



La Plata County
Colorado

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State of La Plata County 2017

Delivered by Commissioner Bradford P. Blake

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I am honored to present the 2017 State of La Plata County address, and even more so to be able to serve this wonderful community as a county commissioner. I want to thank my colleague, Commissioner Julie Westendorff, who took the baton as chair of the board in January, for joining me this evening, and our third board member, Commissioner Gwen Lachelt, who is representing La Plata County in Washington, D.C., this week at the National Association of Counties conference. And thanks to all of you for attending this evening.

I am so proud to be a La Plata County commissioner, working with an incredible team of elected and appointed public servants who are all equally dedicated to doing their very best for our corner of southwest Colorado. Sheriff Sean Smith, District Attorney Christian Champagne, Assessor Craig Larson, Clerk & Recorder Tiffany Parker, Treasurer & Public Trustee Allison Aichele, Coroner Jann Smith and Surveyor Steve McCormack are the finest elected officials and I am honored to serve this community with them.

From up here on the dais I can see the La Plata County Courthouse, which just last week opened for business after an 18-month remodel that transformed the building into a regional justice center. We partnered with the U.S. District Court, Probation, and U.S. Marshals Office, the federal government's General Services Administration, and the State of Colorado on this project, and now La Plata County has federal, district and county courtrooms centrally located in one facility.

The remodel, which turned out beautifully, was paid for in part by a \$1.9 million grant from the Colorado Department of Local Affairs and from federal funds for the new U.S. District courtroom and associated office space for probation and federal marshals.

This partnership demonstrates one of our core values at La Plata County, which is to serve our community efficiently and effectively. We were able to secure resources from state and federal partners to make the most of an essential community function – and now the La Plata County Courthouse is a regional hub. I am very proud of this project and the principles it represents.

Leveraging limited resources to maximum effect has become a mantra for us in the past year. With the fourth-lowest county mill levy in Colorado, La Plata County is vulnerable to the boom and bust cycle of the oil and gas industry, which has paid the lion's share of property taxes over the past several decades.

When natural gas prices and production levels are high, we collect significant tax dollars on that activity here thanks to a rich coalbed methane resource in the Fruitland Outcrop. During those booms, the county can provide the public safety, health, welfare and general government services while keeping the tax burden on residential, commercial and agricultural property owners very low. We have been very fortunate in this regard.

But when the cycle busts, this low mill levy rate presents a challenge for us – and it is one that we take very seriously. Our primary priority for 2016 and for this year has been to develop ways to ensure the county's long-term financial stability. We see this as a comprehensive effort, where we look at ways to save money, to raise revenues, to foster economic development, and to efficiently provide the services we all rely on as citizens of La Plata County.

It amazes me to think about the ground we cover as a county. We have almost 1,700 square miles in our boundaries, ranging from high in the La Plata Mountains to the shores of Navajo Lake. We have hundreds of thousands of acres of federal public lands that draw people from all over the world to visit us – and about 56,000 of us are lucky enough to call this place home!

And it is our honor and duty to provide our residents and visitors with a safe and healthy county that reflects the diverse communities that stretch from Allison to Bayfield to Vallecito to Durango to Hesperus to Hermosa to Needles to Purgatory.

One of the ways we do this is by maintaining more than 650 miles of county roads. With 41 staffers, La Plata County's Road & Bridge Department covers some major ground – year round. We offer 24-hour snowplowing to ensure that our roads can handle the growing number of families heading to work, school, church, the grocery store, or out to dinner even in the worst of weather.

And once spring arrives, the Road & Bridge Department is busy smoothing out the rough spots on our 431 miles of gravel roads, filling potholes on the 222 miles of pavement we maintain. We also do improvement projects on the roads most impacted by energy development and other traffic. We do all of this on a shoestring budget – and just like the courthouse project, work hard to leverage our local dollars for help from others.

In 2016, we received \$1.9 million in Energy Impact Grants from the state of Colorado – money that La Plata County is matching and putting to work improving county roads. This funding paid for a mill & overlay project on nearly three miles of County Road 318.

Along with contributions from the Southern Ute Indian Tribe and the Colorado Department of Transportation, the grant money will also fund urban improvements on County Road 517, which runs through the heart of the Tribe's campus in Ignacio. We began design work in 2016 and the project will be complete this year, adding sidewalks and shoulders that will improve safety and accessibility.

We are very proud of these partnerships that stretch our dollars as far as possible to invest in our community, and they are examples of how seriously Commissioners Lachelt, Westendorff and I take the responsibility you have entrusted us with.

We are first and foremost stewards of your tax dollars, and everything we do as commissioners is with that in mind.

