmission lines on the Town's side of the master meter shall be owned, maintained and operated exclusively by the Town.

9. Delivery to Customers. It is understood and agreed that the Town shall, at its sole discretion and expense, provide all facilities necessary to transport water from the points of delivery to consumers designated by the Town.

10. Term. This Agreement shall remain in effect until March 1, 2038, and may be renewed by the Town for an additional five (5) year period upon notice of such renewal received by the District no later than six (6) months prior to the date of termination.

11. Rates.

(a) Standard and Emergency Water Deliveries. For water delivered through the primary and/or emergency supply points of delivery, commencing on the 1st day of the month following the final approval of this Agreement, the Town agrees that is shall pay to the District the sum of Three Dollars and Ninety Two Cents ($3.92) per one thousand (1000) gallons of potable water delivered to the Town under the terms and conditions of this Agreement. This amount shall be adjusted annually to reflect the change in the Boulder-Denver Consumer Price Index. This adjustment shall become effective upon the anniversary date of the establishment of the original rate under this paragraph.

(b) Emergency Supply Storage and Delivery Charge. To compensate the District for the availability of treated water storage owned by the District and constructed at its sole cost, the Town shall pay to the District within Sixty (60) days of executing this Agreement One Million Two Hundred Twenty-Five Thousand Three Hundred Thirty-Seven Dollars and Fifty-Seven Cents ($1,225,337.57). In exchange for payment of this sum, the District will make emergency water delivery available to the Town in accordance with Section 4 of this Agreement.

12. Charges and Payment. It is understood and agreed that the Town shall pay to the District as a minimum amount the charges for 110,000,000 gallons of water per year whether or not that quantity of water is taken by the Town.

The District agrees that on or about the last day of each month it shall provide a written statement to the Town for water services rendered. The Town agrees that on or before the 20th day of the following month all charges due shall be paid in full. The District reserves the right to discontinue service to the Town after first providing the Town with thirty (30) days' written notice of its default on any charges due hereunder.

Discontinuation of service to the Town for failure to pay shall not relieve the Town of its obligation to pay delinquent amounts due to the District.

13. Application of Raw Water Rights. No later than May first of each year the Town shall furnish to the District such units of water of the Northern Colorado Water Conservancy District ("CBT Units") as may be necessary to satisfy the Town's usage under this Agreement. Title to such CBT Units shall remain in the name of the Town, and the Town agrees that it shall assume and promptly pay all water assessment charges which may be levied by the Northern Colorado Water Conservancy District on the CBT Units of water required by the District for service to the Town. The District's obligation to provide water to the Town is expressly limited to the amount of water actually provided at the Soldier Canyon Water Treatment Plant pursuant to the Town's CBT Units; the CBT Units yield may vary from year to year as determined by the Northern Colorado Water Conservancy District, and in drought years may yield little or no water.

14. Service Prohibited Within District Boundaries. The Town agrees that it will not provide domestic water service to any consumers residing within the boundaries of the District during the term of this Agreement.

15. Notices. Requirements of notice hereunder shall be deemed satisfied upon mailing to the parties as follows:

Town Manager
Town of Windsor, Colorado
301 Walnut Street
Windsor, Colorado 80550

District Manager
5150 Snead Drive
Fort Collins, Colorado 80525

16. Arbitration. The parties agree that any disputes arising hereunder shall be submitted for determination through arbitration procedures subsequently agreed to by the parties. In the event the parties cannot reach agreement on such procedures, arbitration shall be conducted in accordance with the rules for commercial arbitration of the American Arbitration Association. The parties hereby agree to be bound by the good faith decision of any arbitrator or arbitrators.

17. No Third-Party Beneficiaries. It is expressly understood and agreed that enforcement of the terms and conditions of this Agreement, and all rights of action relating to such enforcement, shall be strictly reserved to the parties and nothing contained in this Agreement shall give or allow any such claim or right of action by any other third-party on such Agreement. It is the express intention of the parties that any

person other than parties receiving services or benefits under this Agreement shall be deemed to be an incidental beneficiary only.

18. Assignment. Neither party may assign this Agreement or parts hereof or its rights hereunder without the express written consent of the other party.

19. Amendment and Modification. This Agreement may be amended or modified only in writing signed by both parties.

20. Binding Effect. This Agreement shall inure to and be binding on the heirs. executors, administrators, successors and assigns of the parties hereto.

21. Entire Agreement. This Agreement constitutes the entire agreement between the parties relating to its subject matter, and sets forth the rights, duties and obligations of each party to the other as of the date first appearing above. Any prior agreements, promises, negotiations or representations not expressly set forth in this Agreement are of no force and effect.

22. Severability. If any provision of this Agreement is determined to be unenforceable or invalid, the unenforceable or invalid part shall be deemed severed from this Agreement, and the remaining portions of this Agreement shall be carried out with the same force as if the severed portion had not been part of this Agreement, provided that the parties both agree that the severed provision does not alter the intent and/or purpose of the Agreement.