In 2016, this value came into sharp focus as we faced another year of diminished oil and gas revenue, compounded by reduced state funding because of the industry's dip.

For us, it reinforces the fact that in addition to leveraging our limited dollars for needed improvements and services, we also have to find ways to operate as efficiently as we can.

Efficiency happens from the policy level all the way down to the nuts and bolts of county government. In 2016, we realized that our Land Use Code, which determines where and how development occurs in the unincorporated areas of the county, was working against this goal – both for county staff and for people wanting to build a business or residential development in La Plata County.

We decided it was time for a code that is predictable, consistent and easy to navigate and are now well into a revision process framed by these goals.

When the code is finished early next year, it will decrease the time and expense of the county's planning process. That makes for a more efficient planning department, and fosters the diverse economic development we all want to see in La Plata County's future.

We also want to make sure that the new code incorporates the values and personalities of our county's many distinct communities. Our history and our vision will definitely shape our future, so please get involved in the land use code revision project!

This code revision makes a lot of sense from a practical standpoint. It is also important in the context of the county's financial position. In 2016, La Plata County's budget was \$104,703,970. In 2017, it is \$77,473,000. That is a 26 percent decline in just one year.

That figure is a little misleading, though. By looking at property tax revenue trends, we get a better picture. We expect to collect \$15,432,000 in property tax in 2017. In 2016, we collected nearly \$19 million. That drop has the most impact on La Plata County's ability to serve its citizens, and it is what we are spending much of our time thinking about for this year and 2018.

In 2016, we invested heavily in capital projects – mainly buildings to meet long-term facilities needs. 2017's budget does not contain capital projects anywhere close to this scale, but we are proud of the long-term investments we made with money reserved for those purposes.

The Courthouse remodel is one of these investments that will pay dividends over the next 10 years and beyond.

Using funds set aside specifically for capital projects, we purchased a building last summer up in the Tech Center to house the Department of Human Services, securing a permanent facility for these 68 employees who provide essential services to some of our most vulnerable citizens.

Through child & adult protective services as well as income maintenance, food assistance, senior & veterans' services, the Department of Human Services provides an essential safety net for our community.

And the department does it well! In January, the Director of Colorado's Department of Human Services came to Durango to honor La Plata County's Human Services staff for outstanding performance for child welfare assessments and for processing food and income assistance applications quickly. For those in need of and eligible for help in either area, connecting to it quickly makes a big difference.

It also embodies the thinking that we are fostering throughout La Plata County's departments as we see our revenue streams decline. Human Services did not receive that award by accident. It came after the excellent staff there took a look at the department's processes and realized they could be done more efficiently. Then, the staff figured out how, and made it happen.

This was the beginning of a countywide effort, dubbed Innovate La Plata, where staff at all levels and in all departments ask themselves, "What drives me crazy about my job?" And then finds a way to fix it.

Beyond staff sanity, Innovate La Plata has a higher goal: By examining the way we do business and introducing improvements to those processes, we will do a better job of serving our residents who are also our customers. And by the end of the year, we aim to save \$1 million in dollars and staff time.

We kicked off this initiative late in 2016, and already the results are impressive. Staff in almost every department have introduced innovation ideas, and completed nearly 50 so far!

The Sheriff's Office has seized the innovation concept, streamlining the booking process for inmates, creating a single inventory form for inmate property, and introducing a new video visitation system. All told, these innovations will save jail staff more than 3,500 hours each year.

The Clerk & Recorder's Office installed a 24-hour ballot drop box at the Farmers Fresh Market in Ignacio last October. Before this, two election judges had to monitor a ballot drop site during limited hours. Now, voters in Ignacio have easier voting access and the county will save nearly \$2,000 every election.

These examples show how committed our staff is to delivering excellent service to our citizens as quickly and effectively as we can. And, when that isn't quick or effective enough, we look for ways to improve. That is not just good business, it is good economic sense.

Our Assessor, Craig Larson, has told us that we can expect a further decline in oil and gas production tax revenue in 2018. We also learned in January that the residential assessment rate – that’s the percentage of a property’s value used to calculate the property tax obligation – will go down this year. In 2016, property tax was assessed on 7.96% of a property’s value. In 2017, it will go down to 6.56%.

This ratio is set by the state of Colorado and results from a 1982 ballot initiative called the Gallagher Amendment.

That means in 2018, La Plata County’s total residential property tax receipts are expected to drop another \$1.2 million below the amount we receive in 2017.

We also anticipate that oil and gas activity will not rebound enough this year to improve La Plata County’s revenue picture for 2018. We expect our property tax receipts to drop \$1.4 million below this year’s levels – which fell \$3.4 million from 2016.

This is a double blow for us because the state levies a severance tax on oil and gas production and distributes that money back to the counties where the minerals originate. Between 2015 and this year, our severance tax distribution from the state has fallen 69%.

In 2016, we had anticipated receiving \$1.3 million in severance tax. Instead, we received \$400,000. We do not expect that to increase this year, and have to figure on a similar picture in 2018.

The sum total of these factors is that we expect to be \$7.1 million below 2016 revenue levels in 2018. The good news is that we know this now and are already preparing for the leaner times ahead.

But responding to this revenue plunge is not a simple task. We are looking at the challenge from three directions. First, through internal cost-savings achieved through Innovate La Plata successes. If we achieve our goal of saving \$1 million in dollars and staff time, that will go quite a distance in closing the \$3.7 million additional gap we expect between this year and next.

Beyond that innovation focus, though, we are looking at options for raising revenue as well as ways to cut La Plata County’s expenses. We take these conversations very seriously.

Twice in the past two years, La Plata County voters told us that they did not want to see their property taxes increase in order to pay for road improvements. We heard that message, but now must consider alternatives.

We are having initial community conversations about a possible excise tax on marijuana grown in La Plata County. We are discussing a use tax on vehicles purchased outside the county but registered here. We are discussing impact fees on new development so that the growth we see in the future does not unduly burden today's residents. We are examining our fee structures for the services we provide to our citizens.

On the cost-reduction side, we are combing through La Plata County operations looking for ways to reduce our expenses. While we can trim small amounts here and there, major savings can come from only two places: service-level reductions and employee-related spending.

The two are inextricably linked. La Plata County's employees are the best and brightest. We have 415 full-time equivalents and each and every one of them is committed to serving our community.

These are the men and women who plow our roads in the middle of a blizzard. They respond to 911 calls. They make sure that your new home will be safe for your family. They conduct our elections, embodying the democratic process by making sure voters throughout the county can easily participate in every election.

They run the jail, keeping our community safe and treating inmates with respect. They provide meals, activities and resources to seniors in our community. They help our veterans connect with services throughout the region.

They coordinate our emergency response when disaster strikes. They provide invaluable data – mapping, tax information, ownership history, flood, fire and hazard information. They license our marriages. They value our properties. They collect our taxes.

And they do this always with the public interest in mind, looking for ways to serve more effectively and efficiently.

To put it simply, La Plata County cannot provide the services that we are obligated to deliver – and those things that our residents have asked us to provide - without our excellent staff. Personnel makes up nearly 42% of our total budget, and that translates directly into what we deliver to our residents.

So as we look to ways of responding to our fiscal challenges, we must look to balance the level of service we provide against the resources La Plata County has available.

These will not be easy conversations, nor will the decisions that follow them. But we believe that transparency and dialogue are never more important than during challenging circumstances. We absolutely want to hear from the community as these conversations develop and promise to share our thinking with you.

As we look ahead through 2017 and beyond, Commissioners Westendorff, Lachelt and I want to craft policies that will bolster La Plata County's ability to weather these financial storms. Oil and gas activities are always cyclical, and we need to have a diverse county economy so that we do not struggle when the cycle swings low.

That is why we are so committed to developing a new land use code that provides the predictability needed for development to make sense.

It is also why we have made it a priority to improve and develop water availability throughout La Plata County.

It is for La Plata County's future that we are committed to promoting public health through improving air quality and water quality in our region.

It is why we are working with other jurisdictions in the Southwest Regional Council of Governments to promote and expand broadband internet access throughout our rural areas. This critical infrastructure is essential to La Plata County's future.

And it is why we will continue to build on our relationships with partners at the local, state, tribal and federal levels. We have many successes that came about because of pooling resources to solve community problems, and we will bolster that going forward.

I am pleased to report that the state of La Plata County is strong, even though we face many challenges today and in those to come.

I am confident in our ability to meet those challenges with innovative thinking, community dialogue and a commitment to this diverse county that is so full of potential.

We have endured greater challenges in the past and come out leaner, stronger, and smarter. I have no doubt that our efforts now will produce the same results.

My confidence comes from the fact that La Plata County is home to engaged citizens who care about their community. I also see every day that La Plata County staff is committed to serving this community effectively, efficiently, professionally and with integrity. The same is true for our elected assessor, sheriff, clerk, treasurer, coroner and surveyor. And I am fortunate enough to serve with Commissioners Westendorff and Lachelt, who share my vision for a prosperous, safe and vibrant La Plata County. We will all work together to shape this future.

Thank you all for listening this evening and for caring about La Plata County.