23. Controlling Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Colorado.

24. No Waiver. No waiver of any of the provisions of this Agreement shall be deemed to constitute a waiver of any other provisions of this Agreement, nor shall such waiver constitute a continuing waiver unless otherwise expressly provided herein, nor shall the waiver of any default hereunder be deemed a waiver of any subsequent default hereunder.

25. Governmental Immunity. Nothing herein shall be construed as a waiver of the rights and privileges of the Town or the District pursuant to the Colorado Governmental Immunity Act, §§24-10-101, et seq., C.R.S., as amended from time to time.

26. Annual Appropriation. Pursuant to Article X, Section 20 of the Colorado Constitution and Section 11.11 of its Home Rule Charter, the Town's obligations hereunder are entered into by the Town, through its Water Activity Enterprise, and are subject to the annual appropriation of funds necessary for the performance thereof only to the extent that the Town no longer provides service through its Water Activity Enterprise or its Water Activity Enterprise is determined to not satisfy the requirements of Article X, Section 20(2) of the Colorado Constitution, in which case the Town's obligations hereunder are subject to the annual appropriation of funds necessary for the performance thereof, which appropriations will be made in the sole discretion of the Town Board. The District's obligations hereunder are entered into by the District, through its Water Activity Enterprise, and are subject to the annual appropriation of funds necessary for the performance thereof only to the extent that the District no longer provides service through its Water Activity Enterprise or its Water Activity Enterprise is determined to not satisfy the requirements of Article X, Section 20(2) of the Colorado Constitution, in which case the District's obligations hereunder are subject to the annual appropriation of funds necessary for the performance thereof, which appropriations will be made in the sole discretion of the District's Board of Directors.

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed and delivered by their respective officer thereunto duly authorized as of the date first above written.

FORT COLLINS-LOVELAND WATER DISTRICT

By: _____
President

Attest:

_____
Secretary

TOWN OF WINDSOR, a Colorado municipal corporation

By: _____
Paul Rennemeyer, Mayor

Attest:

_____
Karen Frawley, Town Clerk

# MEMORANDUM

**Date:** February 28, 2022
**To:** Mayor and Town Board
**Via:** Shane Hale, Town Manager
**From:** Karen Frawley, Town Clerk
**Re:** Future Meeting Agenda
**Item #:** 3.

**ATTACHMENTS:**

- Future Meetings Agenda

## FUTURE TOWN BOARD MEETINGS

| | |
|---|---|
| March 7, 2022<br>5:30 p.m. | Town Board Work Session<br>O-I Glass Recycling Program<br>ARPA Spending Discussion |
| March 14, 2022<br>5:30 p.m. | Town Board Work Session<br>Town Board-Manager-Attorney Monthly Meeting<br>Sustainable Energy Discussion (45 minutes) |
| March 14, 2022<br>7:00 p.m. | Town Board Regular Meeting |
| March 21, 2022<br>5:30 p.m. | Town Board Work Session<br>Larimer Emergency Telephone Authority Emergency Notifications |
| March 28, 2022<br>5:30 p.m. | Town Board Work Session<br>Possible Revisions to the Downtown Corridor Plan (height limits) |
| March 28, 2022<br>7:00 p.m. | Town Board Regular Meeting |
| April 4, 2022<br>5:30 p.m. | Town Board Work Session |
| April 11, 2022<br>5:30 p.m. | Town Board Work Session<br>Town Board-Manager-Attorney Monthly Meeting |
| April 11, 2022<br>7:00 p.m. | Town Board Regular Meeting |
| April 18, 2022<br>5:30 p.m. | Town Board Work Session |
| April 25, 2022<br>5:30 p.m. | Town Board Work Session |
| April 25, 2022<br>7:00 p.m. | Town Board Regular Meeting |
| May 2, 2022<br>5:30 p.m. | Town Board Work Session<br>CIRSA with Sam Light |
| May 9, 2022<br>5:30 p.m. | Town Board Work Session |
| May 9, 2022<br>7:00 p.m. | Town Board Regular Meeting |

| | |
|---|---|
| May 16, 2022<br>5:30 p.m. | Town Board Work Session |
| May 23, 2022<br>5:30 p.m. | Town Board Work Session |
| May 23, 2022<br>7:00 p.m. | Town Board Regular Meeting |
| May 30, 2022 | Canceled – Memorial Day Holiday |

**Future Work Session Topics**

- DDA Entertainment District
- Telecom Code (Pending FCC Rules)
- Water Lawyer Update (May)
- Regional Water Treatment Plant Site
- Metro District Policy Review
- Presentation by Carolyn Steffl regarding SB21-262 – Special District Transparency
- Proportional services and amenities for planned population
- Colorado Opioids Settlement Use Ideas
- Economic development/retail needs based on population levels (following retail assessment)
- Discuss Wells Used For Geologic Sequestration of Carbon Dioxide draft ordinance